
BANKERS AND STATESMANSHIP

ADDRESS BEFORE THE NEW JERSEY BANKERS' ASSOCIATION AT ATLANTIC CITY, MAY 6, 1910. FROM THE "PROCEEDINGS" OF THE SEVENTH ANNUAL CONVENTION OF THE NEW JERSEY BANKERS' ASSOCIATION, PP. 81-87.

YOU haven't had the same motive for waiting here so long that I have had. I have been waiting here with much the feeling I heard expressed by an old darky the other day. His master found him in the middle of the morning lying in the shadow of a tree, and said, "What are you doing here, Rube, resting?" "Resting? No, sir; I ain't tired; I just waiting for time to quit work."

I wish I could deceive you with regard to the hour. A fellow Virginian of mine was caught in an embarrassing situation once. He went home in the small hours in the morning the worse for wear and inadvertently awakened his wife, who said severely, "John, what time is it?" He said, "My dear, it is just about midnight." He had hardly spoken the words when the clock struck three. She said, "What do you make of that?" He said, "My dear, would you believe that damn Yankee invention against the word of a Southern gentleman?" I beg you to take the word of a Southern gentleman that it is still early in the evening.

I was very much struck with the implicit faith my friend George Bryan put in bankers though he had seen them intimately and behind the scenes. That was a very handsome thing he said about you. It made me determined to advise you of a suggestion of the late Tom Reed. On one occasion General Gordon, then

senator from Georgia, was in the cloak room of the Senate with Mr. Joseph Choate and Mr. Tom Reed. Mr. Choate was then representing before the Supreme Court, in a trial that was attracting a great deal of attention, a great corporation which was in bad odour, and Mr. Gordon said, "It must be rather trying, isn't it, to be placed in that position just now?" "Not at all," said Choate. "I think my client is entirely right. Indeed," he added, "I have never represented a client until convinced that his cause was entirely just." "My!" said Gordon, "that is a fine thing to be able to say. I wish I could say it." "Well," said Reed, "why don't you? Choate did."

That justifies me in repeating the compliment that Mr. Bryan has paid you. George did, why shouldn't I?

I have had the misfortune of speaking—or I have had the good fortune and my audiences have had the misfortune of hearing me speak—at public banquets now for some twenty odd years, and I have witnessed a very interesting change in the temper of banquetters. When I first began attending public dinners it was absolutely necessary that an after-dinner speaker should confine himself to the lightest possible manner. If he inserted anything that was intended to be instructive, it was necessary that he insert it surreptitiously and convey it by means of some excellent story; but for some reason or other, gentlemen, we have been growing more and more serious and men get together after dinner now to consider some very weighty matters. The truth is that this country has come in these recent years to the insights of mature age, when it no longer feels unreasoning confidence in its powers; when it realizes that certain difficulties have collected in its path, certain very undesirable practices have grown up in its public and in its private affairs, which it is necessary to take counsel about, if the right guidance is to be secured for the country and the right integrity lent it in respect to its leadership and its business.

Dishonesty, gentlemen, and what we now call graft, is not a new thing. It is as old as business and as old as politics. It is no less serious because it is old, but we must not regard it as a singular portent which marks our age as inferior to the ages which have preceded it. The only thing which need give us serious concern is that some of the forms which dishonesty takes in our days are portentous,—not because they are forms of dishonesty, but because the scale is so gigantic, because the opportunity or field is so great. I believe, with Mr. Joline, that the conscience of this country is sound. I believe that thoughtful men all over this country recognize that which is righteous when they see it and desire that which is righteous in all their transactions. The difficulty is not about our moral standards. The difficulty is about the application of those standards to very complex matters. In the old days when morality was a matter of individual choice it was comparatively easy to assess the individual, but in our days morality is not a matter of separate individual choice. It is a matter of corporate arrangement and the individual choice is subordinated. Therefore, we have to reckon men's morality now as if they were fractions and not as if they were integers,—not as if they were units, but as if they were subordinate parts of great complicated wholes.

We are apt, as we have shown, to make very egregious blunders in assessing men in these circumstances. We have put the blame oftentimes upon the wrong man. We have let the men really to blame go scot free and have praised them, elevated them to an undeserved fame, not because we are not desirous of being just, but because we are confused by the multitudinous complexity of the scene in which we move. The opportunities for evil are now greater than they were because evil is fathered by bold combination and not individuality, just as good and very indispensable good is fathered by combination and not individually. And we are in danger, unless we make a very careful analysis of our

life, of impairing and impeding the legitimate undertakings in order to get at the illegitimate. It is of the utmost importance, therefore, that we should know what our subject matter is in order to be able to apply the sound, wholesome standards of the general public interest to the settlement of the problem.

What is our problem? We conceive it to be the absence of that sort of free competition which used to make monopoly almost impossible. The competitors were once many; they are now few, and those who compete are gigantic combinations rather than individuals. Where the competitors are few and powerful the danger is much greater than when they were numerous and individually weak. Therefore, it is absolutely necessary that we should make up our minds what the standard is we are going to hold up in judging transactions in our day. You know what the standard used to be; it was individual honesty. Individual honesty, I take leave to say, is, in our days, not often justly called in question. Some of the men who have done real damage in the business of this country have been individually unimpeachable men, above every form of personal dishonesty, but exercising a power, a tremendous power, so unwisely and so selfishly that what they did operated against the public interest. What we wish to determine, therefore, is a new standard; not the standard of mere personal honesty. I would not, by emphasis on the word mere, seem to depress my estimate of individual honesty, for there is no finer thing in the world; there is no safer foundation for a nation than the integrity of the individual. But, what we need is a new vision of the use to which honest men should be put, and that standard is the standard of motive and object rather than the standard of honesty. It is the standard of discriminating the objects we have in view and the instruments we use to attain them, the objects rather than our mere individual incentives in the transaction.

I am not stating these things to you in order to sug-

gest remedies. I am not stating them as an introduction to a political discussion of any kind. I am stating them to you because I believe bankers have a great deal to do with the setting up and the maintenance of the standards of business.

The scale of modern business is so vast, the combinations necessarily effected for the transaction of modern business are so great that every combination, every trust, as we call it, is, of necessity, a public combination and a public trust. Its service and its standard cannot be private. It makes one tremble sometimes to think how secretly great combinations may be effected. You do not need to have me mention names or cite particular instances to remind you that some of the greatest railway combinations, some of the greatest banking combinations have been effected without anybody knowing of them until long afterwards. Who was the individual or who were the individuals who effected the combination? You know that the men who ostensibly appear as the officers of the organizations thus combined have in many instances had no choice, no part or voice in the combination. The danger, often, is not in the combination but in the secrecy of the process, in the inconspicuous part which is played by men whom the public can't pick out as doing definite things for which somebody ought to be held responsible.

I understand that my colleague, Professor Meeker, was discussing with you this afternoon the arguments for a central bank. You are, of course, aware, gentlemen, that a combination of banks in the city of New York now practically exercises all the powers of a central bank except the power of issue, and exercises that power without any of the public responsibility which a central bank organized by Federal statute would necessarily have imposed upon it.

I am not jealous of the power of honest men, but I am jealous of the secrecy of the power even of honest men. And I maintain that the standard to which they

must be held, the standard to which you must be held, is not the interest of your individual enterprises, not the interests of the commercial classes or of the manufacturing classes of this country alone, but the interests of the nation and the people as a whole; that the public interest is now the standard of morality,—not honesty, not the ability to resist a bribe, not refraining from taking advantage of an illegitimate opportunity, but gauging the great business of great undertakings by the interest of the nation and the people who compose the nation and whose blood and energy enrich the nation.

You, gentlemen, are trading in the capacities of a great and free people. Anything that checks and chills and discourages these capacities deprives you of the very sinews which constitute the strength of your own enterprise. If you ignore for any single moment the interests of the people of the United States, thought of as a unit, you have begun those processes of danger and decay which will ultimately result in bringing your very pet enterprises to a quick and disastrous end.

Now, the point that I wish to make with you is this: What have bankers to do with these questions, which are questions of statesmanship? What have bankers to do with the general interest? Is it not sufficient if they conduct their own business with integrity and propriety and play the game according to its rules? No, it is not sufficient.

I would have you believe that it is the duty of the banker to distinguish big risks from small and to recognize that the biggest risk a banker can take is by lending the money, the resources of the country, to enterprises which are contrary to the public interest. I exhort you in the name of the welfare of this country to pick out the enterprises to which you loan money upon the basis of the public interest, to reject those which are conducted by questionable men; to reject those, no matter what profits they may supply you with, which

are conducted by questionable methods; to reject those whose object in the long run is not the promotion of the general interest.

There is another thing which seems to me the real interest of bankers and the clear duty of bankers, and that is to seek the new objects to which money may be devoted. I sometimes think that this country has too much fallen in love with established successes. The future of this country does not rest with established successes. The future rests with success not yet achieved. The men upon whom established enterprises now depend will die.

Mr. Bryan has asked you, are you breeding men to take their places by encouraging those who merit encouragement? I ask you, are you encouraging new enterprises? Are you seeing to it that the energy of this country is renewed from generation to generation,—is refreshed with those bold individuals here and there who venture upon novel enterprises, who show the courage of initiative in novel fields, who seek to gain your support for men to whom the future appeals. The conquest of the present is incomparably insignificant as compared with the conquest of the future; and the future conquests of this country lie with novel enterprises. For we have come upon a novel age,—novel in this respect, that we can no longer play the childish game of using what we supposed were inexhaustible resources without any conscience as to the waste we commit. Up to this time the incomparable resources of this country have been put at the disposal by our governments, state and national, of anybody who would use them; but at last we know that we are upon the eve of their exhaustion and the great masters of finance and industry of the future are to be the men who know how to husband resources, renew resources, economize resources, combine resources in such a way that there shall be no waste of energy, no mistaking of forecast, no dependence upon anything except the intelli-

gence, thoroughness and capacity with which the business is conducted. (Applause.)

Moreover,—and I don't say this because of my political convictions, but because I believe it to be unquestionably pertinent to my present remarks,—moreover, we have passed the age when business can be conducted by the patronage of the government. Our tariffs have ceased to be protective and have become systems of patronage. The future in this country belongs to the man who can succeed without patronage; and he who cannot succeed without patronage is not the man of whom we have boasted when we have thought hitherto, of the use and capacity of Americans' brains.

We have in recent generations run to Washington for assistance because, forsooth, we had lost the American birthright of succeeding by our wits. We have sought to be protected against the greater economy, the greater studiousness, the greater mechanical skill, the greater scientific knowledge of the German manufacturer and miner. We have sought to be protected against brains and capacity and the hour has struck when we must cease to be protected against brains and capacity.

Now, gentlemen, as bankers, are you going to pour your money into the channels of patronage or are you going to pour it into the inexhaustible fountains of original power? Are you going to go on having a nursed and coddled nation, coddled by your encouragement as well as by the encouragement of the government, or are you going to go back to the native strength of America which needs no assistance? America has come to her day of reckoning,—not a day of disaster, but a day when she shall have to reckon with other nations as to who has the better brains for the competitions, the sharp and universal competitions of modern business. We conquered the world once by our visions, gentlemen. We conquered men by feeding their hope of a political millennium when all men should be free and all men should be equal. We shall have to make

another spiritual conquest,—not, perhaps, in the field of politics, for men are men under whatever government they live and human nature must have its errors corrected by law under democratic systems as well as under monarchical systems. We shall have to make the conquest of men now by a new ideal of endeavour, by a new willingness to submit our brains and our ingenuity to the universal pressure of the eager action of a world drawn together by all the instrumentalities of trade, drawn together by a cable and telegraph, drawn together by those instrumentalities which seem the voice of the wind itself, in the wireless telegraph; drawn together by the quick-moving ship and it may be by the quick-moving ship of the air, into one community in which it will be a day of shame for any race that cannot stand upon its feet and take the fruits of the game according to its merits.

This day of maturity and responsibility has dawned upon us and the men who handle the accumulated deposits or accumulated monetary resources of the nation are the men who will preside in these processes of independent endeavour. Gentlemen, the age has come when if you are not statesmen you cannot be bankers. The day has dawned in which you will find that unless you understand the public interest you will not know how to serve any private interest whatever. The day has come when a new patriotism will dawn upon us, not the patriotism merely of the statesmen and the man who gives public counsels, but the patriotism which comes out of every counting room, out of every office, out of every place where business takes its origination and its inspiration; and then the world shall again see an America which will show the way to liberty, to peace, and to achievement. (Great applause.)