



A View in the Ranching Country near the Foothills. Eighty-three head of Horses and Cattle are in sight.

# America's War Financier

*William Gibbs McAdoo, Secretary of the U.S. Treasury, a Dynamic Power in the efficient Organization of Democracy--By J. H. Haslam*

MUCH has been said and written which would indicate that a democracy cannot be as efficiently organized as an autocracy. Writers in the past have held up Germany as a shining example of efficiently organized government. It has also been stated that the genius of the Anglo-Saxon race is such that it does not take kindly to organization, and that people following British ideals and having the British ideas of individualism cannot be marshalled into a great organization either for the purposes of war or the occupation of peace. President Wilson has a different idea. His public utterances indicate that a democracy loyal to its government can be led along the line of scientific organization as completely, or even more completely, than can autocracy; and in all the war activities in which the American people are now so stupendously engaged the motive behind governmental action has been to request rather than to enforce. The President has, with his remarkable vision, seen a great unorganized country with unmatched national wealth and with a people more highly educated and personally efficient than that of any other on earth. The unparalleled task of organizing the United States into one great football team for the purpose of thwarting the malign purposes of the German autocracy was the task that plainly lay before President Wilson and his government. It is known that the government of the United States recognized some years ago what the purposes of Germany were. We now know that if it were not for the assistance of the United States, German autocracy would have before this in all probability accomplished its object.

## Brought to the Fore

Among the great organizing minds which President Wilson has availed himself of, that of William Gibbs McAdoo stands out prominent. In Washington last winter I saw much of Mr. McAdoo. I had the privilege of hearing him for hours discuss with committees of Congress the necessary financial methods for the purpose of bringing the full striking force of the United States into the world contest. At these meetings he was accompanied by several of the members of the Federal Reserve Board, the financial advisers of the government, some of whom were trained bankers of international reputation.

In the enormous and complicated transactions which were there discussed, Mr. McAdoo seemed to be the most thoroughly informed of any, and it was not to the experts the committee wanted to listen, but to Mr. McAdoo himself, and he was so told by the committee, many of whom had for a generation control of financial appropriations and policies, and were careful students of all national and international financial operations. In addition to his wide knowledge of all the financial matters the personality appeared to dominate the situation, his whole being seemed to vibrate with dynamic energy. He was always willing to meet the committee's objections to matters of minor importance that would affect the sensibility or prejudices of any one; but in matters

of great import he was as firm as a rock, and gave the most lucid and convincing reasons why they should be adopted.

Mr. McAdoo is now about 55 years old, and was born at Marietta, Georgia, in 1863. His father was a well-to-do lawyer and was prominent in the public affairs of the community in which he lived. The McAdoo home was devastated by the Northern Army in Sherman's march to the sea. The family moved with the future statesman, a baby in arms, to Knoxville, Tennessee, where McAdoo senior, who was a very highly educated man took a position as teacher in a local college. McAdoo was not able to complete his college career and in his senior year, at the age of 19, became the Deputy Clerk in the United States Circuit Court of the Eastern District of Tennessee. During the next three years he took up the study of law together with his duties as Clerk of the Court, and at 22 was admitted to the Tennessee bar. He was married shortly after this and entered into the practice of law, which at this period of the South's extreme poverty was rather a precarious method of making a living.

## A Venture in Street Railways

At the age of 28, he became the owner of a somewhat unhealthy street railway in Knoxville. He spent some years in a fruitless endeavor to rehabilitate the finances of this railway. One can well understand that it was through no fault of his that he did not succeed. He lost his savings and moved to New York and started to practice in a small office on Wall Street, and a year or two later became interested in a company that dealt in street railway securities. His experience with the Street Railway in Knoxville was excellent training; and about ten years after landing in New York he organized the New Jersey and New York Railway Company for the purpose of completing a tunnel between Lower Manhattan Island and the opposite Jersey shore. This tunnel had been started by an English company some years previously, but owing to the great difficulties of construction and the consequent inability to finance it, was abandoned and the money invested in it

was lost. There was another attempt by a company to complete the work, but it also proved abortive. McAdoo threw his tremendous energy into the work and got capital interested. The difficulties of construction, however, proved much greater than was anticipated, and more than double the capital was required than was originally provided for. At this time the traction situation in New York was much congested, as it is at the present time, and the whole traction situation was under the control of a syndicate of political capitalists, headed by Thomas F. Ryan, who was one of the chief supporters of the democratic party both in local and federal policies. Among his associates were William C. Whitney, who



Secretary McAdoo.

was President Cleveland's Secretary of the Navy; Widener, the great Philadelphia traction magnate; and August Belmont, who was also a prominent democratic politician and rival of the Great House of Morgan as a banker at that time. One had to be brave indeed to attempt any traction activity in New York in opposition to this all-powerful traction trust. It was thought that they held the traction situation in the hollow of their hand. They scoffed at and ignored McAdoo's tunnel until it was nearly completed, and when the money provided was exhausted every possible device which they could control was made use of to thwart McAdoo's enterprise. As is often the case, agitators were engaged to inflame public opinion against the new tunnel. All the financial institutions and insurance companies with which Ryan was connected were enlisted to prevent McAdoo getting the necessary money to complete the tunnel system, but after altogether unexpected difficulty the tunnel was completed and the great Hudson terminals and office buildings were also completed. It can very well be realized that McAdoo held no very warm feeling towards Wall Street and the money power during this period, for it fought him at every point. The Hudson River Tunnel became very popular and was patronized to the limit from the very start of its operation. He immediately inaugurated a policy of which the motto was "The Public be Pleased" as against the old railway policy started

by Commodore Vanderbilt of "The Public be Damned." It was found that the five cent fare which was common at that time was not sufficient to enable the company to pay the interest on its bonds. McAdoo was able by putting the matter straight up to the people to raise the fare to seven cents without any great opposition from the patrons of the line. He became very popular with his employees and invited the public to write him in connection with any complaint they had against the railway or suggestions they had regarding the betterment of the service. So successful was the McAdoo tunnel system that several others have since been built.

When President Wilson was nominated at Baltimore, McAdoo was appointed Vice-President of the Democratic National Committee, having charge of the finances and conduct of the campaign. Owing to the illness of the chairman the complete direction of the campaign was left to McAdoo. So much energy did he put into this campaign and so skillfully was it carried out that President Wilson selected him as his Secretary of the Treasury, when his cabinet was organized. The new administration proceeded forthwith to carry out the pledges contained in the platform and the ideas given utterance to by President Wilson in his campaign speeches. The Secretary of the Treasury of the United States is the most important of all the President's secretaries, at least so far as domestic affairs are concerned. He has to do with all the financial operations of the government, collection of revenue, and the spending of it is largely under his department. All public buildings are built and maintained under the Secretary of the Treasury.

## New Financial Policy

The revision of the tariff was the first reform which was carried out. There had been for many years an agitation for a reform of the banking and currency laws and the inauguration of a new financial policy, and McAdoo with great persistency worked day and night until the Federal Reserve Act was passed, and he of course, by virtue of his office was made head of the Federal Reserve Board. This measure and the banking structure erected around it is now looked upon as the wisest and most practical system of National Banking in existence. The Federal Farm Loan Act was passed, and under this very beneficial measure the farmers of the United States are enabled to borrow money for their permanent needs at a rate of interest about one-half of one per cent. more than the lender receives for his money. The Secretary of the Treasury is the head of the Federal Farm Loan Board. When war was declared the country was very poorly prepared for successful participation in the gigantic struggle. The Federal Reserve law, however, had so completely mobilized its financial power that the nation was immediately able not only to provide for the gigantic war expenditures which were needed, but it was also able to loan prodigious sums to its allies. Secretary McAdoo has taken charge of the campaigns for raising the liberty loans, and has utilized

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