

CLEVELAND'S BOND-ISSUE STORY.

One of the notably black spots in the dark record of President Cleveland's second administration, is his issue of government bonds in the years 1894, 1895 and 1896, whereby the public debt was largely increased without a corresponding increase of public property. A large proportion of these bonds were issued to his friends, Mr. J. Pierpont Morgan and Mr. August Belmont; and some were issued under secret contracts, at prices far below their market value. It was, indeed, a remarkable, not to say suspicious, example of public financiering.

After the lapse of almost ten years Mr. Cleveland breaks his silence on the subject of these bond issues, and tells the story according to the circumstances as he professes to have seen them. His story, which appears in the Saturday Evening Post, of Philadelphia, in its issue of May 7, is a veritable contribution to our history and needs to be read with care by every thoughtful citizen.

It is a long story, naturally, and we can offer only a very condensed syllabus. We shall endeavor, however, to make this with the utmost fairness to Mr. Cleveland. That our syllabus of his story may be distinguished from our comments, we print the former in smaller type:

The bond issues were made to obtain gold coin for the purpose of maintaining a treasury reserve of that metal to the amount of \$100,000,000.

There was no specific legal authority for maintaining this reserve. The practice had begun in the late '70's, in consequence of a frustrated attempt to withdraw the greenbacks from circulation. An act of Congress of 1875 had provided for redeeming and retiring all the greenbacks progressively, and for this purpose had authorized the treasury to issue bonds for the purchase of gold. By the sale of such bonds and from other sources a fund of gold was secured, and the redemption and retirement of greenbacks proceeded until its interruption by an act of Congress of 1878 reversing the policy of retirement. At that time the outstanding greenbacks had been reduced to \$346,681,016, and the fund of gold remaining for redemption and retirement purposes was \$103,000,000.

Although the act of 1878 forbade any further retirement of the greenback currency, it did not forbid redemption, but required that redeemed greenbacks

should be "reissued and paid out again, and kept in circulation." It was assumed by the treasury, therefore, that greenbacks must continue to be redeemed in gold upon demand, and for that purpose the gold fund of \$103,000,000 was treated as a redemption fund, and called the "gold reserve." In 1882 this practice was recognized by law. An act regarding the issue of gold certificates recognized it in these words: "whenever the amount of gold coin and gold bullion in the treasury reserved for the redemption of United States notes falls below \$100,000,000," etc. Under those circumstances, and also because of a popular notion that if the gold reserve fell below \$100,000,000 financial disaster would result, it became necessary, in Mr. Cleveland's opinion, to sell bonds, in order to buy gold to maintain that reserve, if it could not be maintained otherwise.

The difficulty of maintaining the reserve was greatly enhanced by the silver purchase act. In 1878 Congress directed a monthly purchase of silver, and its coinage into silver dollars, the silver coins, (or certificates redeemable in them), to be issued as currency. This act was superseded by the act of 1890, which increased the silver purchase limit, and made redemption of silver notes in gold obligatory. The redemption clause was in part as follows: "Upon demand of the holder of any of the treasury notes herein provided for, the Secretary of the Treasury shall, under such regulations as he may provide, redeem such notes in gold or silver coin at his discretion." Had the redemption clause stopped there, the holders of these silver treasury notes would, according to Mr. Cleveland, have been bound to take either gold or silver, as the Secretary might elect; but the clause proceeded: "it being the established policy of the United States to maintain the two metals at a parity with each other, upon the present legal ratio, or such ratio as may be provided by law." That addendum, says Mr. Cleveland, "had the effect of transferring the discretion of determining whether these treasury notes should be redeemed in gold or silver from the Secretary of the Treasury to the holder of the notes;" because the holder's demand for gold redemption could not be refused, and silver redemption offered, without "either subjecting to doubt the good faith and honest intention of the government's professions, or creating a suspicion of our country's solvency." The parity between the two metals could not be maintained, but, on the contrary, would be distinctly denied. "If the Secretary of the Treasury persisted in redeeming these notes, against the will of the holder, in dollars of silver, instead of gold." Consequently these silver notes took their place beside the greenbacks as demands redeemable out of the gold reserve.

Soon thereafter the gold reserve began

to decline. From August, 1890, to March, 1893, it had fallen from \$185,837,081, to \$100,982,410, the latter being the amount that was turned over. March 4, 1893, to the incoming Cleveland administration by the outgoing Harrison administration. So low had this reserve fallen that the Harrison administration had already taken steps to issue bonds with which to purchase gold for replenishment, but avoided the necessity by raising some \$8,000,000 in gold by an unexplained arrangement with certain unnamed New York bankers.

Although strenuous efforts, temporarily successful, were made by the Cleveland administration to replenish the gold reserve, it shrank within six weeks, and kept on shrinking. Thereupon the special session of Congress of August, 1893, was called to repeal the silver purchase law. The House voted the repeal promptly, and the Senate, more deliberately. Nevertheless the gold reserve continued to fall. By the middle of January, 1894, it had fallen to \$70,000,000, and we were menaced with "the destruction of our gold reserve, the repudiation of our gold obligations, the humiliating fall of the nation's finances to a silver basis, and the degradation of our government's high standing in the respect of the civilized world." There was only one way to avert the calamity, and this was adopted.

Bids for \$50,000,000 five per cent. bonds were solicited at a premium of 11 per cent. They came in slowly, and the menacing withdrawals of gold from the reserve continued. The offer would have met disastrous failure, had not the Secretary of the Treasury succeeded, with a number of New York financiers, "in so arousing their patriotism, as well as their solicitude for the protection of the interests they represented," that they made the offer a success, and the bond issue sold for \$58,660,917.63. This raised the reserve to \$107,440,802.

But before the summer of 1894 it had fallen back to \$78,693,267, and kept on falling. In November it was down to \$61,878,374. Another offer of \$50,000,000 five per cent. bonds was made, and the bid of a financial syndicate of \$58,538,500 for "all or none" was accepted. But this income of gold was nearly offset by an outgo during the same period of \$32,000,000; and in January, 1895, the reserve was down to \$45,000,000.

Mr. Cleveland now addressed a message to Congress describing the "endless chain," whereby greenbacks and silver purchase notes were used to draw gold out as fast as it got in, this currency being required to be reissued notwithstanding its redemption. He urged Congress to provide by an issue of long-term interest-bearing bonds for the final redemption in gold and the cancellation of the redeemed greenbacks and silver purchase notes. But Congress refused

to adopt any plan for withdrawing the paper currency of the government from circulation.

Early in February the reserve had fallen to \$41,340,181 and in this emergency Mr. Cleveland solicited Mr. J. Pierpont Morgan's advice and aid. The interview was at the White House, February 7, 1895. Mr. Morgan made an entirely new suggestion. The Administration had supposed it possessed no power to issue bonds except under the greenback redemption law, but Mr. Morgan called attention to section 3700 of the Revised Statutes, which reads: "The Secretary of the Treasury may purchase coin with any of the bonds or notes of the United States authorized by law, at such rates and upon such terms as he may deem most advantageous to the public interest." As the interview proceeded it appeared that Mr. Morgan, Mr. Belmont and their associates were not only willing to take an issue of four per cent. bonds at 104½ in exchange for gold, but were also willing and "abundantly able," in consideration thereof, to protect the treasury against the withdrawal of gold for speculative shipment abroad. A contract was accordingly made with J. P. Morgan & Co., of New York, for themselves and for J. S. Morgan & Co., of London, and with August Belmont & Co., of New York, for themselves and for N. M. Rothschild & Son, of London.

In connection with the execution of this contract the desirability of making the bonds payable in gold by their terms was discussed. All bonds were by law payable in "coin," and might legally be paid with silver. The only safeguard was "a reliance upon such a measure of good faith on the part of the government and honesty on the part of the people as would assure their payment in gold coin." Mr. Morgan "expressed not only a willingness but a strong desire" that a substitution might be made, for bonds payable by their terms in coin of bonds payable by their terms in gold, and "readily agreed to allow" the Administration "time to procure the necessary legislation for that purpose." This change in terms would have saved \$16,000,000, for that was the amount Mr. Morgan was willing to allow, in difference in interest rates, for a "gold" agreement resting upon Congressional sanction, in place of a "coin" agreement with a gold interpretation. Congress refused assent. "Quite in keeping with the Congressional habit prevailing at that time," says Mr. Cleveland, "the needed legislation was refused and this money (\$16,000,000) was not saved."

So the Morgan-Belmont contract was carried out as originally made, whereby the syndicate obtained \$62,315,400 in four per cent. 30-year bonds for \$65,116,244.62—at the ratio, that is, of \$1 in bonds to \$1.04½ in gold.

The syndicate kept its contract. "The

terms of the agreement were so well carried out," writes Mr. Cleveland, "not only in the matter of furnishing gold but in procuring it from abroad and protecting the reserve from withdrawals, that during its continuance the operation of the 'endless chain' which had theretofore drained our gold was interrupted."

But when the contract had been fully performed and its safeguards terminated, the "endless chain" began again to revolve, and by December, 1895, the reserve was down to \$79,333,966, and early in January, 1896, to \$61,251,710. Thereupon \$100,000,000 of four per cent. bonds were offered to the public. J. P. Morgan & Co. bid for the entire issue at a fraction less than \$110.69, and secured less than half. This raised the reserve to \$124,000,000, and, "whether from fatigue of malign conditions or other causes," ever since the last large sale of bonds was made, "the gold reserve has been free from eruptive movement and its condition has caused no alarm."

One cannot read Mr. Cleveland's story without wondering at his idolatry in the presence of this \$100,000,000 Icon of the treasury department. His whole action in the matter appears like a species of rotational gymnastics.

What if the gold reserve had been exhausted? The government is not a bank, whose solvency depends upon a reserve fund. It is a sovereignty, and its solvency depends upon its taxing power. Only one thing could have happened if the reserve had given out. "The endless chain" would have snapped and hurt none but the conspirators who were trying to keep it in motion. Yet Mr. Cleveland played into their hands, in worshipful adoration of this gold reserve fetish, which had no legal origin and no legitimate function. In doing so, he added \$262,315,400 to the interest-bearing debt of the country, and the country got nothing for it.

But it was not all fetishism. Nor was the endless chain nor yet the Morgan-Belmont contract with its \$16,000,000 bait, altogether a matter of ephemeral speculation and momentary plunder. The bond issue episode was an episode of the banking conspiracy which began in the '60's and had this for its purpose: to transform bonds redeemable in currency into bonds redeemable only in gold; to abolish all legal tender but gold; and to confer upon banking syndicates the power to expand and contract

the currency at will. Mr. Cleveland, following the lead instead of reversing the policy of his Republican predecessors, made himself a willing participant in this conspiracy, and is now a rather boastful defender of it.

Let us glance at the framework of the conspiracy. At the close of the Civil War there was a certain volume of greenbacks in circulation, and the bonds of the government specified no particular money of redemption. The bonds, bought at par with greenbacks, were presumably redeemable in the currency of the country whatever that might be at the time of redemption. But the Republican party, already becoming the party of our then incipient plutocracy, adopted the surreptitious policy which has almost culminated in secretly revolutionizing our bonded debt and abolishing our national currency.

In 1866 Congress set about substituting interest-bearing bonds for non-interest-bearing greenbacks. The scheme excited suspicion, and in 1868 it was checked. But in 1869 Congress was led by the Wall street ring of that day into adopting the so-called "act to strengthen the public credit." This act ordained that the payment of our bonds, already issued and purchased with greenbacks and redeemable in any currency, should be paid "in coin or its equivalent" except where the law authorizing the issue expressly provided for payment in "other currency than gold or silver." The same act made the greenbacks redeemable in "coin or its equivalent." It was out of opposition to this law that the Greenback party sprang.

Pursuant to the same general policy, the act of 1875, to which Mr. Cleveland refers, was passed; and under that act the gold reserve grew up in the treasury. The underlying purpose of the act of 1875 was to enable the banks to control the volume of the currency. To that end it removed the limit from the amount of the currency guaranteed by the government which banks might issue; and in order to clear the way for currency contraction whenever banking syndicates might find contraction profitable, the act provided for the retirement of greenbacks,

as banking currency increased, until only \$300,000,000 of greenbacks should remain. After January 1, 1879, this remainder was to be redeemed "in coin." Authority to sell bonds for "coin" for redemption purposes was embodied in the act.

Hardly had that act got fairly into operation when the pressure of hard times was felt, and startling examples of the inordinate power of banking syndicates in New York were observed. A great outcry arose. The Greenback party grew, and the Democratic party joined with it in denouncing the policy of contraction. As a result, the further retirement of the greenbacks was prohibited in 1878.

But the Republicans were in full power in the Executive branch of the government, and their treasury officials, by interpretation and construction, set out to sustain the Wall street policy which Congress had obstructed. It was thus that they established the gold reserve at whose shrine Mr. Cleveland afterwards forced the country to worship—if not devoutly yet expensively.

Although Congress had now forbidden the retirement of greenbacks, the treasury officials assumed that it had not only not forbidden redemption in coin, but had retained the redemption clause in full force as a mandatory provision. More than this, they assumed that "coin" meant gold. So they established, without legal sanction, a reserve fund of \$100,000,000 in gold, thus arranging the mechanism for the "endless chain" which revolved so excitingly during Cleveland's second administration.

It was not until 1882, four years later, that Congress gave even the shadow of sanction to this fund, and then it adopted the sly clause that Mr. Cleveland cites: "The secretary of the treasury shall suspend the issue of such gold certificates whenever the amount of gold coin and gold bullion in the treasury reserved for the redemption of United States notes falls below \$100,000,000." This provision was smuggled into an act "to enable national banking associations to extend their corporate existence, and for other purposes," an act which has no apparent relation to the subject of that

proviso, but which is highly suggestive of its source. The little joker in the proviso was the innocent-looking recognition of the "gold reserve" fund which until then had had no legal status whatever.

Here, then, we have the reserve fund in gold recognized by Congress, four years after the treasury lawlessly institutes it, and then recognized only in an indirect manner and by a surreptitious clause in a law regarding the incorporation of banks. It had been maintained for greenback redemptions in the execution of a policy of contraction, after that policy had twice been checked by Congress; and it was composed of gold, although Congress had authorized redemptions only in coin.

If we add one fact more we have another link in the chain of evidence regarding the plutocratic financial policy of the Republicans which our Democratic President brought to a culmination in his negotiations with his friends Morgan and Belmont. One of the excuses for interpreting the word "coin" in acts of Congress as "gold," was the law, also surreptitious, which demonetized silver coin; it being urged that as coin primarily means silver and gold money, it must mean only gold money when silver money is abolished. This argument is a gem of logic. But is it not suggestive of the underground policy which financial syndicates have pursued since the '60's to place our currency in their control and to enhance the value of our public debt to its owners while augmenting its weight to the payers? Besides, silver money had been restored three months when the "gold reserve" was set up. At that time the demonetization excuse for treating gold as the only "coin" did not exist.

Such was the policy which by hook and by crook had reached the point, in Cleveland's second administration, of changing the character of the required currency for paying the public debt from paper to coin and from coin to gold, and of making the greenbacks part of an endless chain for the bedevilment of the treasury and the enlargement of the debt. Mr. Cleveland had the option of exposing this policy and reversing it,

or of approving and promoting it. He adopted the latter course.

It is assumed by Mr. Cleveland that redemption of the greenback was mandatory after its retirement had been forbidden. Such a construction is indeed possible. But so is the opposite construction.

By the act of 1875 the treasury was required to redeem greenbacks in coin on demand. Redemption in that act evidently meant redemption and retirement, and was so construed in practice. Retirement was forbidden by the act of 1878, which provided that "when any of said notes may be redeemed"—"may be" is permissive and not imperative—"or be received into the treasury under any law from any source whatever, and shall belong to the United States, they shall not be retired, canceled or destroyed, but they shall be reissued and paid out again and kept in circulation." The sensible construction of those two laws is that the contraction policy of the one was reversed by the other, and that redemption was no longer obligatory. A President who had looked upon the people, rather than his financial chums, as his constituency might at least have given the people the benefit of the doubt, by refusing to redeem in any coin when the "run" upon the reserve set in.

There was no better reason for redeeming silver notes in gold than for so redeeming greenbacks. Mr. Cleveland's argument in favor of it is not the argument of a man who had to; it is the argument of a man who wanted to.

As plain as English could make it, the silver purchase law empowered the Secretary of the Treasury to redeem those notes "in gold or silver coin at his discretion." Mr. Cleveland concedes this, but argues that the addendum clause changed it all; the clause, namely, which follows the discretionary provision, and reads: "it being the established policy of the United States to maintain the two metals at a parity with each other upon the present legal ratio, or such ratio as may be provided by law."

When that addendum was made it was commonly spoken of as "a stump speech in the belly of the

act," and that is all it was. Its manifest purpose was to warn the Secretary of the Treasury that Congress intended to encourage no discrimination between gold and silver in redemptions of paper money. In his greenback redemptions the Secretary had been treating gold as the only coin, maintaining for that purpose not a coin reserve but a gold reserve, notwithstanding that the law required only coin redemption if it required any redemption at all. The addendum that Mr. Cleveland quotes was therefore inserted in the silver purchase act for the purpose of advising the Secretary that when Congress said gold and silver "coin" it did not mean gold coin alone.

The advice was necessary, in view of the slipperiness of the treasury department in matters in which the financiers were interested. But a stubbornly perverse interpretation was put upon the clause by the Republican administration, and Mr. Cleveland dutifully followed suit. The very clause that was intended to emphasize the policy of paying out either metal according to its preponderance in the treasury, was made an excuse for paying out the scarcer one. The very clause that was intended manifestly to free the treasury from "endless chains" was utilized as a reason for making them revolve the merrier. The very clause that was intended to reiterate the purpose of Congress to rest gold or silver payments on the basis of the discretion of the debtor nation, was used to place them on the basis of the discretion of its Wall street creditors.

The whole thing would be funny if it were not so significant of conspiracies, stratagems and loot.

The resulting "endless chain" was evidently part of the old-time yet uncompleted conspiracy. Its promoters had a purpose beyond taking gold out of one treasury window and shoving greenbacks in at another. Their purpose was to force Congress to cancel the greenbacks and in terms to make "coin" obligations payable in "gold."

This is evident upon Mr. Cleveland's own testimony. Who was it, does he say, that was "abundantly able" to stop the speculative withdrawal of gold from the

treasury? J. Pierpont Morgan and his associates, Belmont and the rest. Who was it, does he say, that did stop those withdrawals when they were paid for it? Morgan and Belmont. What happened, does he say, after that contract had been performed? The withdrawals began again. Who was it, does he say, that "expressed not only a willingness but a strong desire" to sacrifice \$16,000,000 in order to get bonds payable in gold by their terms? His patriotic friends, Morgan and Belmont. And why? Why does Mr. Cleveland suppose that they had this \$16,000,000-desire for "gold" instead of "coin," when the treasury was already interpreting "coin" to mean "gold"? Was it because they feared a loss on this particular transaction? By no means. Insurance against the possible payment of \$62,000,000 of bonds in depreciated silver would have been exceedingly high at \$16,000,000; but to commit Congress in terms to the gold policy would have been a cheap purchase at that price.

That is what Congress saw and that is the reason Congress refused "the needed legislation" so strongly desired by Mr. Cleveland's financial friends. That is doubtless also the reason that the "endless chain" stopped revolving with the last bond issue that Mr. Cleveland made. It was evident by that time that the Congress then in office could not be coerced by the "endless chain" and Mr. Cleveland's responsive bond issues, into committing the country to the gold basis of public indebtedness. So far as speculative opportunities were concerned the "endless chain" could have served as well or better in 1896 than before. But there was really no speculation in it, and, its principal object having clearly failed, it was dropped for the better methods which developed at the Presidential campaign of that year. That was what fatigued "the malign conditions."

Mr. Cleveland could have stopped the "endless chain" at the very start, had he but done what the Secretary of the Treasury in his first administration, Daniel Manning, is reported to have done under similar circumstances. Instead of meekly appealing to Mor-

gan and Belmont, and giving them \$75,000,000 worth of bonds for a little over \$65,000,000, if Mr. Cleveland had said to them in effect: "Gentlemen, I understand the origin and purpose of the 'endless chain,' and if it makes another revolution the treasury will avail itself of its legal right to redeem in silver!"—if he had done that, there would have been no "endless chain" and no bonds. The Wall street rascals would have lost their right hand, would almost have pawned their cunning, rather than have had silver offered in redemption of greenbacks and silver notes at that time. They alone would have suffered from any depreciation of silver and paper currency, and for that reason they would have shrunk from inviting such depreciation.

We are not inclined to suspect Cleveland's virtue, so much as his susceptibility to the influences of environment, for the bond issue episode of his second administration. That he went into office poor and came out rich, is a fact that impresses many, and it cannot be lightly disregarded. But in so far as his actions may be explained upon a more charitable hypothesis we are disposed to accept the charitable view; and with reference to those bond issues we know that absolutely honest men regard the matter as Mr. Cleveland does, a fact which gives color at least to his assumptions of sincerity. Yet, what reply is to be made to the New York World, a Democratic paper which is far from unfriendly to Cleveland and which in its issue of May 6, 1904, claims credit for having frightened him out of plans to make a second secret contract with Morgan? In proof of this the World reproduces its editorial of January 3, 1896, which it points to as having broken up the "deal." We reprint it:

To you, Mr. Cleveland, the World appeals. It asks you to save the country from the mischief, the wrong and the scandal of the pending bond deal with the Morgan syndicate. It is not yet too late to repudiate the whole transaction, and its rejection will be the greatest act of your life. It will give you more of prestige than any other, more of honor and more of the gratitude of your countrymen. The needless waste of \$10,000,-

000 or \$15,000,000 in this transaction is not the only or even the chief objection to it. It involves something of immeasurably greater worth than any number of millions. It involves popular confidence in the integrity of the Government, that faith of the people in their rulers, which is the life-blood of free institutions. The manner of this thing is more vitally important than its matter. In all kindness the World asks you to look at the facts as they present themselves to the popular mind. This bargain has been made with a suspicious secrecy which has been guarded by a picket line of falsehoods put forth for the misleading of the people. It is a bargain between yourself in your official capacity and your near friends. It promises to give princely millions of the people's money to those friends, and that without any need, as we shall presently show. You have not asked advice of the party leaders in Congress or out. The only person you are known to have counseled with is the contractor with whom you have been bargaining, and he had millions to make by inducing you to accept his advice. His lawyer, who was formerly your law partner, has been in Washington helping the negotiation. James T. Woodward, president of the Hanover bank, has also been in Washington, and he is publicly known to have accumulated \$4,000,000 of gold in preparation for the deal. Mr. Stillman, of the National City bank, who has also been at the capital, has a hoard of \$8,000,000 to invest in the speculation. You must see, Mr. Cleveland, that secrecy of negotiation under such circumstances is bound to excite suspicion. You must realize that men are already saying things which the newspapers as yet hesitate to print. You must be alive to the fact that these suspicions, directed against the conduct of the Government itself, are more threatening to the stability of our institutions than the enmity of any foreign foe could be. The most damaging thing that could happen to the Republic would be the lodgment of a conviction in the people's minds that our Government had become one of syndicates and bargains for the public moneys.

As a result of that editorial the World now claims that Mr. Cleveland abandoned the second secret "deal," offered this issue of bonds to the public; and thereby received 112 instead of 104½, the latter being the price for the previous issue actually disposed of by the secret "deal" to Morgan and Belmont, which Mr. Cleveland tells of as occurring at the White House, and of which he unblushingly boasts as if it had been patriotic.

"Nothing is better established," says the World now, "than

the fact, of which the World had and published documentary evidence, that the Morgan syndicate had a 'thorough understanding' with the Administration that it was to have the 1896 issue of \$100,000,000 in bonds on substantially the same terms as those which Mr. Cleveland describes as a 'favorable bargain'—namely, about 104½ for bonds worth at that time 117!" If the World is justified in making its assertions, one cannot altogether condemn whoever harbors the suspicions which such facts naturally arouse against all but the sacrosanct. Moreover, if the World's assertions are true, Mr. Cleveland's article in the Saturday Evening Post is lacking in candor to a degree which approximates the level of deliberate deception.

EDITORIAL CORRESPONDENCE.

IOWA.

Sioux City, Iowa, April 8.—Without Hearst's candidacy, we should have been snowed under by the Parker crowd, with all its plentiful lack of principle and its abounding thirst for post offices. The alignment in Iowa was practically that of 1896 and every year since, except that we have now regained all the ground lost since 1896. I know of only two prominent Bryan Democrats who were not in line for Hearst; and to offset these there were several prominent gold Democrats of radical leanings. Moreover, the men selected to go to the St. Louis convention are full of the principle of democracy. Once convince them that Mr. Hearst is not true to this principle, and he can not hold them a minute. His following is determined by principle and not personality or any other ulterior consideration. I feel sure that this is the case all over the country, and that wherever a State is carried for Hearst it is a victory for democratic Democracy. I know that it is so in Iowa.

This fact appears as strongly in the men who were against Hearst as in those who were for him. Every railway lawyer, every corporation tool, every professional touter for plutocracy in the State was against him. A member of the Interstate Commerce Commission came out from Washington to tell us what fools we were making of ourselves in the face of the fact that Parker was sure of the nomination. The men who were against us in 1896 and have been fighting us in every convention since, and gradually gaining ground until Iowa last year went into the ranks of the "reorganized," came to the convention using the same bitter arguments against Hearst that they used against Bryan, although the silver question was out of the con-

test, and such men as Weaver, Rhinehart, Evans, Walsh and myself insisted that no reference be made to reaffirmation. The atmosphere is wonderfully cleared. We see now—all of us—that it was not 16 to 1 which they were fighting, but democratic Democracy. The split in our ranks is encouragingly increased in definiteness.

J. H. QUICK.

NEWS

Week ending Thursday, May 12.

Last week's rumors of the fall of Newchwang (p. 71) in the progress of the Russo-Japanese war, appear to have been premature in point of time and mistaken as to manner. But the Japanese have followed up their victory at the Yalu by a succession of further victorious movements, of which the evacuation of Newchwang by the Russians is reported to be one of the results. A landing of a Japanese force has been made at Pitsewo, on the east coast of the Liaotung peninsula, northeast of Port Arthur, and another is reported on the west coast of the same peninsula near Port Adams, or Kinchow, stations on the Russian railroad. A third Japanese force is reported to have disappeared and the war correspondents are speculating as to its whereabouts and the part it is to play. The capture of Dalny, the commercial terminus of the Russian railway a few miles north of Port Arthur, is also reported. Notwithstanding these reports, which imply that the Japanese have completely invested Port Arthur and are in control of the railroad southward from Port Adams or thereabouts, the Russian viceroy, Alexieff, telegraphed the Czar on the 10th that Russian communication with Port Arthur by rail had been restored on the 9th and 10th and that the telegraph line was being repaired. On the 6th, without a battle, the Russians abandoned their second line of defense west of the Yalu, at Fenghuangcheng (p. 71), and the Japanese took possession. The Russians in their retreat were closely pursued. This retreat is believed to have given the Japanese a great advantage in future operations by yielding to them a large strip of Manchurian territory.

Another fight has occurred in