

THE STORY OF A SPECULATOR

PART ONE

The soot-stained granite building

of the Chicago Board of Trade which stood at the head of La Salle Street from 1883 until 1929 was for me the finest temple in the land. It may have been all that its critics said it was—dirty and ugly outside, and dark and badly arranged within. Yet, even if it was an architectural monstrosity that appeared to have been fashioned from a model of toy building blocks, I loved it.

Within its walls I had tasted of triumph and disaster. There my ego had flourished. For me its granite blocks, marble columns, stained-glass windows and the extraordinary furniture of the Exchange floor—the trading pits—were psychometrically charged with living memories of my career. When they decided to tear it down at last to make way for a much more magnificent and efficient structure, I felt, somehow, as if it were I that was being uprooted. So, in a passion of tenderness for something that has become a major part of my life, I sought for souvenirs that would in time to come enable me to recreate, to preserve the precious past.

Jim Patten's widow was told that she might have one of the old stained-glass windows that had filtered mellowed sunlight down upon his shrewd and generous head for so many years. I, too, was permitted to take a couple of these

windows; but they were not enough. I wanted more solid souvenirs, and obtained them finally by claiming two pieces of sculpture that throughout the life of the building had stared stonily down La Salle Street, each from a pedestal on the capstone of the doorway. One represented Commerce and one Labor. Each was a draped female figure. Pigeons had roosted on them and they were thickly incrustated with a deposit of city filth, but I was enraptured. I never troubled to learn the name of the Mid-Victorian sculptor who carved these modestly clad figures, but I supervised the arrangements by which they were transported more than twenty miles to my farm, west of Chicago. Consequently, I know that each is eleven feet high and weighs in the neighborhood of eight tons. As the underslung trucks bearing them ground deep ruts in the graveled driveway and then unloaded the monsters beside her garden, my wife's reception of these strange creatures come to share our lives was quite as stony as their bodies. They have never been erected and now lie prone and hidden by hollyhocks.

Yet it was really not the old building that I hated to see torn down. It was something vastly more important to the American people which I saw to be vanishing. My conviction that it was vanishing came on a day in the late winter of 1926.

I was carrying a big line of wheat—bigger, I suppose, than that of any other individual trading in it anywhere, but in my opinion not too big. I could pay for what I had. That day the market was strong. May wheat was selling at \$1.66 a bushel. I had bought most of mine when it was selling for less than \$1.50. Events were justifying the judgement of conditions I had formed months before when I had taken my position. By every right of commerce I was entitled to a profit on my transactions for the risk I had taken. Then I received a notice to appear before the business-conduct committee of the Board of Trade in the office

of the directors. I crossed La Salle Street and entered the creaky old elevator with its varnished interior and exposed cable running through holes in the roof and floor. I spoke to acquaintances, and other men I did not know recognized me. Then I entered the chamber where had assembled the business-conduct committee. I had known all of its members for years. They were, I think, my friends.

“Look,” began the spokesman when the door had closed, “the Grain Futures Administration has made complaint that you are carrying too much open stuff.”

It would be hard for me to make anyone other than a La Salle Street trader understand how I felt then, unless it might be some Russian farmer who has tasted the bitter flavor of government interference in matters which should not concern it. I suppose I protested vehemently. I remember that one man there, who was one of the first friends I had gained in Chicago, put his arm across my shoulders.

“You ought to sell some wheat,” he said cajolingly, “for the sake of the Board of Trade. You know, this committee is the device we settled upon to keep the Government from taking fuller control of the trading in futures. They get the figures and watch the accounts from day to day.”

“I know all that,” I protested, “but is there anything criminal in an honest profit? I’m buying with and risking my own money. Why should I sell before I am ready?”

“For the sake of the Board of Trade,” they told me again. What they meant was that if I did not give in there and then, the bureaucrats who had imposed the Grain Futures Administration on the grain trade of the nation would begin to howl for a stricter control by Government. I was

disgusted, and said so. I guess I swore. But at last I threw up my hands and agreed to sell a part of my line.

The wheat pit is a sounding board. The gossip of the world is hurled in and out of there with a speed that would make a newspaper office dizzy. Naturally, my journey to the seventh floor had not gone unnoticed. To those men, to all men in the grain trade, the fact that Cutten had been called before the business-conduct committee could mean but one thing: I was to be made to unload. It was just sound common sense to try to beat the Cutten grain to market. I left the room, but already the market had begun to break. It was off four cents before I got down to the street.

Before the bell rang for the close of trading in the pits that day, all the grain in the United States, even that just sprouting in the ground, had become less valuable to its owners. May wheat had sagged down seven and a quarter cents. It was Government that had done this, not speculation.

Since that day the trend of wheat prices has been steadily downward. Russian wheat has been a factor in this situation, of course. So has the lessened demand resulting from a dietary change among our own people. Taken by and large, however, and including the increased acreage our farmers were induced to plant during the war, the state of the market is attributable to Government action. For years the cry against speculators was that they raised the price of a loaf of bread to a poor workman. Now, when it is believed the fundamental evil in our economic situation is the low prices received for his products by the farmer, the Government would like nothing better than higher prices all along the line. With respect to the grain trade, the dull state of the market is due to the fact that speculators have been driven or frightened away from it. What speculating has

been done has been carried on largely by government bureaucrats using the taxpayers' money. If men seeking a profit had been using those millions, a real benefit might have accrued to the nation.

I grant you that speculation can be harmful. Recently, in the newspapers, there was published the final tabulation of losses in a great chain of public utilities. The sum was measured by \$226,000,000. Most of it represented the losses of persons who had not thought they were speculating. Some had believed they were investing; some had believed they were participating in a legitimate banking operation. The whole affair, in its direction, however, represented speculation of the wrong kind. Speculation is wrong when it is done with other people's money, but who other than speculators are going to assume the necessary risks of commerce which cannot and should not be borne entirely by merchants? Do not tell yourself we can dispense with these risks. They are a part of existence on earth.

Speculation was the elemental driving force that caused this nation to spread itself—the first to do so in all history—far across a continent. It was speculation that built our railroads, created our system of long-distance communications, applied power to all our tasks and reared cities that astound the Old World. Speculation is a larger part of our genius than we realize.

I am a speculator. I say it as simply and as proudly as another might say he was a merchant or a soldier or an explorer. We who are speculators have a right to be proud of our calling when we understand it. In all civilized communities, speculators have been of immeasurable value to the development of civilization.

Now, because I am aware of a stupid disposition to sterilize this source of national energy, I feel impelled to talk about it, to defend it and, so far as I

am able, to explain it. In my particular field of speculation, I dare to say that I know what I am talking about. Unless I tell of some of the events of my own life by means of which the importance of speculation was unfolded to me, I can see no way of revealing that importance to others. Necessarily and not by choice, the account must be flavored with a recital of some personal affairs. I am not boasting when I say I have traded more heavily than any other individual who ever stood in the wheat pit. This is the fact. In stating it I am establishing my right to be heard along with other men, who only theorize about it. I have had big adventures in Wall Street, but the grain trade is my first love and my last. The wheat pit is for me as the deck of his ship to a sailor.

How I came there is soon told. Guelph, Ontario, was my boyhood home. I was born there in 1870, the second son in a staircase of children who finally numbered six boys and two girls. My father, Walter Hoyt Cutten, was a lawyer. His partner was Donald Guthrie, the father of the present Canadian Minister of Justice, Hugh Guthrie. As a lad I went to school with a boy who grew up to be a doctor—one remembered by the world as Lieut. Col. John McCrae, the author of a stirring poem, *In Flanders Fields*. When I was somewhat older, I remember hearing a little Guelph boy of seven or eight singing to a public gathering in the town park. The song was *Annie Laurie* and the singer was Edward Johnson, who became a tenor of the Metropolitan Opera Company in New York, after years of study and operatic work in Italy as Eduardo Giovanni. From beyond the perimeter of the town, all we young fellows felt the attraction of distant places, making us restless and discontented. When I came back from Trinity College School at Port Hope, Ontario, a quite childish ambition to become the driver of the Wellington Hotel's omnibus horses had been succeeded by an adoles-

cent dream of becoming a professional baseball player in the United States, where such glorious creatures were properly esteemed.

Baseball was only one of the strong and alluring American influences to which I was subjected. My brothers and I played cricket and baseball, but, God save the Queen, we preferred baseball. After a season of lounging about my father's offices on the theory that I was working and, eventually, might read law, I got a job that paid money. The wage was four dollars a week. My employer was the Government of the United States, in the person of the American consul at Guelph, James W. Childs. I used to fill out consular certificates and perform some less important duties. I worked faithfully enough to stay six months. I was saving all my money for a purpose.

The purpose was to seek my fortune in the United States. Six or seven miles out of Guelph there lived a black-whiskered farmer named Alec Hill. I used to go to see Mr. Hill at intervals. He fascinated me by telling stories about his brother. He was actually the flesh-and-blood brother of James Hill, the great railroad builder. It was almost incredible to me sometimes that the legendary Jim Hill had an ordinary farmer as a brother. Finally I worked out for myself the notion that the essential difference between the brothers was that one had stayed home and one had gone out into the world. I think, perhaps, that this was what settled the matter for me. Anyway, I determined to go to Chicago, and when I arrived there in 1890, I had ninety dollars, my old-fashioned trunk and a high-wheeled bicycle. That bicycle was about as big and treacherous as they made them. It had a fifty-four-inch front wheel and a puny rear one. The risk of riding it was, I think, my earliest speculation. The risk was of taking a "header."

My first job in Chicago was with Marshall Field's wholesale house. I was

hired for seven dollars a week to keep stock in order. I found a place to board on the North Side for six dollars a week. That left me one dollar for all other expenses. The house which sheltered that boarding establishment still stands at Dearborn and Ontario streets, and sometimes as I ride in sight of it in an automobile, the past becomes vivid, so that I can see again the streets as they were by night, like streams of fireflies from the blinking of counter processions of bicycle riders, each rider rolling along inhaling the breath of a smelly little oil head lamp. I remained at Field's two months and was satisfied that I was not designed to be a merchant. It was too dull. Besides, a margin of one dollar a week was not sufficient.

In consequence of my dissatisfaction, I found another job; this time as a store salesman—a counter jumper, as we were called in that time. The store was F. M. Atwood's Haberdashery, and I was paid nine dollars a week. After about two weeks of that, I was on the hunt for another job. This time I had something to guide me. I had made the acquaintance of a fellow countryman who had a position carrying some authority with the Charles H. Besley Company, engaged in the machinists' supply and copper-and-brass-goods business. He arranged for me to go to work at ten dollars a week. We employes reported for work at seven o'clock in the morning and did not leave until six o'clock at night. I swept out—which means that I began at the front door and became the focal point of a dust cyclone until I finally reached the alley in the rear. All day long I was up and down ladders, in the basement, upstairs, everywhere, engaged in a series of tasks which never even faintly captured my interest. At night I would go home so tired and sleepy I did not care for any other pleasure than the delight of creeping into bed. It was a good thing, for I had no money for amusements. Arthur Cutten

at twenty was having a pretty dull time of it. Then my sponsor in the firm resigned his job in order to go with Hately Brothers, packers and provision exporters.

Until this time I knew little about the Board of Trade. I knew about the stockyards. You could sniff those any day the wind was blowing from the south. You did not have to sniff—you needed merely breathe. It should not have been an alluring odor, but it was. For an important element in Chicago society the effluvium which created that odor was like the cloud of smoke in which Aladdin's jinn appeared whenever he rubbed the lamp. Behind that noisome screen great fortunes were expanding. Tremendous wealth and power were flowing into Chicago in the form of hogs and cattle and sheep. Today there is no odor. The yards and packing town are clean.

At the first opportunity, on a Saturday afternoon, I followed my countryman to his new place of employment and asked him for a job. This was still in the year 1890. Six months or so in other jobs had revealed to me only ugliness and drudgery. I was clearly never intended to become a merchant of dry goods, gents' furnishings or hardware. I pleaded with my friend for a chance in this new line of work, which was, in a manner of speaking, the essence of Chicago. I told him the packing-and-provision business was something that appealed to me tremendously.

"You come to work Monday morning," he said at last. I remained with Hately Brothers for some months, and then went with A. Stamford White & Co. in July, 1891. Thus it came about that within eighteen months after I came from Guelph to Chicago my ears were filled with the clamor of the wheat pit. My job with A. Stamford White & Co. was making out foreign invoices, figuring up sterling and the different moneys of the world. The

orders of hams and bacons sold by the firm to England, France, Germany and other countries had to be invoiced in foreign money. All day long I was back and forth between the firm's offices and the Exchange floor. I saw the great ones of the wheat pit, the provision pit and the other trading clusters. After I had seen them, neither baseball careers nor bugle calls nor anything else had so much power to stir my mind and emotions.

My life had become a lot easier. Three of us—all Guelph fellows—were paying forty dollars a month for a big room in a house which then stood where the ladies' entrance to the Congress Hotel is today. We were marked apart from ordinary young fellows then by having electric lights in our room, and the linen on our beds bore marks which revealed that it was the property of the Auditorium Hotel. We played baseball on Saturday afternoons. I was a member of the Hyde Parks, which belonged to what was called the Club League. The Idlewilds, of Evanston, were Northwestern University students. Douglaston also had a team in the league. Then some of the clubs began to try to work in battery ringers from the City League. The unsportsmanlike use of these professional pitchers and catchers spoiled the competition.

Our league broke up before the World's Fair began. I regretted it because that was my principal form of recreation. It did not cost much, and this was important. Already I had discovered that the acquisition of capital, much more than luck, was apt to govern the fate of a man trying to advance himself from obscurity.

A. Stamford White was an Englishman, stocky, whiskered and of distinguished appearance and precise habits of speech. He was a leader in what was known as the English crowd trading on the Exchange floor in those

days. Others were Alexander Geddes, Thomas Wells, William Kirkwood, George Ward and Robert Stuart. Mr. Stuart was a Scotchman and organized the Quaker Oats Company, of which his son, John, is now president. Tom Lipton was a man these gentlemen spoke of familiarly, but he had gone back to Scotland before I ever set foot on the floor of the Exchange.

Each morning when trading began, I had to be on the floor to get the opening prices in order to cable them to certain European houses—branches and customers of the firm. Actually, Liverpool, and not Chicago, was the home office, but I have never had any yearning to go to Liverpool. The trading pits were as far as I wanted to go. It was not long before the uproar from them began to have some kind of meaning for me. I soon realized that the loudest voice was not necessarily the biggest trader.

Secrecy was so important that the big dealers and traders went to unusual lengths to screen their operations. They kept their private signals as carefully as European diplomats guard their codes. I do not refer to the hand signals common to all using the pits. These are simple. Prices move up or down an eighth of a cent at a time. In consequence, there is needed a gesture of the hand which means the even cent; there is needed another gesture for each one of the fractions ranging from one-eighth to seven-eighths.

No trader ever repeats the full price of a commodity—that is understood—he merely signals the fraction which reveals on which side of the price frontier he stands—“three-fourths,” or “seven-eighths,” or “even cent,” and so on—as he shouts the volume of grain he is willing to buy or sell. Then someone catches his eye and the trade is closed without scratch of pen or pencil. It is done on honor, and there is never any welshing, even if the market should toboggan or skyrocket. For generations the members have been

devising rules to make this market free, fair and open to buyers and sellers, and do not overlook the fact that none of them are consistently buyers or sellers.

Besides the hand signals, there are others not intended to be secret. The pit brokers are accustomed to relay from the pit to the alert youths at the telephones linked with their commission houses any information which has been revealed to them as to the source of buying or selling orders of significant volume.

Crossing and recrossing the fists rapidly one above the other before your body means "sell." To give this signal and then flex the arm and slap the biceps means, "Selling by Armour." A signal for buying and a finger against the nose would refer to the operations of a large house with a Jewish name. A finger to the mouth, for some, would refer to a big trader who chewed tobacco. By means of these primitive charades and the modern transatlantic telephone, news today is sometimes flashed from Chicago to Liverpool of the source of big buying or selling movements as swiftly as it develops.

In later years, sometimes, when an Armour principal would whisper to a subordinate "sell five hundred corn," fifty feet away shrewd pit brokers would be reading his lips and determining that if Armour was selling half a million bushels of corn, the price was more likely to go down than up. The tremendous volume of the Armour transactions added to the difficulties of the Armour brokers. If this man wrote out his order, there were some who had learned to watch the course of the top of his pencil from across the floor and decide whether it had written "buy" or "sell." A man named Arthur Binks used to sit up in the gallery, and we often remarked that he was a fidgety person. It was not until long afterward that we learned that each time he rose from his chair, it was a signal to his pit broker to buy 200,000

bushels of wheat. Allister Valentine was on the floor in charge for Armour & Co. A whisper from Valentine might have far-reaching consequences on both sides of the ocean. Once Mr. Valentine, when passing a pit broker who had his confidence, without moving his lips, said softly, "Buy 8,000,000 corn."

If that broker had been a fool or if some alert eavesdropper had heard the remark, the corn pit might have been thrown into a frenzy of buying. The bare knowledge that so important a buyer as Armour & Co. wanted that much grain would have been a clearer picture of demand than was ordinarily given to most traders. But Mr. Valentine's careful whisper was not overheard and, consequently, Armour & Co. got their grain at just about the current level.

Naturally, if Mr. Valentine was a consequential figure, old P. D. Armour was even greater. I would see him drive down to the Board in the morning in a buggy drawn by a team of horses—and what horses! Most of the men of that time who had any money or any vanity rode behind high-stepping horses. The big men of the Board commonly owned as good horses as they could buy. Each morning and afternoon the streets around the Board of Trade were massed with glossy, spirited animals, smart rigs and, sometimes, women to match them. In those times all the merchants and bankers of importance in the city were members of the Board.

For any ambitious young man the place was unparralled in its opportunities. The vital human elements of the huge city, the men who had the biggest armies of employees, were there brought together in an intimacy like that of a village. The great bankers, the merchants, the railroad chiefs, as members, liked to stroll on the floor and beckon to some broker when they wished to take a little flyer in grain. I have seen old Levi Leiter there,

and Marshall Field. I do not think I have ever seen a handsomer man than Mr. Field. His visits were not frequent after my time. Usually he came near the close of trading and then crossed Jackson Boulevard with some of his cronies for luncheon at the Grand Pacific Hotel.

My biggest thrill was not received at any such meal. It came sometimes at breakfast, which I often ate in E. W. Kohlsaat's restaurant over in the Royal Insurance Building on a site which is now part of the Federal Reserve Bank Building. E. W. was Herman Kohlsaat's brother. We sat on stools, and sometimes I found myself literally brushing elbows, as I ate my coffee and rolls and he spooned his milk toast, with a hawk-nosed old fellow whose fierce eyes were shaded by the wide brim of a black slouch hat. This was Benjamin P. Hutchinson. "Old Hutch" was then in his decline. The millions that he had taken from the wheat pit were being sucked back in. For years his somber, ministerial costume was unchanged. His doeskin pants never reached his ankle bones.

In 1896 I persuaded A. Stamford White that I knew enough about the trading mechanisms to serve the firm as a pit broker. My membership cost \$800 and the firm loaned me the money. Since then I have seen memberships sell for \$64,000, sag off to \$3,000 and climb back to \$8,000. The day I first walked on the floor of the Exchange as a member is a scarlet one for me; and no wonder, for it was in the pits that I learned how to make money.

My first order was to buy 100 September corn—that is, contracts for the future delivery of 100,000 bushels of corn; more than a trainload; the produce of many farms. Mr. White told me to buy it, as casually as he might have instructed me to mail a letter. Under my arrangement—one no longer permitted—the firm, instead of commissions, paid me \$150 a month to serve

them as pit broker and allowed me, when occasions offered, to scalp for myself. This day I took 25,000 bushels from each of four men. I have forgotten only one; the others were George D. Brown, E. S. Hunter and A. P. Gaylord. I have heard other men say they were stricken with fright and tongue-tied upon their initial appearance in one of the pits. I was not; rather, I was exalted. This was, for me, a kind of knighthood.

Somehow, today the men in the pits seem younger, when the fact is, I suppose, that the principal difference is one of appearance. Then each one of the bowl-like trading clusters was as hirsute as a bear pit, the features of the great majority of the men being masked by whiskers or great handlebar mustaches. Today they are mostly clean-shaven. Perhaps it is that, but sometimes I feel as if there really were giants in those days.

Certainly some of the physical changes that have occurred on the floor of the Exchange in the last thirty-five years reflect even greater changes in our country. In my time there were mornings when it was difficult for me to shoulder my way into the provision pit. The trading was heavy. One hundred million pounds of ribs was not an extraordinary order in those times; it would be now. The packers were all hedging their stuff then. They had no control over prices. In consequence, they had to protect their operations against price fluctuations. As they bought livestock they sold futures contracts in an amount roughly corresponding to their purchases of the actual meat. Often one or another of the Cudahys was in the pit of a morning.

A lot of English capital was represented by the men raising their voices and their hands. J. C. Hatley & Co., Hatley Brothers, Fowler Brothers, the Anglo-American Company, the Chicago Packing Company, Jones & Stiles and Roberts & Oakes were all important elements. Besides, there were con-

stantly flowing into the pit hedging transactions of numerous packing firms in other cities of the country. There was, in short, no monopoly. To create a monopoly it was necessary to destroy future trading. The people should be made to understand this. Today there is no crowd in the provision pit; merely a few men sitting in chairs along a platform made of two steps forming an obtuse angle. What has become of the scores who used to stand there buying and selling? What has become of the big speculative trade on the part of the public? Speculative trading has been eliminated and prices are fixed by a small group instead of being determined by free play of competitive bidding by a host of speculators.

I have said I was permitted to scalp for myself. A scalper is always a speculator. Generally I did my scalping in the wheat pit. Invariably you could find action there—that is, you could until the Government laid heavy and clumsy hands on the mechanism. Often as many as half the voices raised there were those of scalpers. The importance of these men to the market is not fully appreciated by outsiders only because it is not understood. To understand it, you must understand hedging and the commercial necessity for it. I have found that outsiders understand while you are explaining it, but quickly forget and have to be re-instructed each time the word comes into the conversation.

Hedging is the device by which merchants avoid ruin from sharp price fluctuations. You send a ship to sea, and in order to avoid the hazard to your fortune, you insure it. You buy a house, and in order to avoid the hazard to your fortune represented by fire, you insure it. Hedging is price insurance. For the grain-elevator man it works this way: He is in the warehouse business, concerned with the rental of storage space for grain and with certain processes in the grading of the grain. He has to own the grain, but he wishes

to avoid the risk of ownership; so, as he acquires the actual grain, he sells in the pit at the prevailing price his contract to deliver approximately that amount of grain. If the price goes down, he is not disturbed. The price of the actual grain he owns is worth less, but he knows he will profit correspondingly when he buys back his contract of future sale. So it is when the price advances. His two transactions balance each other. When he sells the grain in his elevator, he buys back the contracts. By means of four transactions, the price fluctuation has been sterilized as far as he is concerned. He has neither gained nor lost by reason of price fluctuations. His profit is a merchant's or warehouseman's charge for storage or grading service rendered.

It is the same with the millers. As they buy grain, they sell contracts to deliver grain. As they sell the flour made from the grain, they buy back their contracts. Two transactions wash out the other two. The miller profits for his industry in transforming raw wheat into an edible commodity and for selling it to bakers and other consumers. What millers, elevator men and the more intelligent class of farmers manage to do by using the futures market is to avoid the gravest risks of their enterprises. If they do not wish to assume speculative risks of price fluctuation, they need not. Nevertheless, if they are to avoid risks of price change, someone must bear these risks because such risks are always present and must be assumed by someone. This is the function which the speculator performs. In a measure, the hedges of the millers and of the elevator men cancel out, but the buying and selling of these contracts would be unequal if it were not for the speculators.

Now, what reward is the speculator to have for the risks he assumes? Obviously, a profit. He profits sometimes; he loses sometimes. If he profits three

times out of four, he should be satisfied. If he persists in losing three times out of four, he soon loses the means to speculate.

Scalping transactions are closed out every day. The common tendency is to grab for an eighth-of-a-cent profit and run as quickly from a loss. Inevitably I became skillful in stepping in and out of the market, changing my position from short to long and back again with every fluctuation. If I bought 5,000 bushels and sold an eighth of a cent higher, I paid a commission of seventy-five cents to the house for clearing my trade, reducing my profit from \$6.25 to \$5.50; but if I lost an eighth of a cent I was out \$7—that is, \$6.25 plus seventy-five cents commission. I should have had to be pretty dull not to discover that the way to make money was to be as quick as possible in taking a loss, but to be slow in taking profits; rather, to let these pile up as high as they would go. Although I was rarely long or short more than 10,000 bushels at a time, I used to scalp two or three hundred thousand bushels a day. In those times we could scratch a trade for a nickel a five—that is, if you bought 5,000 bushels and then sold it at the same price before the end of the session, you were only charged five cents for the clearing of this transaction. We could afford to bid often then, but today the poor scalper has to pay a commission house \$1.25 for clearing a round turn of 5000 bushels, plus a tax of \$1.50 to the Government on sixty-cent wheat—more if it moves up much. Is it any wonder the scalpers are abandoning the pits?

I knew scalping would never make me rich, and so I was constantly striving to sense the broad swings of the market and to understand the reasons for them. I saturated myself with information about the weather and the insects that sometimes descended in clouds upon the wheat fields. Nevertheless, I

had to make a start. I remember Christmas Day in 1898. I was discussing my affairs with a friend, William C. White.

Bill and his twin brother, F. Edson White, natives of Peoria, my young brother Charley and I were boarding in a pretentious red pressed-brick house in Grand Boulevard just south of Forty-first Street. I had returned from a Christmas dinner at the home of A. Stamford White, where I had found under my plate a check for \$500.

“Bill,” I said, giving him a peep at that check, “I’ve had a pretty good year. With this, plus my \$1,800 salary and my scalping, I’ve made more than \$4,000.” Bill whistled in amazement. At that time, I suppose, it sounded better than the packing business.

F. Edson White, who, at the time of his death this year, was president of Armour & Co., and Bill, who was vice president, back in 1898 were less important factors in the business. They were fine-looking fellows, and I sometimes suspected Bill knew it. He was paying sixty dollars for his suits at a downtown tailor’s—just as much as P. D. Armour paid. I was paying forty dollars to a South Side tailor, and feeling guilty. Bill had to get up in the middle of the night to begin his day’s work. He was assistant superintendent of the branch houses of the firm. Edson had, only a couple of years before, begun to work up from an eighteen-dollar-a-week clerical job in the car-route-sales department, but he was by this time head of sheep and wool for Armour. My brother Charley, more than six feet tall and the biggest lad of our family, was working for the Continental Packing Company. With Dick and Charley Nash, sons of the president, he was being given a chance to learn the business. None of us was especially happy in the boarding house, and when I confided to Bill how much money I was making, he proposed that we set

up housekeeping. He found a furnished apartment at 40 Lake Avenue. Bill was the steward, kept the books, hired the help, and on the first of the month rendered accounts. We were ready to enjoy life.

I never was much of a hand to mix. I think I was a little shy in company, but the White boys knew many people and my acquaintance widened out in spite of myself. Tom Wilson, president of Wilson & Co., the packing firm, was then, I think, with Morris & Co. He was from London, Ontario, and, with his brothers Charles and Arthur, was often in the company of the White boys.

One night Brother Charley came home with his forearm bandaged. He had been learning the various cuts of meat and the knife had slipped and cut him. He said a doctor had dressed the wound. Within six months there were bright scarlet patches on Charley's cheeks and he had become dreadfully thin. That knife had been tainted with the flesh of a tubercular hog. He had contracted what we then called galloping consumption. The White boys and I saw him off on a train for Calgary. He could not stand it out there and returned to Guelph to die. All the youngsters who came to Chicago to seek their fortunes did not find what they came for.

The first big money I realized was in Soo Line stock. I had made some money in a corn deal in 1904, and in considering the best use to make of it I became interested in this railroad line. The Canadian Pacific had bought control. I figured they would improve its condition, and I was right. When I bought it, the Soo Line ran from North Dakota through Minneapolis and St. Paul up to Sault Ste. Marie, to Portal, on the border of North Dakota; in North Portal, Manitoba, the line joins the Canadian Pacific. In later years it acquired the Wisconsin Central, which brought it into Chicago. Those Northwestern roads did a big business. Before they had the Panama Canal to contend with, the

best railroads in the United States were the Chicago, Milwaukee & St. Paul, the Great Northern, the Northern Pacific and the Chicago & Northwestern. I bought 2000 shares of Soo Line at 54, and two years later, in 1906, I sold it at 164. That was my real start. In that same year I married Miss Maud Boomer, of Evanston.

Certainly that Soo Line deal confirmed my notion that the way to make money was to let your profits pile up. The chief temperamental distinction, I think, between a merchant and a speculator is that when a merchant has a small profit, his fingers itch to take it. All his training inspires him to keep turning over his capital. Sometimes, as I have observed merchants engaged in speculation, they have seemed to me to be most daring when they thought they were being cautious. Each time you trade you are backing your opinion that the other fellow, the one who buys from or sells to you, is wrong. You reduce the odds when you consistently hang on when the market runs favorably.

It would have been foolish for me to continue working as a pit broker after the culmination of that Soo Line deal. So I resigned from A. Stamford White & Co. to trade for myself.

I thought Mr. White would give me the firm's brokerage business, but he never did, and this hurt my feelings. Afterward I learned he had said I did not need the business and others did. I suppose he was right. Thereafter all my trading was for my own account. I took no one into my confidence. I had no employees. Until 1913, when Congress passed the income-tax law, I kept no books. My only records were the ledger sheets bearing my name in the various brokerage offices through which I began to clear my trades. I no longer felt safe in having my position fully revealed in one institution. There are too many small-salaried people in brokerage houses.

This is a very genuine risk to a man who is overextended. If someone wants wheat cheaply and knows you could not hold your line if the market sagged, it is obvious that by starting a selling movement he can force you to unload.

By 1907 I was ready for the culmination of an important wheat deal. That is remembered on the Board of Trade for two reasons. It was the year of the green-bug plague. I never used to go to such extremes of gathering information as the Pattens, George and Jim. My way was to keep feeling out the market.

On the floor of the Exchange several men had bottles containing some of those green bugs and blades of wheat. I used to watch those bugs sucking the sap of the blades of young and tender wheat, and then hustle back into the pit to buy more. This bug was a plant louse called the grain aphid. In normal years it is held effectually in check by a tiny, black, wasp-like creature which deposits its eggs singly in the bodies of the green bugs, where they hatch out to feed internally on the aphid. It is a pretty narrow margin of the universe in which we humans live, but for other creatures the margin is more slender. These wasps, so vital to the grain crops, are active only when the temperature is above 56° Fahrenheit; at least ten degrees above that at which the green bug breeds freely. This, entomologists tell us, is the secret of the irregular, disastrous outbreaks in the grain fields. In 1907 the green bug had a whole winter and late spring in which to breed and multiply unmolested. It had accomplished its principal damage before the weather was warm enough to develop its enemy in force. With none of this did I concern myself in 1907. There were green bugs. I had seen them destroying the green plants in glass bottles just outside the wheat pit. But there were other forces at work that year.

On a Saturday everything was fine and dandy. I was long five or six million bushels of wheat and the price was well above that at which I had bought it. On Monday morning, because of a panic that had begun in New York with the closing of the Knickerbocker Trust Company, the Chicago banks refused to pay out any money. Men who had to have money began to sell wheat. The price broke. I helplessly watched paper profits evaporate. It does not matter if they are paper when you lose them. When you lose you sweat blood.

PART TWO

As the wizards of primitive people explain disasters small and large by attributing them to unseen devils, so our own witch doctors, our demagogues, have been in the habit of explaining economic phenomena when the consequences of these are unpleasant to the voters. Their devils are identified as speculators. I have wondered sometimes how this explanation could be found acceptable in days when one of the leading speculators was a man as public-spirited, generous and fine in every way as Jim Patten.

I have never known a better man. He was honorable in every fiber. He never did a mean or a tricky thing in his life. In his biggest deals he had time to be thoughtful of the little fellows who followed his trading operations with piker bets of their own. "Get out," he'd warn them. "Get rid of your stuff. I'm going to sell some wheat." That is a risky thing to do, as anyone can see, yet that was the sort of chance he'd take to help his friends succeed.

I can remember him as early as 1900. He and William H. Bartlett, one of his partners in the cash-grain business, sat every day in a couple of chairs which they tilted back against a pillar near the corn pit. They were not far from the door there. Jim was always chewing gum or nibbling a bit of grain,

and his big mustache—then it was red, not white—would be moving in a wider arc than his jaws. On the other side of the doorway, just behind this post, against the wall, which, by common consent, had become theirs, were a pair of candy and lemonade stands. Like a Tom show with two Topsy's, our Board of Trade had two Apple Marys.

George Patten was a more important figure in Jim's deals than most people outside of the market realized. George was a real king-pin. They had a tremendous affection and respect for each other. What caution they had inherited was all in George; self-confidence was Jim's portion. Without George, in his early years Jim might have had too much nerve for his own good.

After the death of his brother George in 1910, Jim never participated in any deals of great magnitude. They were a part of each other, each complementing the other. As a team they were unbeatable. The planning, I have always thought, was the work of George, but when it was time to stick and to fight, Jim became the captain. He had a wonderful confidence in himself.

Confidence in yourself is something you must have if you are going to be a successful speculator. You must have that same quality if you are going to walk a tight rope across the gorge below Niagara Falls, or fly from New York to Paris, or win a golfing championship. To be able to stick in a risky position without shattering your nerves, you must have a continuing confidence in the judgment that caused you to take that position in the first place. I have had confidence in my own judgment always. I have had little faith in the judgement of other people; little faith likewise in the ability or disposition of other people to keep their mouths shut. For these reasons I have been a lone trader.

I remember I had a corn deal in 1912 in which I was the only important

bull in the market. There were others who were buying corn, of course, but they were not trading in large amounts. It seemed to me I was betting against the world that time. Dry, hot weather in Kansas through June and early July, with temperatures ranging as high as 104° Fahrenheit, convinced me the crop would be short.

Now, in any market, a group of men reasoning from the same facts often arrive at varying conclusions because they do not give the same weight to each of the facts. I was always rather reluctant, as it happened, to go out into the country to look at damaged crops. I was afraid I might warp my judgment as the judgment of a doctor may be warped by listening all day to the whining complaints of sick and nervous people. It was the Pattens' way to go into the fields and smell grain and maintain an elaborate, nation-wide information service; it was not my way.

I was generally eager to learn how other speculators were behaving, what the elevator men and the milling interests were doing. I felt that I could find out about such things in the trading pits sooner than anywhere else. The newspapers and the floor of the Exchange were probably my best sources of information. You see, as a grain speculator, I did not have a single advantage over others who traded except as these advantages existed within my own skull. Sometimes stratagems helped.

I remember standing in the corn pit one Saturday morning while I was running that 1912 deal, and hearing an Armour broker say, "Sell 100." His "100" meant 100,000 bushels.

"Take it," I said. The price was then somewhere around sixty and a half cents. He made some remark about the transaction and I said, "You tell Armour I'll take all he'll sell." Those were big words. The Armour bins were

tall towers, and numerous. Other brokers began to face my way, gesturing with their palms out. My own palms were in front of my face. I was buying. I bid for another hundred and Emil Garneau sold it to me. I had a hunch whose grain he was selling. He sometimes acted as a pit broker for Jim Patten.

“Two,” I said, facing him.

“Sold,” said Garneau.

“You tell Patten I’ll take all he’ll sell me.” I was trying to make him mad. “Three.”

“Sold,” said Garneau.

“Four.”

“No.” Garneau turned his back.

Jim Patten was not on the floor of the Exchange. He was across the street in the offices of Bartlett, Frazier Company. Almost before Garneau and I had penciled on cards the memoranda of the transactions, there came a query in what you might say was the deep, gruff voice of the papa bear, asking, “Who’s been buying my corn?” They told him, and told also of my boast. In a flash, as I afterward learned, Jim said, “Sell him 300 more.”

I took it. Altogether I had bought that morning 900,000 bushels of Patten’s corn. In the pit they were disposed to laugh at me. If Jim Patten, who had always had a predilection for corn deals and who went to extraordinary lengths to gather information about the crop—if he was disposed to sell—well, in a very real sense of the word, I had, they felt, a bear by the tail. But Jim Patten was almost never bearish in his trading. I could not understand his selling.

After the close I went over to the Bartlett, Frazier office. I learned it was some of the crowd there who had persuaded Jim to sell. At first he had said, “I don’t care to sell.” Well, they kept telling him, “Nobody is buying but

Cutten, and he is loaded up," until he allowed himself to be swayed. Herbert Rycroft, the president, was decidedly bearish, and said so when I came in.

"You're dead wrong about corn," I interrupted him.

"You'll see it sell at fifty-five," he retorted.

"It'll sell at eighty," I contradicted.

I saw Jim Patten seated in the front row of chairs before their quotation board, waiting for the close of the New York Stock Exchange. He had lowered his newspaper and was scowling at me across the top of his glasses. I vanished quietly. The amount I bought from him at $64\frac{7}{8}$ Jim had to buy back a few days later at a four-cent loss. With the price up four cents, he did not wait. Whenever he found himself wrong he could run out of the market like a scared cat. That was one of the reasons he was successful. He knew he could not make a market go his way by being stubborn. Often in later years I could get a rise out of him by saying, "Jim, remember when you soaked me with 900 corn?"

At the finish of that deal, corn was selling for eighty-three cents. That year I bought a farm some twenty miles west of Chicago.

After every deal in which it was reported that I had made any money, there would be newspaper headlines referring to me as the New Napoleon of the Wheat Pit or by some such grandiloquent label. Old Hutch had been the Wheat King; and then Patten. Each of us, I am sure, was ashy and unwilling to accept this mock regality as if the distinction were conferred by Aztec priests planning a sacrifice twelve months in the future. For me, each time it was repeated it could only mean a terrific handicap in achieving that secrecy of maneuver which has been so important to me. It meant also a succession of mail carriers emptying bags of begging letters on to the desk in the office I

finally had to hire. It meant that importunate fingers would be daring afresh to pluck my coat tails or seize my lapels each time I was recognized on the street, in elevators or in corridors. How was I to tell every Tom, Dick and Harry what to buy or what to sell? Sometimes I have wondered if these people whose questions I never answered and whose begging letters left me cold were the same ones who served the altar when the fire was to be blown up against men who were raising the price of bread for the workingman. They really believed, I am sure, that speculators put prices up and down.

Well, prices do fluctuate and anyone has a right to seek the cause. I can say this—that always the reasons, when revealed, are seen to be simple and logical. I have a copy of a chart wider than a man can reach which shows graphically the fluctuations in the price of wheat during more than five centuries. It was prepared by George Broomhall, the British statistical authority on grain. Sometimes I have thought this chart would make an excellent mural decoration for the walls of the chambers where the Congress sits. Even if its modernistic angles should be out of place, at least the members might discover from daily contemplation that the greatest of bull influences is war, and the greatest of bear influences, the end of war.

There was dollar wheat at Strasburg in 1573. As a matter of fact, the price went higher that year—to \$1.25. In that time this was a fabulous sum for sixty pounds of wheat, but wheat was scarce—more scarce than may be appreciated in America, where famine is just a word. France and Central Europe were aflame with religious wars. During the Thirty Years' War the price of wheat touched a peak of \$3.11. From 1761, for more than 100 years, until 1892, wheat never dropped below a dollar at Liverpool, and there were intervals when it was much higher. Each one of the sharper spires drawn on this

graph points to a war. During the Napoleonic Wars the peaks resemble a cross section of the Rocky Mountains. In 1812 wheat at Liverpool was worth \$3.82. Napoleon was on the march again in that year. Not even during the last great war did the price at Liverpool rise so high. The peak at Liverpool was \$2.97 in 1919, after a steady upward climb that began in 1914. However, in 1914 I was myself a bit puzzled how to interpret the war. The price in Liverpool might vary sharply from the price at Chicago. Indeed, the same factor which sent the price up at Liverpool might start it tobogganing at Chicago. I am thinking now of the submarines.

Everything that happened in the war—the mines that exploded in the North Sea, the torpedoes that shattered the hulls of liners, the voices of kings and ministers, a bewildering and ceaseless succession of events at once terrible and heroic—all these had repercussions in the wheat pit and our other trading clusters. Selling in the wheat pit by Liverpool might be the first hint we'd get of an awful German success on land. A big buying order might be no more than the final bubble of an old square-rigger gone to the bottom with all sails flying and her hold stuffed with grain. On the men concentrated on the octagonal steps of the pit the effect was as if the visions of these dreadful things were reflected in one another's eyes.

When Turkey joined the Central Powers, wheat rose sharply. That meant Russian grain was cut off from Europe. The submarine, by intensifying the need of shipping, effectively cut off Australian and Argentine wheat. Literally, only America was left to feed the European Allies. At times grain declined because of fears that the submarines would prevent further exports. It rose when the British embarked for the Dardanelles. It fell when there were reports that President Wilson would place an embargo order on grain

shipments. Sometimes I bought and sometimes I sold, but even before the United States entered the war I ceased to speculate in wheat. I closed out my line when it was around \$1.50. I did not think it was going higher. Indeed, I know of none who dreamed it would be worth almost \$3 a bushel at Liverpool when the madness was ended.

Over the door of the Board of Trade Building there was suspended a legend, FOOD WILL WIN THE WAR. But neither this nor all the other propaganda activities of the Government had as much to do with stimulating the production of grain, and especially wheat, as price. The Government had enlisted a group of practical grain men to try to solve grain problems and, with the passage of the Food Control Act in August, 1917, there was guaranteed to the producers of wheat in the United States, in advance of seeding, a price of \$2 a bushel at the terminal markets for the crop of 1918. The committee of grain men settled on a price of \$2.20 for the 1917 crop. These prices were not compulsory; they were the minimum. A farmer could get as much as the market offered, always knowing that the least he would have to take would be the Government's offer. All over the United States, farmers went into a kind of delirium. In Illinois, a corn state, farmers planted wheat on corn land and—some of them—lost money.

The average yield of wheat is fifteen bushels to the acre. Almost anywhere corn will average twenty-seven bushels to the acre, and in Illinois plenty of farmers harvest seventy-five to eighty bushels of corn from each acre. If they were hypnotized by two-dollar wheat, who is to condemn the others who sowed wheat where no man ever before had troubled to plant a crop? Our wheat acreage expanded enormously. For the five years preceding the war, the area planted to wheat averaged 50,829,000 acres and the price averaged

79.4 cents. By 1919, the acreage was 73,099,000, with a price of \$2.22 $\frac{1}{3}$. With a famine in Russia in the winter of 1919-20, some of our farm economists began to figure backwards. The price of wheat multiplied by the yield figure gave them a sum from which they worked out an assumed value of the land at about \$400 an acre. That gave us a boom in farm land, and when the boom collapsed we were all of us looking around for some effective means of farm relief. The truth is probably the best farm relief that could be compounded. But can you make a patient swallow such bitter medicine? Simply telling farmers they have taken twelve years to get back to a prewar basis of wheat production when, because of Russia, eight would have been too many, is, I suppose, no comfort.

There was no future trading in wheat during the thirty-four months of war-time Government control. If this period is compared with any other thirty-four months in the history of the Chicago Board of Trade, it will be seen that there was more fluctuation without future trading than there was with it. In spite of this obvious lesson in economics, future trading remains a football of politics. Even men in the grain trade seem sometimes to be under misapprehensions covering its functions.

My first venture in grain after the war was in 1921, almost as soon as the wheat pit was reopened. I did not return there to do my trading; I never went back into the pit itself as an active trader after I withdrew with the closing of the market in 1917. But from my office and through various brokerage offices I sent in buying orders until I had a line of about 6,000,000 bushels. That is not a great deal as trading goes in this market.

At the same time, the Armour Company had taken on a big line of September corn. They had commenced buying when the price was around \$1.75

a bushel and had accumulated thirty or forty million bushels when the market started down. The Armour firm hung on and took delivery under its contracts. It proved such a disastrous deal that the Armour Company started hedging by selling December contracts in corn, and sold these from \$1.30 down to almost fifty cents a bushel. Finally the firm had a huge volume of corn stored in granaries all over this country and Europe. Probably it required two years to dispose of the cash corn of which the firm became possessed in that deal. Anyway, some of the elevators at Chicago were deep with corn.

In my own transactions, it was clearly to my advantage to take delivery of the wheat under the contracts I had bought. A man cannot close out a big line too swiftly without losing money. The big outside hedgers—elevator men and milling men away from Chicago—would like to have their hedges carried at their convenience, but they are not at all concerned about the speculators who carry them. They do not like to have to deliver grain on those hedging contracts they sell; and I elected to take the grain. It was mine. I had bought it. Patten used to take delivery too. Because he knew how to dispose of cash grain, the corpse of his big deals never troubled him. I, too, know how to dispose of cash grain. Yet it was an inability to handle the corpse of his deal in 1897-98 that ruined Leiter.

Delivery means delivery in a public elevator at Chicago. But I was suddenly informed that the Board of Trade had made a rule permitting it, in emergencies, to declare that a seller had fulfilled his contract when his wheat arrived in cars within what was, in effect, fifty miles of Chicago. Then they declared such an emergency to exist. Demurrage—the penalty charged by railroads for use of freight cars that have not been unloaded after a reasonable space of time—is five dollars a day. No man, of course, can afford to pay

such charges on millions of bushels of wheat stored in railroad cars. A couple of thousand freight cars were rolling into Chicago bearing wheat consigned to me.

I loaded a great deal of wheat on boats and shipped it eastward to elevators in Buffalo and elsewhere. What made me furious at the time was that plenty of storage space was being found for coarse grains. With 7,800 cars bearing eight or ten million bushels of wheat standing on tracks in Chicago at a demurrage cost of \$39,000 a day, there were only 800 cars of oats, corn, rye and barley standing on the tracks. These grains were being received in the elevators.

Although I could hold on to my wheat by shipping it out of Chicago, many others were less fortunate. They sold their wheat. The demurrage costs forced them to liquidate. A trader of Tulsa, Oklahoma, who was long about 2,000,000 bushels, finally had to let go. It was his selling that broke the market. I lost plenty that time.

Now, I have found that politicians, especially senatorial inquisitors, never want to hear about a speculator's losses. Always they ask, "How many millions did you win?" This is one of the reasons why they do not understand speculation; do not appreciate its function. Why, if a speculator won every time, soon he would own everything in the world.

During the war, Mrs. Cutten and I built a home on the farm I had bought in 1912, and as soon as it was completed, we moved in. I live on that farm today and have become as comfortably oriented there as ever I was in the wheat pit. Sheep baaing where the orchard fence skirts the lawn disturb my wife's repose, but bring to me a strange and deep comfort. My Holstein bull and his harem, by the pungency of their cow odor, breeze-borne to my

lungs, are some kind of comforting guaranty. A rarely mounted saddle animal, swine, ducks, chickens and, when the market is right, a herd of feeders, by their sounds, their perfumes and their recognitions, give me something that must have been important to my ancestors, for it throbs in my blood. After a quarter of a century of living in boarding houses and hotels, I had to learn from my friend and neighbor, Joy Morton, a way to express what I feel. The sentiment he cherishes and sometimes repeats was uttered by his father, J. Sterling Morton, a pioneer who crossed the plains with a bride to Nebraska, built a home, and then was called to Washington to be Secretary of Agriculture. "Love of home," he said, "is primary patriotism."

Whatever is the nature of that strong emotion, it was stirred into a torrent of anger on a night early in March, 1922. We were at dinner, my wife, my brother Harry and myself. Perhaps we spoke of prohibition, although I doubt it, for we are abstemious. Maybe it was immigration or the slums of Chicago we talked about. I do not remember, although any of the subjects would have been apropos. Suddenly several men came crowding into the dining room from the door through which, ordinarily, the butler entered. They had revolvers in their hands and flourished them as they cursed us back into our seats.

My wife's first impression was that the farm superintendent had lost his sense of proportion and was playing a joke which was in very bad taste. The spokesman of these invaders told us they numbered altogether nine men, and he warned us profanely not to disobey his orders. Their savage manners quickly convinced me these men were completely reckless and cruel. They ordered me upstairs and thrust a revolver against my spine to make me step quickly.

In my bedroom I was forced to lie face down across the bed while they searched dresser drawers, chests and other receptacles. I heard them scratching out the contents of my wife's jewel box. They emptied my pockets and took some things which were of quite small value. When I saw that among the loot they gathered was a watch belonging to one of the maids, I protested.

"Aw," sneered one, "you can buy her another one."

Naturally, I was as concerned about my wife and brother and the other people of the household as they were concerned about me. I was held upstairs for more than an hour, and then they took me downstairs to the library and forced me to sit with the other prisoners on a window seat that is built along one side of the room. These robbers were not masked, but one of them had slipped into the room with head averted, coat collar turned up and hat pulled down. They behaved like men who had been trained in their parts by a director of stage melodramas. One bandit took a necklace from Mrs. Cutten, and as his eyes betrayed his conviction that the pearls were genuine, my wife and I tasted the pleasure of the only tolerable second of the unpleasant adventure.

Then, along with the chauffeur and gardener, who had been taken prisoner as they drove up to the house, we were herded into the basement. Four whom we saw plainly made no effort to hide their faces. They were swart, undersized and alien. The other one, we realized afterward, had been less conspicuous. I was informed I had two minutes in which to open a vault in the cellar. It is used as a liquor closet, but it was built into the house as a strong room and not in anticipation of prohibition. I had jotted the combination of its steel door high up on the side of one of the supporting columns that rise from the basement floor.

“Two minutes,” reminded the leader. “You don’t want me to —— ”

Finally he lost patience with my fumbling effort to make the combination work. He demanded the numbers., and when I read them off, he opened the door. There were nine cases of whisky in the vault, some wine and a few carboys of Kentucky bourbon. If I lived a century I would not drink so much. It was there for my friends and had been there since before the law went into effect. There were some other cases in the vault which interested the robbers, and they exclaimed angrily when they discovered these were filled with fruit preserves that had been shipped from California.

At last, however, they had carried the liquor upstairs, assembled all their other loot and were ready to depart. Not until then did I dream what a monstrous thing they proposed to do to us.

“Get in!” Giving this command, the leader gestured with his gun into the dark vault. It is perhaps ten feet deep and five or six feet wide.

“We’ll smother in there,” I objected.

“Oh, no,” he said. “We’ll telephone after we get away and have someone come and let you out.”

“But all in the household are here,” I insisted. “You can’t telephone. Besides, we’d be dead before anyone could get these doors open. Eight people in that small space ——”

“Get in, you!”

As I think of it now, I hear most plainly the sniffs of the frightened maid. She ceased crying. My wife was so angry I do not think she was frightened.

My brother, myself and the butler—we knew, as the inner steel door clanged and the bolts were shoved into their metal sockets, that we were all as people buried alive. This was entombment.

John Johnson was the butler's name. He was a counterpart of the Admirable Crichton. From his waistcoat pocket he fished a small steel ruler, a souvenir sometime before presented to me, and by me passed along to him, who cherished it. It saved our lives.

Fortunately, the lighter inner steel door was warped so that it had not been tightly closed. Pulling that open exposed the metal case inclosing the bolt mechanism—all that intricate functioning of steel which is hidden when one casually whirls the knob of a safe. With the little piece of three-inch steel as a screw driver, our butler soon had taken a screw from the plate; and then another and another. When he removed the plate, one by one he threw the bolts. We pushed against the doors. They opened and we were free. The robbers never did telephone. They had in cold blood locked us up to die.

The band, we soon found, had driven off with the liquor cases piled in our station wagon. They also had the automobile in which they arrived. Driven by the chauffeur, the butler, armed with a shotgun, set off in pursuit. These two knew they could recognize that old station wagon anywhere they encountered it along the road and, sure enough, they caught up with it a few miles from our house. Without ceremony, the butler opened fire. The station wagon screeched to a stop; two men scrambled out and vanished into a cornfield. The liquor was inside the recaptured vehicle; also some fresh blood.

There is no need to recount the rest of the adventure in detail. The point I wish to make is that no representative of any one of our multifarious divisions of government came to my house that night, although we reported the raid. Men came who displayed stars and asked many questions, but they were not officials; they were, as we realized the next morning, reporters. The stolen car and my liquor were taken to the county seat.

Now here, it seemed to me, was a very real job for government. For what is it we pay taxes if not for the protection of our lives and property? What else is liberty? If a man made \$1,000,000, I had observed, the Government was very much on hand in order to take \$650,000 of it; but if a man needed help from the Government, there was nothing offered. I realize fully, of course, the distinction between local and national government.

The decision I came to after pondering on this affair was to cleanse my mind of its rage and deep humiliation by using my dollars to track down the criminals who had befouled my home. I determined to have them punished if I had to devote the rest of my life to the job. There were not nine of them; there were five, and all but one of them is in prison today. That one was paroled. I did not close the record in my own mind until the last of the men I wanted was caught more than eight years later. He was hunted every minute of the time. I have heard myself called relentless in connection with this affair. In my own notion, that in which I was indulging myself was primary patriotism.

Mrs. Cutten's intuition was the agency responsible for the complete success of our retaliation. She kept going over the whole affair in her mind. We learned from the maid who had been first to see the men that one of them had come to the back door, rung the bell and asked for aid. He said they had run out of gasoline. The maid agreed they could have some and called the butler. When he appeared, they covered him and came on into the house. It was by chance that sometime afterward the station wagon was driven up to the house and the chauffeur and gardener made prisoners. From that point on, Mrs. Cutten was quite familiar with everything that had happened in the house. It was her house, and with one of those mental flashes with which

women oftentimes illuminate a dark mystery, she suddenly struck upon the fact that at least one of those robbers had seemed to be familiar with the location of the light switches in the bedrooms on the second floor. We could think of no one who had ever been permitted upstairs who might be concerned in such an affair. None, that is, excepting one.

Within her mind, Mrs. Cutten compelled all persons who had ever been in her house to pass in mental review. It was then she remembered Joe. He was a Chicago youth who had come to us for a job. He had worked on the farm and then had solicited an opportunity to work in the house. He thought he wanted to be a butler. Mrs. Cutten persuaded him he was better equipped to become a chauffeur and promised, when he was qualified, we would hire him as our chauffeur. How much more of hunch there was in the rest of her thinking, I have no way of knowing. She called the farm and asked what they knew about Joe, where he came from, where he had gone when he left us. The hiring of servants and others on the farm is not done haphazardly. There was a record of this man, giving his address in Chicago. Mrs. Cutten gave the facts to Chief of Detectives Hughes. She gave him Joe's name and made it clear that her suspicions were founded on something quite inconsequential. The detective said, "It's all right. We won't even bother to look for him for a couple of days. You can bet all these people have scattered into hiding, but along about Saturday night Joe will want to see his girl, and he'll be coming home to get a clean shirt."

Well, Hughes is a specialist who knows his business. On Saturday night, Joe did come home, and they found him there, pouncing on him as he lay sleeping in bed. It didn't take very long to get the truth out of him. He gave the names of the other persons who had been involved. Within a week after

the robbery, three were in custody. The police then had learned the details of the conspiracy. Joe confessed he had left our employ to go back to Chicago to enlist some associates in a scheme to rob our house. He had talked it over with a saloon keeper he knew, and with this man's wife. They expressed interest, but were rather too slow in finding more experienced robbers to take a part. Finally Joe sought some others. There were two other Poles, a Jew and an Italian. These men came out of the slums of Chicago. Joe confessed that originally their plan had been to steal the liquor at our house. Those cases of preserves, which had been shipped to us from California, and which he had helped to store away in the liquor vault, he had, naturally enough, assumed were liquor. Apparently he had gone around in several speakeasies on the west side of Chicago, trying to recruit men to help him.

We learned that on a Saturday preceding the crime, the group had driven out to my farm and looked over the premises as best they could. Joe, of course, was thoroughly familiar with the place, and with my habits. Then they agreed to come back on the following Monday night. At ten o'clock that Monday morning they were at a grocery rendezvous in Chicago, talking it over. They stayed there until three o'clock in the afternoon. Then the five of them drove to the suburban station to await my arrival on the Aurora & Elgin Railway, where my chauffeur met me every night. As I drove home that night in my machine, these robbers were chasing us, but of course I did not know it. We went at a pace a little too swift for them over a road with which they were not familiar. As a result, they went off the road and into a ditch not far from my house. A farmer pulled them out and they decided to come back and rob us the next night.

I did not mean to review all that affair. As a matter of fact, I have not. I

have said nothing about the cost of the pursuit in terms of time and money. It was a satisfaction to me each time I knew that prison doors had closed behind another of these men. The leader of the band, a Jew, was not caught until April 6, 1930, when detectives in my employ tracked him to a house in Cleveland. He pleaded guilty and was given an indeterminate sentence of from one year to life. I have no desire to be hailed as another Count of Monte Cristo, but I certainly want to assert that it was the duty of government—city, county, state or national—to do these things for me.

Instead, however, government was busy with tax collecting and with a fresh drive on profits. In September, 1922, just about half a year after the raid on my home, the national Government made another raid; this time on my business privacy. With the passage of the Grain Futures Act, the Secretary of Agriculture was given broad powers. As a result of that act, I may not today buy or sell a contract for the future delivery of half a million bushels of grain without having the transaction reported to a subordinate of the Secretary of Agriculture. If I were to buy somewhat more than that, I could be intimidated into selling. As the machinery operates, I feel very strongly that it subjects me to a risk of betrayal. It is, in short, no longer possible to keep a secret in the grain trade. Somehow I find myself wondering what my sin is. I suppose I have committed the crime of getting rich.

PART THREE

Now I want to tell you about the biggest corner in wheat of all times. It was only as a taxpayer that I participated in this affair. All of us were involved to that extent, and there is yet to be taken the full measure of its tragic consequences for the American people. Old Hutch, young Joe Leiter, Harper, of Cincinnati, Norm Ream, Partridge, Jim Patten and the others, none of us ever dreamed of tackling the wheat market in the manner that a group of inexperienced traders went after it in 1930 and 1931. Truthfully, I declare I never saw any but technical corners until 1931, when the Farm Board had title to all the visible supply of wheat in the United States. Theirs was an unsuccessful deal of fabulous proportions.

Today more than ever I miss old Jim Patten's presence from his accustomed place, dozing in the morning before the quotation board in a commission house across the street from the Exchange. I might, were he alive, slip into the next chair, nudge him awake with an elbow to hear him explode with wrath against the folly of the Farm Board. Why shouldn't we professional speculators enjoy a vehement "I-told-you-so," now that the Farm

Board has beyond dispute demonstrated the soundness of our pet axiom? Patten used to say it. "It makes no difference how much money a man has," he'd declare; "he can't run a successful corner unless he is right."

The Farm Board was wrong, and with half a billion dollars has bought a piece of information that most of us who understand commodity trading acquired at less expense. Joe Leiter learned it in 1898. He tried to dictate the price of wheat and was ruined by a new crop. His teacher that time was old P. D. Armour. The bill—about \$9,000,000—was paid by his father, Levi Z. Leiter. Other men have learned the same lesson and some of them have been ruined in the process. That lesson is that none can dictate prices who cannot also control production.

Broadly speaking, the purpose of the Farm Board was to obtain for farmers better prices for their products. In the hope that it might accomplish this, it was intrusted with powers broader than were ever before conferred upon any board or commission of government; and the \$500,000,000 of which it had unlimited control was more money than ever before in peacetime was put at the disposal of an independent group of Government employes. Now then, what they did with this power and money was to speculate in farm produce. Fix that firmly in your minds; and then realize that all their speculation resulted in failure. Whether they bought wheat, cotton, livestock, dairy products, soy beans, wool, cherries or what not, prices declined.

It is gossiped in La Salle Street that the Farm Board members were committed to the idea that if they bought 50,000,000 bushels of wheat they would be masters of the wheat market and could dictate prices. If only they had been willing to consult some of us who have proved by the size of our income-tax payments that we have some understanding of this mechanism!

If they had only asked me! But then, they are Brahmin politicians and I am one of the Untouchables, a speculator.

Fifty million bushels is not so much. There have been times when La Salle Street gossip and the newspapers have credited me with carrying a line of 90,000,000 and even 100,000,000 bushels. That is nonsense. No man ever owned quite so much; nevertheless, I have owned at one time plenty, of wheat, rye and corn simultaneously. I have traded in flax, coffee, cotton and other commodities. For me, an understanding of these markets has been as good as having the philosopher's stone; and I say, very earnestly, that the Farm Board's delusive experiment was the greatest economic blunder in the history of the American people.

My heaviest trading in grain was done in the years just preceding the establishment of the Farm Board. So I am not speaking as some old dodo talking about occurrences too far in the past to be checked up. I was in the market heavily during 1924, 1925 and 1926; more heavily, I think, than any other individual. I engaged in a big corn trade in 1924.

For many years I have gone home at night with a copy of a weather map issued each morning by the Chicago Weather Bureau of the Department of Agriculture. That work surely is a legitimate function of government. In consequence of my daily contemplation of these maps, I have become skillful in a rule-of-thumb sort of way about the weather, so that sudden cold snaps rarely find me riding into town unsuitably clad. My attention to information about the weather is, of course, centered there because of more important matters than my personal comfort. It is in those weather maps during the six growing months from April to September that I have usually discerned the first news of that which has caused me to take positions in the

grain market. The grain commission houses all tabulate the daily information about the weather. Some of them employ expert crop reporters to supervise this work. One of these is B. W. Snow, who was for a number of years in the Department of Agriculture as assistant chief of the Bureau of Crop Reporting. He makes an elaborate study of the daily weather conditions as reported by some two hundred and fifty weather stations maintained by the Government in the eleven principal grain producing states. He also watches the weekly rainfall in Argentina and in Canada, and with his knowledge of land conditions he is able to make shrewd estimates of the condition of the standing crops.

This work is not performed for a few insiders. Anyone may have access to the facts about the weather. Mr. Snow's reports are sent by wire to grain houses all over the United States; so are those of other crop reporters. The information is accurate and may be relied upon. Nevertheless, some men who receive that information form judgments entirely at variance with the judgments formed by other men who have received it. In the past, I have demonstrated an ability to form sound judgments based on this kind of information. It was that way in 1924.

Early in that year I began to buy May corn contracts when corn was around forty cents a bushel, as I recall it. I took delivery of several million bushels, figuring that later the country would want this corn very much. There were already visible to me in the picture suggestions of a crop shortage. Late in June of that year I predicted corn would reach one dollar a bushel. It was then around eighty-four cents, and other men were earnestly predicting that corn would be both plentiful and cheap. Few others believed it would advance in price, much or even any. I sold my cash corn into consumptive

channels as the price moved up and then took July contracts in exchange. By the middle of July, corn which had been selling for forty cents a bushel when I entered the market was selling for \$1.10. Mine was all sold and I was out of the market.

Now where was the wizardry in this? Where had I got inside information? Where was the pool? There was no wizardry, no inside information and no pool. What I had seen early in the season was an excessive amount of rainfall, unseasonable storms and cold weather. These conditions were holding back the corn. Corn is really a tropical plant. If it is to mature in our temperate zone, it must mature well before frost. I had anticipated a partial crop failure and taken a position in the market. As others began to recognize what I had perceived, the market advanced and I profited. As you would say of an athlete, my timing had been good. I had been, as we say in the grain trade, right.

I began buying wheat and rye that year. I felt that the same conditions which reduced the corn crop by at least 300,000,000 bushels had also damaged the prospects of the other grains. Rye was seventy-two cents when I commenced buying it; wheat around \$1.05. I accumulated seven or eight million bushels of rye and probably fifteen million bushels of wheat. Wheat in the succeeding months increased in value until May contracts touched, in January, 1925, a peak price of \$2.05 $\frac{7}{8}$; my rye had advanced from seventy-two cents to \$1.82 $\frac{1}{4}$. You might think I was about to have all the money in the world. But I am going to demonstrate that what a speculator deals in is risks.

It seemed as if everybody was speculating in grain then and the price of wheat was much too high, although neither I nor many others saw this.

Soon afterward the price had dropped to \$1.77½, but in February it was back to \$2.02¼. It hung for a while in March at \$2.02. I was in Florida then, having my portrait painted at Miami. I have been teased since then by friends who tell me it is the most expensive portrait ever painted. I question this. I think it is quite likely that what happened would not have been avoided even if I had been standing in the pit. Wheat had started down. Nobody was putting it down. The market had been overbought and the foreigners began selling our stocks. That, I think, was what caused the break. Newspapers thrive on struggles, however, and when they do not have a prize fight in prospect, they will try to see such a story element in a market situation, or even, as recently happened, in the misfortune of a snake tangled in a spider's web. In my case, it was suggested that a couple of other speculators had gained some notion as to the extent of my position. I believe the explanation of the break was the simple one I have given.

Wheat had been showing weakness as my wife and I traveled by train up the Atlantic Coast from Miami to Baltimore. The day we landed there was Friday, the thirteenth. The newspapers spoke of it as another Black Friday. I was not disposed to argue with that. In Baltimore I left my wife to go and keep an appointment with a medical specialist, and was expected to return within an hour; but it was late in the afternoon before she saw me again. I spent the day getting bad news, and not from the doctor. It was being poured into my ear over a long-distance telephone wire.

That day wheat broke down fifteen cents. By the time I returned to our hotel my wife had read in the newspapers what was happening in the wheat pit and had surmised why I had not returned before. Long ago I discovered that she reads me like a piece of ticker tape. By the manner, at the end of a

business day, in which I deposit my newspaper as I enter the house and appear before her, she knows how things have gone. If I appear with a ready greeting, it means one thing. If I slap down my paper and vigorously clap my hat beside it, the gestures tell her these are not propitious moments to suggest anything expensive. Sometimes I have dissembled my true state of mind, slyly pretending to be out of temper with the world. I can't fool her. She reads me as easily as I read a weather map. But I never tell her about my deals. Why should I force her to carry such a burden of care? A prize fighter might as fairly expect his wife to share the blows he takes in the ring. The blows a speculator takes when he loses are hard jolts to his nervous system.

The first jolt I had had that day was a call for half a million dollars in margin. I arranged for it and then listened to the bad news from the next Chicago broker who was waiting on the wire; and so it went. There would be no thrill in winning if you never lost, and during that break I surely stored up pain for a lot of future thrills. The range of wheat that month was sixty cents. The trouble with me that time was that I had stayed too long. I had believed wheat would go to \$2.50, but I was mistaken. I have overstayed the market at other times, but this is not, for me, really a failing. Most of my success has been due to my hanging on while my profits mounted. There is the big secret. Do with it what you will.

I told, in the beginning, of my wrathful feeling when, for the first time, I was called before the business-conduct committee of the Board of Trade and was informed that the supervisor of the Grain Futures Administration had complained that I was carrying too much open stuff. Legally, I suppose, I would have been within my rights if I had refused to change my position, but I was a member of the body from which the committee drew its author-

ity. Although I detested the stupid theory of government under which a bureaucrat was interfering with my trading, nevertheless, I yielded each time to the persuasion of my friends on the committee and contracted my position. The first time, as I have told, the market broke four cents on the news that I had been called upstairs. An elevator ride cost me at least a quarter of a million dollars that time, but it cost the country more; vastly more.

Finally I concluded that I was taking graver risks each time I took a position in the grain market. Knowledge I never before had permitted a living soul to share with me—that is, the volume of my holdings—was known now to Government clerks in Chicago and Washington. In the Grain Futures Administration records, my name was represented by a symbol. I know what that symbol is, and so do others. So, with this risk in mind, I gradually stopped trading in large amounts of grain, but I did not cease to speculate.

Without leaving La Salle Street, I began to have adventures in Wall Street. As a matter of fact I had been having them for twenty years, because during the years since I left A. Stamford White, I had been forced from time to time to exercise my judgment in the selection of sound stocks. I tried to buy only securities that would be without question accepted as collateral any time I needed money in a hurry. I bought International Harvester Company stock first about fourteen years ago, I think. I bought other stocks, and about 1925 I put some of the money I had made in grain into Montgomery Ward shares. I tried to get Jim Patten to buy some. I did not do that very often.

“Get yourself some Montgomery Ward, Jim,” I said.

“No, sir,” he told me. “I’m past speculating. I’d rather sleep at night.”

“Well,” I conceded, “speculation does mean worry. You save yourself a lot of trouble.”

He flared up like a skyrocket. "Trouble?" he said. "Do you call it trouble when 70,000 shares of your stock go up ten points in a day?"

Theodore Merseles had been placed at the head of Montgomery Ward by the Morgan Bank. Mr. Merseles and I became acquainted and he told me that the company, as a mail-order business, could only hope to increase its sales slightly. However, a few stores, opened experimentally, had been very profitable. As a result, he told me, it was planned to open 200 similar stores in all parts of the country. These would really be a chain of department stores. So it was easy to see that the earnings of the company ought to increase. I had acquired some of the stock when it was selling at 56. Under Mr. Merseles it rose from 70 to 400 and more. Then there were two splits. In the first, for each share you owned you were given the right to subscribe for two shares which cost \$17.50 each. The second was a right, for three shares owned, to subscribe for a new share at fifty dollars. Afterward they sold down below 5. The trouble was the impossibility of creating so swiftly an effective personnel for such a vast retail organization.

Radio Corporation of America was another that I thought was a magic stock. Radio was new and fascinating. Amos and Andy are still an important feature of my evening, but I knew them when — that is, when they were Sam and Henry. Still, I had better reasons for buying Radio. I had 40,000 shares. It went to 500 and was split five for one. Soon after I became interested in the stock, a younger friend of mine came to me saying, "What'll I buy? What'll I buy?" He was insistent. I liked him and I said, "Buy Radio." He only had about \$4,000, but he bought as much as he could, and as the price advanced, he kept pyramiding until he had 20,000 shares. When they split it up, he had made \$4,000,000. Things like that get around, and people began

to pester me for tips until I had to draw into a shell so as to be able to think.

That same friend who asked me about Radio was naturally enthusiastic about my judgement. He asked about wheat. "Buy wheat," I said. He did, and made \$750,000. He sold out, salted away his profits and went abroad; but it had been too easy. He felt there must be more. He came back to America, bought again the wheat he had sold and lost the \$750,000.

My trading in Baldwin Locomotive attracted lots of newspaper attention. They always referred to a pool. There never was any pool. There never was any inside stuff at all as far as I was concerned. The earnings were big and the stock was paying seven dollars a share. It was selling around \$100 when I bought it. The Fisher brothers, of Detroit, were buying at the same time. There came a time when we wanted recognition, and places were made on the board for two of the Fishers and myself. That was in September, 1927. Before that, the frantic buying of the stock by people who were short of it sent it up to 265. Tucked away in the books was a little item which represented about \$30,000,000 of Philadelphia real estate. Really, though, when I started buying Baldwin I had not known much about that. It was selling around \$100 and paying seven dollars. That ought to be enough for anybody, especially when a stock is earning more than its dividend rate.

Those seven Fisher brothers are an interesting family. Fred is the oldest, and he and Lawrence are the ones I know best. Lawrence is president of the Cadillac corporation. They show great consideration for one another. I was over in Detroit having luncheon with them one day, and counted noses. There were only six Fishers. I asked about the seventh. "Oh," they explained, "we'll let him eat with us big boys when he's older."

I am never entirely happy away from the fringes of men who cluster in

the wheat pit. As Antæus drew his strength from contact with the earth, so I feel that in some manner I gain confidence and clarity of mind when, through the open windows of the Board of Trade, I can hear, faintly, the clamor of the trading there. Yet by April, 1929, I was traveling oftener than once a month to New York to attend board meetings. Loose-Wiles was another company in which I had become interested. At Chicago, too, I had to reserve periods several times each month to attend similar gatherings. There, I was on the board of the Chicago & Great Western Railroad. The point I wish to make is that I had become rooted into these companies. Mine was not the in-and-out speculation of so many who lost their reason in the bull market. I take no especial pride in calling myself an investor. Yet, in all my Wall Street trading, I think risks were precisely the things I was trying to avoid. I could see where others were taking risks—foolish ones.

I remember playing golf one afternoon with an old friend of my younger days. He asked me what I thought of the market. This was in June, 1929.

“What have you got?” I countered.

“Oh,” he said, “I’ve got a flock—Radio, Simmons, Sears, Indian Refining, Standard of Jersey, Steel, Westinghouse.” All told, he named seventeen in which he had a total of about 25,000 shares. There were hundreds like him in the country at that time.

I shook my head. “Too many to watch,” I told him. “You can’t get in or out. You can’t hope to watch that many even on the ticker. You’d have extraordinary difficulty in arriving at sound conclusions regarding them. You ought to trim down that list. Never be in more than four or five at a time. Four is plenty. So many stocks are confusing and interfere with your judgment. You can’t make money that way.”

“Oh,” he exclaimed, “can’t I? Well, I am making it.”

Since, I have learned he was right about that. He was making enough to lose \$1,300,000 when the collapse came. I won’t pretend that I foresaw the collapse. Yet what I was doing was something apart from pure speculation.

Jim Patten had speculated when, in 1907, he saw an experimental, oil-burning tractor dragging a gang of plows in a forty-acre field at La Porte, Indiana.

“There is a device,” he was told, “that will take ten cents out of the cost of producing a bushel of wheat.”

Jim asked for proof of that statement. When it was given to him, he put \$1,000,000 into the company, and then began in earnest the application of power to the agricultural land of the United States. That was speculation of a grand sort. When Jim saw that early tractor, many companies were trying to hatch similar experiments. There was desperate need of power on the farms then, and if we now have discovered that there is temporarily a little too much power, that is no reason for overlooking the fact that in 1907 some far-seeing minds were troubled over the prospect that humanity would be unable to find enough food for its needs. Wheat exhausts nitrogen from the soil, and at that time it was possible to predict that the great Chilean deposits of nitrate would, in a measurable period of time, be exhausted. That particular danger was overcome for mankind by another speculation—by the risk some speculator took to develop a means of fixing from air its inexhaustible supply of nitrogen. These research efforts sometimes throw the economic machinery out of gear, but this is no reason to disregard the fact that the earth would not support the lives of so many human beings as now

dwell upon it were it for such speculations. Government rarely initiates these enterprises; yet the hope of profit and the desires behind that hope are a constant stimulus, a ferment that keeps the minds of men working so that the mass may achieve its destiny.

My neighbor, Joy Morton, is essentially a merchant, yet it was speculation of his that gave the world a new mechanism of communication that promises to take rank in business with the telephone. Back in 1902 his interest was invited to a scheme for an electrical labor-saving device to displace the need of Morse operators in telegraphy. C. L. Krum, an engineer who was associated with him, investigated the idea. His son, Howard Krum, had just been graduated as an electrical engineer. The raw idea was turned over to this young man. Year after year he experimented, with money supplied by Mr. Morton. Mr. Morton was speculating. At last the device was perfected as the Morkrum printer. Telegraph operators shivered. Here was another monster, they thought, to increase technological unemployment. That is the most foolish phrase in the English language. What it offered was cheaper communication to knit the world into a tighter fabric. Necessarily, such instruments create more jobs.

Already there are directories similar to your local telephone book that list the teletype subscribers. Your secretary may sit at your machine in Florida, dial a number and be connected with a similar machine in the office of the person with whom you wish to communicate, say in Chicago. Then, when the connection is made, she may write the message. No other human agency intervenes. By electrical impulses messages are typed simultaneously in your office and in the office of the one with whom you would communicate. When American Telephone & Telegraph Company finally took over

the Teletype Corporation a few years ago, Mr. Morton's speculation was, after more than a quarter of a century, a financial success. Would the Government have sponsored that adventure cheaply and efficiently? I wonder.

I find nowadays some persons mistakenly believe that the Farm Board experiment represents an emergency effort of the Government to deal with the economic collapse of which we had the first hint with the selling of securities that began on the New York Stock Exchange in October, 1929. This is not so. It was undertaken before anyone dreamed that great trouble was in store for the country. The Agricultural Marketing Act under which the Farm Board was established was an effort to keep a political promise. Fearing other unsound economic schemes that were being put forward by politicians, the theory of a Stabilization Corporation backed by the Federal Treasury as a means of controlling prices of farm produce was evolved.

On July 15, 1929, when the members of the Farm Board assumed office, July wheat closed in Chicago at \$1.37 $\frac{7}{8}$. Two years later, July wheat closed at 51 $\frac{5}{8}$; and the smallest corn crop in twenty-eight years had sold at the lowest price per bushel in twenty years.

It was not until October, 1929, that prices on the New York Stock Exchange started to decline at a furious rate. I was in Chicago when the break began. Afterward I was accused of being one of the bears who had started the selling. Nothing could be farther from the truth. I might as accurately be accused of starting an earthquake under my own farm. Certainly I know I never want to live through another experience like the last three years. Yet time and again during this period I have seen as clearly as ever I saw a crop situation, that the clumsy hand of government was pushing the country down whenever it began to show traces of buoyancy. High taxes are now revealed

even to the masses as a major element in the cause of unemployment, but when the taxes are being spent in a fashion to accentuate that unemployment, why, then, even a child ought to be able to see that our country has gone haywire, or even, if you prefer the word, cockeyed.

I do not mean to suggest that the disastrous corner in wheat achieved by the inexperienced speculators of the Farm Board's instruments was solely responsible for the low price to which wheat descended. It was not their fault that the world crop in that year included 1,000,000,000 bushels from Russia and 1,000,000,000 plus 462,800,000 from America. We had had in two successive years enormous world crops. In 1929 the world crop was 4,229,190,000 bushels; that is a generous allowance for the world's needs. In 1930 the grand total was 4,950,100,000; in 1931 it was 4,785,000,000. In consequence, there was a superabundance of wheat in the world at the time when the Farm Board embarked on its speculative enterprise. No sane speculator would have tried to bull the wheat market under those conditions. It was a time to sell, not buy, wheat.

What is the explanation of such a colossal blunder? We need not go far into the past to seek the answer. The Government's wartime marketing of wheat was carried out by the United States Food Administration and its subsidiary agency, the Food Administration Grain Corporation. Mr. Hoover was the Food Administrator. What was done then to stabilize prices was fairly simple, with the guidance of some of the best minds in the grain trade. The natural conditions for running a successful corner in grain existed at that time. Indeed, the Allied buyers of grain, in effect, at one time had cornered the market against themselves. They bought more grain than existed because they were buying in competition with one another. When they pooled their

buying, this squeezing stopped. It was under those conditions that the United States Grain Corporation began to operate. Things were quite different in 1929, 1930 and 1931. Any successful speculator and most unsuccessful ones could see that they were different. Conditions were not, as Jim Patten would state it, right.

The Farm Board, through the Grain Stabilization Corporation, began to establish its corner in 1930 with the purchase of contracts for May, 1931, delivery. They pegged the price of wheat for May delivery at eighty-one cents, which was twenty-one cents a bushel higher than the price of wheat to be delivered in July. They gave notice to farmers that they would loan money to wheat producers on a basis of \$1.18 for No. 1 hard winter wheat, basis Chicago delivery, and \$1.15 for No. 1 hard winter wheat, basis Kansas City and Omaha delivery. In the Northwest they agreed to lend \$1.25 for No. 1 Northern spring wheat, basis Minneapolis delivery. What did this mean? It meant that if you were a farmer or an elevator man or if for any reason you owned wheat, the actual grain, you could not afford to carry it until July, for July contracts were selling at sixty cents a bushel. Unless you delivered it in May, you stood to lose twenty-one cents a bushel.

They told the farmers that if the market was lower when the farmers' notes became due, they could deliver the wheat to the Grain Stabilization Corporation the notes would be canceled and the corporation—actually the taxpayers—would bear the loss. On the other hand, if wheat was worth more, the farmers were told, they might keep the difference.

The natural result of this was that on June 1, 1931 the Grain Stabilization Corporation owned the visible supply of wheat in the United States. They had cornered the market.

Elevators all over America were filled with wheat that belonged to the Grain Stabilization Corporation. They had been buying contracts for weeks and weeks and weeks, and then, during that month of May, the contracts had been fulfilled. Instead of 50,000,000 bushels, they found they had bought 329,641,052 bushels. The thing that happened then was essentially the same that had happened in 1897 and 1898 when young Joe Leiter tried to corner the market and found that he had locked horns with old P. D. Armour. Leiter tried to straddle two markets. His papa had to put up \$9,000,000. The American taxpayers have had to pay at least \$400,000,000 for the Farm Board's foolish speculations in wheat and cotton, and they haven't finished spending money yet. Just for storage they have been spending about \$3,000,000 a month.

All the deals I have ever heard of are dwarfed to insignificance by these adventures of the Government.

There is one firm I know which had 1,000,000 bushels of wheat in public elevators in Galveston, New Orleans and Baltimore in November, 1929. They were shipping it out steadily to customers in Great Britain, Germany and Holland. Then the Farm Board announced, "We are going to put up the price of wheat." The market responded by going up, but the foreign customers of that exporting firm responded by canceling orders. In consequence of the Farm Board's actions, the flow of our grain to Europe was cut off as sharply as if by a knife. The foreigners simply quit buying, and they never have resumed buying.

The Farm Board put up the price of wheat in the United States, yes; but they put it out of line with the world price. Europe proceeded to find, at a cheaper price, the wheat she needed in other markets—in Canada, in

the Argentine, Australia and, naturally, Russia. Italy and France both seeded larger crops because of our action. We put the price up and our foreign customers said, "All right, keep your wheat." We have kept it. It remains here; we can't eat it; Europe won't eat it. Europe has turned her face toward other markets.

As long as I can remember, we have been hearing from politicians and those demagogues who stem from politics, the so-called farm leaders, that the grain trade must be stabilized. I do not know what they mean by stabilization. Can you stabilize the weather? The future?

We have always known, in the grain trade, that the American crop surplus had to be shipped out of the country to the foreign markets during July, August and September in order to avoid coming into conflict with the Canadian crop, which moves to market in October, November and December. Unless our crop is out of the way by that time, Canada, underselling us, steals the market. Then, after December, when the sun has ripened the crop in the Argentine and Australia, fresh competition is harvested. After that, the new American crop of wheat comes along to rival any of last year's crop that may be left.

Any office boy in a cash grain house should know this, but the great superminds of the Farm Board apparently did not know it. The truth is, there are no superminds among them. Personally, I do not know any supermen. The world may contain some, but I have never met them. But the world has been solving its problems by means of specialists. What all of us associated with the grain trade tried hard to make clear to the Government officials before they took the series of steps which resulted in the present situation was that economic law is more just in business than anything legis-

latures can devise. Had there been no Farm Board, our surplus wheat would have moved out of the country, fetched its price in the markets of the world and been consumed. Now it stays here, and, concentrated, it is a blight even on the winter wheat that sprouts under the snow on our Northern prairies.

For much of their present distress, our wheat farmers can blame the corpse of the Farm Board's corner. The cotton growers, too, can be sure the stench in their nostrils is from the corpse of its cotton deal.

PART FOUR

In forty-two years I have seen a crude, ugly Chicago begin to reshape itself gloriously out of the commerce in the produce of the prairies—wheat, corn, oats, rye, barley and the animals fattened with those grains. I have been in the flood of the buying and selling. From the post of observation of a speculator experienced in calculating for the future, I have watched industries grow and grow. I have seen the visions of architects transformed against the blues and greens of sky and lake into masses of breath-taking beauty and unsurpassed utility. And then, just when a speculator more conservative than I might fairly have expected the last of the ugliness of slums to vanish in a further application of the wizardry of commerce, something awful happened. I have seen the juices drained out of Chicago.

It seems only yesterday that I was a poor boy entering the city as a stranger, lacking money and influence. I should be a monster of ingratitude if I did not feel myself engulfed by obligations to the city, country and institutions which gave me magnificent opportunities. Those who know me best realize, I think, that I am a subscriber to a theory of government which aims at the

greatest good for the greatest number. They realize, too, that I am, on the inside of me, so sentimental I could not fail to be moved by some of the wreckage of the time in which we live.

Sometimes the late President Harding, oratorically inspired by the uplifted faces of inhabitants of a small community that would be clustered about the rear platform of his special train during a brief halt in his travels, would utter a warm phrase which long ago ceased to be the entire truth. "America is the sum of its villages," he would say, and wait for the applause of his flattered listeners. Because I came from a small town I might find my heart glowing in the kindness of that expression, but in my head I would know it to be untrue by half. National purposes have too long ignored the intricate and little-understood mechanisms we call New York, Philadelphia, Chicago, Detroit and Pittsburgh. If a man's heart fails he dies, but if his foot or hand becomes gangrenous, his heart flutters also, and soon he dies. In our nation we have tried to doctor rural health without treating the sources of economic poisons generated in our cities.

In Chicago, the people are accused of being on a tax strike. Only that small element which bears the direct tax burden may, in fact, create such a situation, and, in Chicago, real-estate-tax revenues have shrunk chiefly because taxpayers' equities have vanished.

If you seek to trace the reasons for this decline, you will soon discover yourself mired in a research task like that which led Sir James George Frazer on and on until he had produced a twelve-volume work called *The Golden Bough*. But here, too, you would be exploring the various kinds of magic and discovering that the priests of city politics have been deluding their followers with superstitions which, upon examination, are revealed to be

rooted into the same prejudices excited by the politicians who address farmers. The essence of their common belief is that the destruction of rich men will make this a perfect world. If this is so, we are nearing Utopia, and politicians have guided us to this Promised Land; for their are few rich men left—because of politicians.

I like to make money. There is a thrill in the actual process unequalled by any emotion a man of my years is apt to experience. I shan't deny that fascination; I shan't assert any hypocritical folderol about the good one can do with money. I have made it because I like to make it. Moreover, it has been my experience that everybody likes to make money. And now that we understand each other, I can confess to another satisfaction which is by way of being an extra dividend on any successful trading operation. This is the chance one gets to say, "I told you so." And that, I have discovered, is something else common to all mankind.

On October twenty-fourth the restrictions on grain trading, which had existed only out of deference to the agricultural bloc in Congress, were removed. The notion that I could buy or sell no more than half a million bushels of grain without having my trades subjected to the scrutiny of the Government clerks was, to me, galling beyond my power of expression. Anyone may buy grain-futures contracts today on a five-cent margin. Consequently, half a million bushels represents a speculation of fairly small proportions. Most grain houses would buy that much for the account of a customer who had margined his account with \$25,000. That was the frontier in the grain-futures market under the restrictions. Anyone who traded in such an amount or a greater one had to take whatever additional risk was involved in having his position known to others. There was a tangi-

ble risk to a trader in large amounts. Even with restrictions removed, however, prices continued to go lower, not because in my opinion the bears had been waiting to drive the market down, but because of a new factor which appeared in the situation. Canada had determined to get her grain to market. Our wheat abruptly was in sharper competition than before. I am convinced that if the restrictions are kept off, the wheat market will much sooner find its normal, and I trust higher, level.

The other speculative elements—the public and the scalpers—have been largely driven out of the market by a foolish tax of five cents for each \$100 of grain sold. This went into effect last June. The day before it became effective, the tickers recording transactions on the floor of the Exchange consumed a roll and a half of tape in telling the story of the commerce; the day after, a third of a roll of tape was sufficient. I can think of no more vivid way of showing the shrinkage in the volume of transactions in this great farmer's market as the result of the tax.

The cost to a scalper of clearing a round turn in 5000 bushels of wheat at present prices is \$2.50—that is, \$1.25 tax plus \$1.25 commission. The commission is higher for nonmembers of the board. So, if this scalper profited an eighth of a cent in such a transaction, he would make, net, \$3.75; but if he lost, he would lose \$8.75. As a former scalper, I know that there never has been a man who could make his living in this field against such a handicap. Several hundred abandoned the pits and found jobs or went into retirement, and, as a result, the grain-futures market became much less broad than it should be.

If a market is not broad, it is not worth anything for hedging purposes. Even the critics of the exchanges contend that there must be a broad hedg-

ing market if the prices are to be kept from fluctuating excessively from the weight of ordinary commercial transactions. In times past I could say to a pit broker, "Sell a million wheat," and have him report back in a few minutes that it had been taken at one price. Today, a man who tried to hedge a million bushels abruptly might break the market, solely because there is lacking the host of speculators who formerly were ready to assume risks others wished to avoid.

President Hoover, on October 4th, spoke in Des Moines, and his speech was addressed to the farmers. Others than farmers listened to that speech. I am not precisely a farmer, although I run a farm and have a practical understanding of farm problems. I listened to the speech as it was transmitted by radio to my home in Chicago. I thought it was a good, constructive statement of the case. But I listened vainly for any reference to the hampering restrictions of the Grain Futures Administration on the greatest market ever built up for any body of farmers in the world. There was none. I knew that within the commuting area around Chicago hundreds of other men in the grain trade were listening hopefully to that speech. At intervals I could hear in my library the enthusiastic cheers of the Iowa audience, but I knew that none of us who have ever stood in the wheat pit were cheering. I knew then that I was going to vote for Mr. Hoover, but I was not indorsing the things unsaid in that speech.

It was the next day that I said—to myself—"I told you so," because the next day by noon the reaction to that speech had been registered by a two-cent drop in wheat. In three days prices had declined four and a half cents. In my judgement, wheat then was more sanely valued. It had been two cents higher than it should have been because numerous speculative minds had

been buying in anticipation of the speech; when these purchasers were disappointed, they sold swiftly and prices sank. It is not speculators who put markets up and down. It is supply and demand. But too many of the speculators who once traded in grain in Chicago have been driven out of the market. The big fellows dared not risk their money where they were exposed to treachery. The little fellows—the scalpers and the speculative public—have been driven out by taxes. The Government grievously injured the farmers' market through its failure to understand the speculator's function.

Something recurs to me now which happened to Joe Leiter in his wheat deal at a time when he was considering getting out of the market with his profit. Mr. Leiter had many friends, and to one of them he said, "Sell your wheat." Possibly he said it to several friends. I don't know. The result of Mr. Leiter's friendly whisper was that an avalanche of selling started, and to protect himself he dared not sell his own line, but had to buy. We, who make our living trading, know that most persons listen and learn only that they may repeat, and from day to day I was reminded of the tight situation into which Leiter's impulsiveness got him, by the sight of a young man who used to stroll into the customers' rooms of the various grain commission houses each day. He represented the United States Grain Futures Administration's Chicago office. He came visiting to gather up the market letters and market information sent out by these houses to their customers. I don't know that he personally ever read the information he gathered for his boss, but he became for me a symbol of this Government interference. From time to time the grain-exchange supervisor in Chicago has taken one or another of the commission houses to task for sending out news of which this bureaucrat did not approve. By no great stretch of reasoning, this sort of interference

might be interpreted as an attack on the freedom of the press, but my objection is more concrete. I say that in the Chicago Board of Trade the farmers of the United States had the best market in the world, one where they could always discover the world's opinion of their produce and one which made it possible for them to sell their crops any moment they decided so to do. Buyers and sellers who are constantly shifting their positions in such a market are a fairly constant guaranty of fairness. Government interference with the mechanism could only be damaging.

It is my opinion that it is a political delusion that a market such as the Chicago Board of Trade, under normal, unhampered trading, can be manipulated profitably by speculators. It can be unprofitably manipulated, however — although to me the term “manipulation” is akin to voodoo practices. There may be something in it, but if I am uninformed, so is another authority, Dr. Joseph William Tell Duvel, chief of the Grain Futures Administration. In a suit brought by a grain commission house for an injunction to prevent further search of their books and the compulsory disclosure of the contents to agents of the Secretary of Agriculture, Dr. Duvel was called to the witness stand.

“What is manipulation?” he was asked.

“That has never been defined I can't undertake to define it.”

Since the clear intention of those who framed the law providing for the Grain Futures Administration was to prevent manipulation, this interesting admission drives us on to further voyages of exploration in search of an answer to this thing the politicians are constantly trying to do. It is my opinion that it was the politicians that messed up the markets for farm produce. We had a free and open market. Under the restrictions it was neither free nor

open, and I believe you may perceive a motive in the patronage created by some of the schemes which have been foisted on the country. I read with interest last year the statement of E. F. Creekmore, of New Orleans, vice president and general manager of the American Cotton Co-operative Association, before the Senate Committee on Agriculture and Forestry.

Mr. Creekmore stated that his organization was not a Government institution; that it was a co-operative association formed under the Capper-Volstead Act, and was owned by lesser associations doing business in thirteen states. Mr. Creekmore acknowledged that the Farm Board had loaned the organization a great deal of money—taxpayers' money. Questioned by Senator Charles L. McNary, Mr. Creekmore stated that his salary was \$25,000 a year, plus a commission of five cents a bale up to 1,000,000 bales; and that the maximum salary he could receive under this arrangement was \$75,000 a year. He acknowledged that he was to receive the full amount for his year's work.

"You say you have about 185,000 members?" asked Senator Wheeler.

"Yes, sir," replied Mr. Creekmore.

"Did any of these members have anything to do with voting these salaries to the members of the co-orporatives themselves?"

"Only indirectly, through their directorate," replied Mr. Creekmore.

"What is the average income of the farmer raising cotton—of these 185,000 farmers?"

"Well," said Mr. Creekmore, "I should say about \$300 a year."

"About \$300 a year!" repeated Senator Wheeler. "And you, as a representative of these poor devils making \$300 a year, are drawing a salary of \$75,000 a year?"

“That is correct.”

“That is all,” said Senator Wheeler.

Now, I say that if Mr. Creekmore could do what those 185,000 farmers probably hoped he could do, he would be worth \$750,000 a year to them. I say, frankly, I could not do it, and I do not believe anyone could, but politicians and farmers cannot be weaned from their delusion that it can be done. Personally, I doubt if I could speculate successfully with Government money. With my own, I am concerned with a profit. Were I using other people's money—let us say, the taxpayers' money—I am afraid I should be disposed to recklessness. Frequently, I know, I have been restrained from taking some too bold action because of the excessive risk to my fortune. This is an emotional control, but it is an effective one. It concerns profit.

I am an American citizen. I prosper as the country prospers. When the national wealth shrinks, mine shrinks in due proportion. Everybody's wealth is shrunken more than is necessary now because of interference with a delicate economic instrument which I happen to understand better than I understand any other thing in the world.

For almost twenty years I have been aware of our Government's intruding more and more into places where it does not belong, and especially into the pockets and records of its citizens. Gradually it has dawned upon me that business profits are a kind of vermin in the sight of politicians. The Russian Communists, nearly fifteen years ago, undertook to eliminate profit as the stimulus of trade. They seem not to have decided as yet what they are going to substitute for profit, and neither, so far as I can see, have our own commissars. All this while, however, government in this country has been neglecting its true province, the protection of the individual's life and home.

There is more than coincidence to be seen in the circumstances that twice my security has been invaded by criminals. I have told about the raid on my farmhouse in 1922 and the fulfillment of the vow I made to myself that I would have each of the robbers tracked down and punished. On a night in November, 1929, a little more than a week after the market smash, I was awakened in our apartment in town by Mrs. Cutten.

"I've just been held up," she said.

"Did they get anything?"

"A jade ring. They took some of Mrs. Al Martin's jewels."

I put my head back in the pillow. After what I had been going through for a week, a \$400 ring seemed nothing over which to lose sleep. But I could not have Mrs. Cutten think I was unsympathetic, so I rubbed the sleep from my eyes and got up to hear about the affair. I do not intend to make light of it. When these things occur in China or Mexico, they may be regarded merely as adventures. When they happen to your own family in your home city, it is a cause for bitter indignation.

Mrs. Cutten and Mrs. Martin, the widow of a Board of Trade man, had been returning from the opera in our car. The chauffeur had turned from that region which only the newspapers call the Gold Coast, into State Parkway on the route to Mrs. Martin's home, when the holdup occurred.

As our machine turned the corner a sedan came swiftly from behind and, making a wide arc, cut in front of our car so that the chauffeur had to swing over to the curb. As he stopped to avoid a collision, four men jumped from the other car.

"Hold on there!" one yelled. "Police officers!"

Then Mrs. Cutten saw one of the men thrust a revolver against the neck

of our chauffeur, and knew that for the second time in seven years she was being made the victim of robbers. Quickly she advised Mrs. Martin to remove her jewels, and began stripping her own fingers and tucking her rings between the seat cushion and the upholstery of the back. Then she snapped on the button controlling the ceiling light and, in its radiance, looked up to confront the evil-faced young thug, whose teeth were chattering with excitement. As he opened the door nearest Mrs. Cutten, two of his companions were dragging the chauffeur from his seat. With guns pressed against him, he was marched around the corner behind some shrubbery in a residence yard.

"Now, ladies," said the one whose teeth chattered as he flourished a revolver, "this is a holdup. No screams, or we'll shoot you in the legs." He snapped off the light and in the darkness fumbled on the floor, feeling for rings he seemed to know my wife had tried to hide. Another man stood on the other side, stripping rings from the fingers of Mrs. Martin.

As they turned away, one whistled. The two who had been holding the chauffeur came running and, as the women watched, they clambered into their automobile and drove swiftly off.

You may read more exciting accounts of robberies almost any time you glance at a newspaper, but when these things happen to you the effect, naturally, is different. With my incurable habit of working in the calculus of probabilities, I find myself trying to estimate the future course of a nation wherein the Government is so completely ineffectual in dealing with real outlaws and their criminal pursuits, and so ingeniously skillful in thwarting commerce. I do not think Chicago has much more crime than other cities. That is what makes the matter so disturbing. Everywhere in the country,

those who choose to be orderly members of society are being gripped tighter and tighter in the folds of Government, while they are gaining in boldness and power who prefer the underworld's freemasonry.

Yet, after all, can there be an underworld; a life apart from the best seed of the nation; something that can be spouted into a separate bin as vagrant grains of rye and barley are screened from the wheat in the grading processes of an elevator granary? I used to think so until the impossibility of preventing a mixture was brought home to me with poignant force.

On a golf course in Biloxi, Mississippi, one winter about four or five years ago, I was introduced to a Chicago policeman who soon afterward became the commissioner of the police department. His companion was an engaging young fellow, a native of Chicago, with a speech that was rich with unfamiliar yet alluring expressions. The race tracks and gambling houses were as comfortable to him as the Board of Trade to me.

It is always fascinating to isolate the quirks of prejudice on which we build our friendships. Chick Evans made me a better golfer than a man who came into the world in 1870 has any right to be; and when Mr. Russell drove a clean ball from the tee, I knew our match would be fun. Then the younger man drove, and in a curiously inexpert way that betrayed to me that we were kindred spirits, because he, too, had played baseball. Instead of taking a stance, he stood behind his teed ball and then took two comic little forward steps as he swung his club. How he ever hit a golf ball at all in that manner remains a mystery only slightly less obscure because he hit it badly. I asked his name again, and he told me he was Jake Lingle, of the Chicago Tribune.

At that time I was still enthralled by the fixed idea that I must track down

the last of that band who had raided my farmhouse and entombed all who were under my roof. Lingle never tired of listening to the details of that wretched happening and of the determination which was driving me as I was never driven by any trading operation. He and Commissioner Russell were helpful, too, in the final stages of that hunt.

Jake knew where my office was and sometimes dropped in on me for a brief visit. He might never have become a good golfer, but when, with jeers, we could induce him to take a stance, he sometimes drove a ball that seemed to fly from some inner force. On those occasions when he spoke as casually of outlaw commerce as I might speak of ordinary business, I spoke to him of caution. "You had better be careful of those people," I said.

"Aw," he said, "that's my job. I can't get information for my newspaper about crime unless I know the big criminals, and crime has become a major industry in Chicago." Sometimes he jested, saying, "Don't sell crime short."

Nowadays a thirty-one-foot aluminum statue of Ceres, goddess of grain and harvests, has for her appropriate footstool in Chicago the new forty-four-story Board of Trade Building. The official opening of this structure occurred June 9, 1930, and the occasion is deeply graven on my mind. The main trading floor is probably the finest mercantile assembly room in America. Without a single pillar to obstruct activities or vision, its walls are separated by 113 feet one way and by 163 the other. Its ceiling and floor are sixty feet apart.

Above the ceiling, six gigantic trusses support the great building, a weight of 38,500,000 pounds. Beneath the rubber-tiled floor are hidden thousands of miles of telephone and telegraph wires, and these are joined with more than 150,000 miles of private wires linking the establishment with the other

exchanges of the world and 540 cities within the borders of the country. It is, I think, one of the capitals of an empire of commerce, and it is because it is so important, perhaps, that the politicians jealously seek to superimpose their will upon our freedom. The celebration of the opening was the big event of that day in the life of Chicago, and Jake Lingle, as a reporter, was present and afterward, to exchange greetings with me, he came to my office, a pleasant young fellow who believed there was an upper and a nether world and that he was merely a speculator in the lower. He tossed his hand to the level of a smiling face and left. Within the space, I think, of half an hour he was dead. As is well known, he was shot from behind as he crossed beneath Michigan Avenue in a pedestrian tunnel with the intention of boarding a train to the race track.

By a zeal which is not common in America, the Chicago Tribune caused Lingle's murderer to be tracked down, and with admirable fortitude kept a promise to reveal every detail of the ugly conspiracy without regard to its interests. I should hate to admit that there were puzzling circumstances in Lingle's life, but if there were, having known him, I am convinced more than ever that crime is something of which an America that wishes to be strong cannot be tolerant. We must take steps to see that the authorities sponsored by politics make themselves honestly zealous and efficient in this business before they begin to meddle with more delicate matters of social justice.

Lingle was found to have been shot by a thug who was at the time a fugitive from St. Louis, where he had killed a young taxicab driver. Lingle was, the evidence seems to indicate, assassinated to satisfy the hatred of one of those slimy outcasts of the Old World, a low trader in women, in gambling, in drugs and liquor. The basis of that hatred seemingly has not been com-

pletely determined, because Jack Zuta had himself been assassinated before the Lingle case was closed. For me, the significance of such affairs as this is that not official zeal but unofficial indignation and private funds were necessary to accomplish any result. It was my money which paid for the enthusiasm of the men who captured the band that robbed me. It was chiefly the Chicago Tribune's money which paid for the Lingle investigation. What, then, is done with the money that is taken from taxpayers?

Because the newspapers have had excuse in recent years to refer to me as one who had led the list of income-tax payers in Chicago, I do not ask it with more heat than is appropriate to one who pays only a small tax. Nevertheless, I ask myself this question more and more often. As a speculator, I see this as the essential factor in the situation of the nation. In the same way that a drought in Russia might appear to me as bullish news for the wheat market, politics as now conducted in America makes me bearish on prosperity. Conditions may improve; aye, they will improve; but there will never be a really prosperous time for us until we force politicians to spend tax money for the preservation of real security and real liberty—the real functions for which government was instituted—rather than for the selfish benefit of those who are in politics and wish to stay in politics at any cost to the commerce of the nation.

There is a futile, ugly struggle going on in the world between those who possess political power and those who have achieved economic power. Who that compares the administration of Chicago or any other large city with that of any of our great industrial organizations can believe that the politicians deserve to blend their own kind of power with that of economic power which they so constantly demonstrate they do not comprehend?

That is the whole truth of it—they do not understand it. If they did, they would not seek to curb it during three years, and in the fourth try to placate it.

In the wake of every well-invested fortune there are numbers of persons making livings for themselves and their families. If I accept delivery of sufficient wheat to fill the tall, concrete towers nested within a ten-million-bushel elevator, I am, beyond dispute, an employer. The farmers who brought that grain to country stations receive—although they cannot be brought to realize it—something from me. The railroad employes, the elevator employes and all the others who handle what I own are obligated to me for their work as I am to them for their services. If the truth of this were generally recognized, I think, why, then there would be less excuse for the pessimism of critics such as Prof. Charles Beard, who seems to hold to a notion that civilization is becoming too complex for any human mind to understand. I see the world in a simpler pattern than most persons with whom I exchange ideas. To me, the chief thing wrong with our world is that our politicians early learn how to flatter voters, and rarely learn much else. Politics is the curse of our nation—politics, that is, as we have known it until now.

History is filled with the biographies of men who have levied taxes and is sparsely phrased with facts about the men who have paid taxes. There are plenty of selfish men, of course, and not all of them by any means are politicians. Nevertheless, a competent industrialist who, with courage, fortitude and some vision, creates a great establishment employing a host of people is, however selfish, a vital, healthful force so long as he can meet his payroll. Unless we are all to become backwoodsmen again—and there are too many of us for that—somehow we must devise a way to allow the genius of employers a fuller, freer play.

And I—prejudiced, no doubt—include speculators in the term. Speculators may be eliminated from commerce in the products of agriculture only when there has ceased to be variation in the weather; from industry only when every living human can be guaranteed trinkets and tools similar to those that belong to any other person. As for that, I see less distinction now than there was even so short a while ago as that day when I arrived in Chicago, poor.

In my life I have bought a number of automobiles. I have several now, but I never ride in more than one at time; I never wear more than one suit of clothes or eat more than one meal at a time. And in the evening when I wish to relax and expel from my mind all care and fretting, I adjust the dials of my radio so that, in due course, I shall hear the voices of Amos an' Andy; and while I wait, I invite my cocker spaniel, Buddy, into my lap. Then, and then only, speculation seems entirely futile.

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Karel Wolke