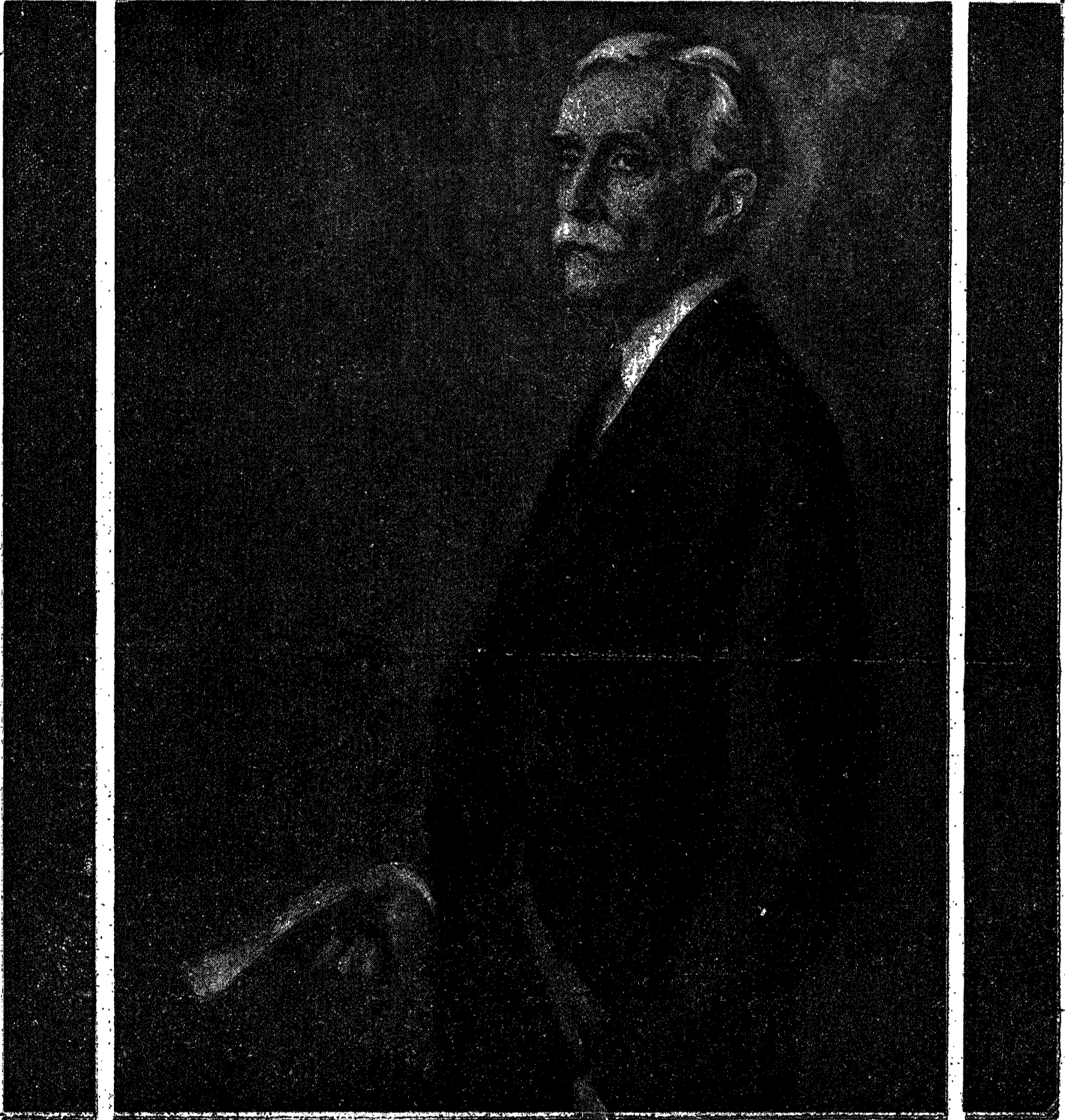


NEW YORK
Herald Tribune
MAGAZINE

Section XII

Mrs. William Brown Meloney, *Editor*
Sunday, March 24, 1929

Thirty-two Pages



Andrew W. Mellon

from the Painting by Laszlo

Courtesy of the New York Chamber of Commerce

Mellon's Influence on America

By Anne Hard

HERE is the great and modest man whose birthday is celebrated on the 24th of March. Many a candle symbolical of each of the years of his many accomplishments might be lit to-day. Only he would not permit it.

He would not permit it partly because of that genuine modesty of his, but also for another reason. For there are three sure-fire ways of annoying Mr. Mellon. Let him hear you call him the greatest Secretary of the Treasury since Alexander Hamilton. Let

him hear you make some reference to his great wealth. Let him hear you allude to his age.

Make any one of these errors and then watch for the result in your hearer. Slowly a bright pink floods upward over his finely chiseled face. His large blue eyes look off into space. And there is a sort of gentle silence present.

One of Washington's more brash and violent statesmen made such a blunder once. It was after dinner. Hanging upon the wall was a certain painting by one

of the great old masters, the purchase of which Mr. Mellon was considering.

"I used to be like that," the voluble statesman remarked. "I used to think it'd be swell to have persons near I'd paid \$100,000 for a picture."

The painting he was looking at was valued at many times that figure and some of those who knew Mr. Mellon realized at that moment that the reason why he would finally decide not to keep it was in part because he utterly shrank from having it heralded

abroad that he had purchased so famous and so expensive a picture.

This modesty of Mr. Mellon's is something much more profound and searching than that of the mere "shyness" with which he is sometimes credited. From it there branches as from the tree of his being his almost anxious and meticulous desire to give complete credit to others.

Men who have worked with him and men who have worked for him in Washington unite to admire this quality in him, in the details of his administration as Secretary of the Treasury.

And he has himself illustrated it from time to time in his public speeches. However often Republican oratory has justly celebrated the achievements of his administration in connection with the operation of the Federal Reserve Board, he has on several occasions publicly called attention to the fact that the passage of the act itself was the accomplishment of a Democratic administration.

Such acknowledgments are very rare among men holding public office of a political nature, and are therefore worthy of remark. Such acknowledgments in another man might have sprung from a sense of abstract justice. In Mr. Mellon they are a part of his almost shrinking modesty. They are a part also of a certain uncompromising honesty.

For there is nothing abstract about him. There is nothing vaguely imaginative or philosophical. He flourishes not in the abstract but in the tangible. His personality is a problem in geometry—not in higher mathematics.

It is because he is so actually and essentially not an American financier but The American Financier, that in his own lifetime he has become not merely Mr. Mellon but the Mellon Legend.

That gentle manner, shrinking almost to timidity, has played its essential part in the development of the legend. It is disarming. Braggart attack frequently dissolves in its presence. It becomes ashamed of itself.

Elusively, the object of attack itself disappears. You cannot shoot a legend.

For Mr. Mellon enjoys useless discussion as little as he might enjoy hitting at an unfrayable obstacle. If a stone wall blocks this exit, long before his opponents have ceased to discharge their ammunition in defending it he will have forgotten the wall and sought another way out.

His birthday almost coinciding in date with his third term as Secretary of the Treasury, Mr. Mellon might well be willing to let us count his candles, draw interesting historic analogies and allude to his business successes.

For it should be a matter of just pride to any man to be so superbly in command of his intellectual faculties, so physically adequate for further accomplishment, at any age. If his hesitant manner be disarming, Mr. Mellon's apparent frailty of body is deceiving.

His is a frame and face modeled with the delicacy of distinction, not of invalidism. And if once our country was in need of the young Hamilton, with his imagination and daring, it was later equally in need of the mature Mellon, with his solidity of judgment, his patience.

Moreover, in the acquisition of those riches, Mr. Mellon had lived through—more, had been a part of—the financial and industrial making of America, whose history bulks as large as that starred with the names of military generals, the economic history made by Frick, Rockefeller, Carnegie, Phipps and the rest.

Out of that past, through those developing days, working alongside of them and beyond nearly all of them into the present, and of them the sole one to enter into public office, Mr. Mellon has influenced in a peculiar degree the history of his time.

One of the interesting slants in Mr. Mellon's character is his continuing affection for Pittsburgh, the city he helped to make, the city which helped to make him. There to-day is the great marble

temple of the Mellon bank. Inside, in a place of honor, stands the iron statue of Benjamin Franklin which once stood over the old bank.

Even as a boy he lived in a banker's world. Dropping in to his father's bank to help take down the shutters on the way to school, dropping in after school to sit in the cage, he knew of his own knowledge the effects of the first epoch-making banking act of 1864, as he was later to administer the provisions of the equally important act creating the Federal Reserve.

It was in those early banking days in Pittsburgh that one of Mr. Mellon's greatest friendships began. It developed out of a common interest in what was to become the most important tendency in American industrial development, and it continued in what was to become Mr. Mellon's most important secondary interest—his discriminating collecting of paintings.

A young man named Frick was interested in a new coke process. He came to the Mellons for financial assistance. He got it. Mr. Mellon and his brothers were among the first American bankers to appreciate the soundness of what is sometimes called industrial banking, and the importance of what he calls "the integration of industry."

The first is the financing by a bank of new processes or resources to enable them to get established on their own. The second is the development within a single industry of all the facilities to turn raw material into finished products. Mr. Mellon from the first believed in both systems.

The Mellon Washington knows must now be believed to be not an entirely different Mellon from the Pittsburgh young banker of that day. Careful conservatism, that foundation for public confidence and steadier of public credit, remains his outstanding characteristic.

To-day he is the empiricist, founding his decisions upon the tried experience of his life. Then he was more in imagination perhaps, willing to take a chance at the as yet untried. Then, as now, justified in the event, he had the yardstick of judgment by which to measure for success, both public and private.

By financing new enterprises at their birth, by taking a chance along with those industrial infants, as they waxed strong, so did the Mellons grow also. Putting the banking business of Pittsburgh at the service of its infant industry, repaid its nurse a hundred fold. Steel and cars and cooking utensils and copper and its by-products and coal and lumber and paint and plate glass and other things grew up—and the Mellons grew with them.

When Mr. Mellon was asked to take the Treasury he gave up all directorships and all active business. He was determined that there should be no conflict of interest for him.

There was one bit of stock about which there has been so much discussion that it is well that the facts should be known. That is the matter of the famous Overholt distillery—one of those ancient ownerships which had remained in a certain family for generations.

At the request of the friend who owned it, some \$25,000 of Mellon money was invested in the enterprise. The friend died. The business was wound up. Later it was put into the hands of a trustee and the remaining stock on hand of potable material was loaded into a warehouse. The business had ceased and the whole affair was terminated before Mr. Mellon ever came to the Treasury. It is ridiculous that even so faint a perfume of that past should hang round us still.

It was then, as a business man, as a financier, and not as a politician, that Mr. Mellon came into the Treasury. While he was an undoubted political power, Mr. Mellon remains distrustful of politics, if not sometimes distressed by politicians.

Or perhaps it would be more accurate to say that he likes his politics in the political compartment and his business in the business compartment.

"The fact that the charters of the Federal Reserve were extended by an unanimous vote of both parties, leads us to hope," he says, "that banking is at last free of politics and that questions of banking policy will hereafter be decided on a basis of financial rather than political considerations."

That a man of his wealth, of his varied and enormous financial interests could, in the first place, be taken into a President's Cabinet was in itself illuminating commentary on the change in the political values of to-day compared with so recent a time as that of Roosevelt. That he should remain after eight years in obedience not only to the wish of the new President and his friends, but in response to a very general demand, is in itself a useful commentary on his conduct of the Treasury during those years.

In 1921, in the confusions of rapid post-war deflation, the great necessary requisite for the Secretary of the Treasury was that he be a man to inspire the confidence of business and finance. The fact that Mellon was a success himself, at once stimulated that confidence and improved morale. In entering upon his third term, there is the further value of his record in office.

When he came to Washington he was confronted by a difficult job. The war machine had to be dismantled. Expenses had to be cut. Taxes had to be reduced. The foreign debt of Europe to us had to be funded and the domestic debt of our government to ourselves had to be lessened. Yet the business of the country must be so encouraged to expansion that work could be found for some 5,000,000 jobless persons.

Coolidge economy had to descend upon us. But there might also be added Mellon economy.

Five million dollars a day were saved in the budget. The longer step was to get the public debt in hand. During the year before Mr. Mellon came into the treasury, interest charges on the debt comprised nearly a fifth of all our budget expenses and were greater than the entire cost of government in the last year before the war. While in the eleven years following 1917 the total amount paid out as interest on the public debt, alone, was over \$9,000,000,000.

At the end of eight years, the sum total of the debt has been reduced more than \$6,000,000,000, and more than \$11,000,000,000 either has been paid off or refunded at lower rates, so that the taxpayers have been saved in interest payments more than \$250,000,000 a year.

More than two and one-half million taxpayers were relieved of the load of Federal income taxes; and all along the line, from the lowest to the highest brackets, reductions in rates were made. And it was done in such a way as to grant relief to the ones who most needed it. At the same time it produced the necessary revenue for the government with the least hardship to business.

That famous "Mellon tax plan" which became a part of the Mellon legend grew out of a determination for "tax reform" as well as "tax reduction." Feared at first by its critics as a determination in the interest of the interests, in a brief time it demonstrated its soundness alike for the preservation of general prosperity and the protection of the small taxpayer.

In consideration of the European debts to us Mr. Mellon's thinking continued to reflect the point of view of the young banker who had helped industrial Pittsburgh to its growth. From the first he believed that no demand for payment should be made upon the European debtor which would cripple him in payment. Yet none stood more firmly than he upon the principle that a just recognition of international obligations is essential to international credit.

Probably no moneys paid out by the Treasury got gilded with a gladder smile from Mr. Mellon than the dollars that have poured into the small country banks for the purpose of lending credits for the farmer. Yet, when the famous "equalization fee" was thought up by Capitol Hill, Mr. Mellon's blast against it was sent forth with no uncertain sound.

This undoubtedly was due to no lack of desire on his part to meet the needs of the suffering farmer. It was because he has an instant distaste for any economic theories which he believes will be essentially unsound.

He is not, it is true, in any sense of the word, a theoretical economist. His mind is never theoretical. Never, as I said before, abstract. But out of the long life, most of whose pleasure and all of whose work has been in the study and handling of financial facts, Mr. Mellon has built up a sort of mental detector for the unworkable. Beginning by an instinct, that faculty of judgment of his has grown by the accretion of experience to be a sort of litmus paper for the acidity of the unsound.

So that whatever he has of so-called "general principles" are not the theories of the midnight student, but the tested determinations of a long and infinitely minute experience.

There is on Capitol Hill what is called in Washington "the little band of Mellon haters." These statesmen are wont to cry:

"What's that to his credit? It was conditions that made him. Any one could have done it."

Yet the truth is that he was fought every step of the way by those more political than prescient.

This retiring, patient man has too great a regard for realities to be diverted by epithets. He will take half a loaf at the time. When he advocates a certain policy, if he cannot get what he asks for, he takes what he can get, without sulking. His eye remains on the other half of the loaf.

Disarming though he be in the presence of the ubiquitous Congressional committee, Mr. Mellon is never at his best before a committee nor when addressing a large audience. The rapid cross-fire of committee give-and-take is disconcerting to him. His mind keeps on. His lips become completely silent. It is when he is with individuals in whose character and whose discretion he has confidence that he talks at ease.

Then he may embark upon the second—

Continued on page thirty-one

Hands

By Joseph Auslander

I contemplate these, my hands,
Like birds or lilies on a branch:
They can build a house that stands;
They can stop an avalanche.

These hands, the color of old light—
I watch them waver on a wall;
I give them things to do at night;
They lift a book, they let it fall.

And they can bleed, forgive, grow dank,
Raise up, cast down, drive out, unlock,
Redden a spike or splash a plank,
Or roll away a heavy rock.