

The Politician

If Alexander Hamilton, Richard Nixon, and Al Capone had a love child, he would be Senator Nelson W. Aldrich. The London Times called him, “the general manager of the United States.” Writer for *The Cosmopolitan*, David Graham Philips, called him, “the organizer of treason.” The New York Times called him, “...pretty close to being the most powerful man in the United States.” and “a disgusting hypocrite;” and author Ron Chernow described him as, “the Czar of the Republican party and the maestro of the smoked-filled room.” Probably guilty of all these dubious distinctions, Nelson Aldrich’s political power, banking and economic erudition, spectrum of friends that included the most powerful men in the world, and predilection for corruption made him the perfect political representative for the enclave of financial demigods who christened the U.S. Federal Reserve System.

Born in 1841, Nelson Wilmarth Aldrich grew up in East Killingly, Rhode Island. He attended the local elementary school and went on to East Greenwich Academy for a year. Aldrich family lore tells of a time when Nelson was nine years old and his mother gave him money to buy lunch and go to the circus. He went to the circus, but skipped lunch and used that money to buy a copy of, *The Tinker’s Son, or I’ll Be Somebody Yet*, a kind of self-help book, but not for a nine year old.

He was fascinated with the preachers in his East Killingly church. He noted the influence that oration commanded over people. A young Aldrich, “... felt an uncontrollable yearning to become at some time a public speaker, to wield myself this wonderful power.”¹ His Calvinist upbringing was no doubt a part of his license for

¹ Stephenson, Nathaniel Wright. *Nelson W. Aldrich: A Leader In American Politics* New York: Charles Scribner’s Sons, 1930, 6. Stephenson collected these notes from a very rare collection of letters Aldrich wrote to his wife. He is the only credible secondary source for information on Aldrich’s youth and early career.

control and privilege. John Calvin preached that every man's goodness or evil is predestined, and the more successful he is - the more God has favored him. The poor are obviously sinners, doomed to hell and the rich are obviously deemed by God to be good, as their status and class in life on earth attest.

Aldrich's father, Anan, was a mill worker and farmer with no illustrious lineage to speak of. However, Aldrich's mother, Abby Burgess, daughter of Major Gideon Burgess, and great-granddaughter of Peleg Williams (a member of the General Assembly that passed the May 3, 1776 Rhode Island Declaration of Independence) could trace her ancestry back to Roger Williams, himself. Nelson and his brother, Clarence listened to their father discuss politics with neighbors at the local store and heard the praises of the Democratic Party from both parents at the dinner table, by the light of Anan's quite-natured demeanor and Abby's violent head shaking and eye twitching.

In 1858, at the age of seventeen, Aldrich entered the business world at the bottom rungs of a Providence wholesale grocery store called Waldron and Wightman. He worked hard and adroitly, and moved up the back office ladder quickly for four years. This experience in business would be the larval stages of the prodigious fortune Aldrich would amass over his political and business career.

By 1862 the country was in the midst of the Civil War and Aldrich joined the Rhode Island National Guard. As a private in Company D, Aldrich was dispatched to Washington D.C. to help guard the Capital. Aldrich was there for four months until his lack of hydration and "sentry duty amid driving rains"² led to a bout of typhoid fever. He was immediately relieved of his duty, returned to Providence, and resumed his climb up the grocer's ladder.

² Stephenson, 11.

Mr. and Mrs. Duty Greene couldn't have children, so they took in their niece, Abby Chapman. It is undocumented why her parents gave her up at infancy, but she grew up in the arms of wealth and privilege, so a clerk at a grocery store would have had to compete with many suitors for her hand. Despite a long line of men vying for Abby, in 1865 Nelson Aldrich married money in Abby Greene, but he sought a career in politics to make his own fortune.

Aldrich attended Brown University and graduated from law school. Soon politics began to call him, yet he held a firm hand on the business of which he vested himself in Waldron and Wightman. He started debating at the lyceums of Providence and soon learned he had the gifts of intelligence, persuasion, and intimidation. His friends and debate foes that recognized his strength in oration urged him to pursue politics. In 1869 Aldrich stood for the Common Council of the Fifth Ward of Providence and won a convincing election. Aldrich's political career is as follows:

Member of the city council 1869-1874, serving as president in 1872 and 1873; member of the State house of representatives in 1875 and 1876, elected speaker in 1876; elected as a Republican to the Forty-sixth and Forty-seventh Congresses and served from March 4, 1879, to October 4, 1881, when he resigned to become Senator; elected as a Republican to the United States Senate to fill the vacancy caused by the death of Ambrose E. Burnside; reelected in 1886, 1892, 1898, and 1904, and served from October 5, 1881, to March 3, 1911; was not a candidate for reelection in 1911; chairman, Committee on Transportation Routes to the Seaboard (Forty-eighth and Forty-ninth Congresses), Committee on Rules (Fiftieth through Fifty-second, Fifty-fourth and Fifty-fifth Congresses), Select Committee on Corporations Organized in the District of

Columbia (Fifty-third Congress), Committee on Finance (Fifty-fifth through Sixty-first Congresses); chairman, National Monetary Commission (1908-1912); retired to Providence, R.I. in 1912.³

Higher platforms of the political structure were there for the taking, and Aldrich's ambition led him to not only the top rungs of the wholesale grocery business, but into the eagle's nest of Rhode Island politics - the offices of Senator Henry B. Anthony and his enforcer, General Charles R. Brayton. Lessons in cunning and political chicanery were soon to follow. "Altogether (Aldrich) was an unknown quantity from the Brayton point of view, and perhaps (Aldrich) was worth purchasing."⁴ Aldrich had been in Congress for a few years when Brayton locked onto him and began to show him the "finer points" of politics. The canals Aldrich dug between his business interests and political career began to flow together. He became involved with many businessmen, and Freemason, General Brayton taught him how to use those interests to his benefit, leading Aldrich to the U.S. Senate, and amassing unlimited political power and millions of dollars.

Rhode Island was known as the most politically corrupt state in the country at the time, and Aldrich's mentor "Boss" Brayton ran the state as the Republican High Sheriff, with governors coming and going at his behest. In a 1905 interview with McClure's Magazine, Brayton's candid philosophies on bribery and vote fixing is astounding to a naïve eye: "I have had connections, not permanent, with various companies desiring franchises, charters, and things of that sort from, the Legislature. I never solicit any business. It all comes to me unsought, and if I can handle it I accept the retainer." The reporter then asked, "What is your power in the Legislature that enables you to serve your

³ Biographical Directory of the U.S. Congress

⁴ Stephenson, 5.

clients?" General Brayton replied, "Well, you see, in managing the campaign every year I am in a position to be of service to men all over the state. I help them to get elected, and, naturally, many warm friendships result, then when they are in a position to repay me they are glad to do it."

Brayton continued to expound on how he controlled the purse strings and the leadership of the state. When the time for local caucuses approached, the party leaders came down to Providence to get money for expenses from Brayton. The article explains, "How much do you think you'll need?" he would ask. "Oh, say \$500." "Five hundred dollars to carry that town! Who's your man for senator?" The leader would tell him. If the local candidate suited Brayton a bargain was struck as to the amount; if not, he would say pointedly: "I guess there isn't any money for you this year." The leader then had to go back and pick out another candidate, or, perhaps, Brayton would give him a suggestion, which the "other fellows" would have to "agree upon." The bottom line was, Brayton had to be satisfied with the candidate or the party got no money for expenses.⁵

Even the Governors themselves recognized and admitted the rampant and common corruption of Rhode Island politics. In a speech given by Governor Lucius F. C. Garvin, he states,

Gentlemen. That bribery exists to a great extent in the elections of this state is a matter of common knowledge. No general election passes without, in some sections of the state, the purchase of votes by one or both of the great political parties. It is true that the results of the election may not often be changed, so far as the candidates on the state ticket are concerned, but many assemblymen occupy the seats they do by means of

⁵ Steffens, Lincoln. "Rhode Island: A State For Sale" *McClure's Magazine*, vol. 24 no. 4, (February, 1905), P 6.

purchased votes.⁶

This was the home and the political and business origin of Senator Nelson W. Aldrich. As lurid and unscrupulous as it all seems, perhaps Aldrich was not influenced by his surroundings and chose a higher, more righteous path through his career. Unfortunately, it is arguable that the political face of America's central banking act was truly a product of his environment, and once in a position of national power, Aldrich ratcheted up his thirst for success by any means necessary.

By 1881 Aldrich was a U.S. Senator and a partner in Waldron and Wightman, which had become one of the largest wholesale grocery firms in New England. One of the specialties of a firm like that would be to buy and sell sugar by the truckload. He was very familiar with the business and tariff system set in place concerning the sugar business, and he soon mixed his business with his politics to aid his associates in the sugar industry.

The mid 1800s saw prevailing overproduction of sugar, which led to fierce competition between large and small sugar companies and refineries. The largest points of contention were the tax on sugar and the grading process by which the tax was implemented. Politicians tried to figure out what was fair for all parties concerned so as not to disrupt American business interests.

The smaller firms lobbied for a uniformed tax on all sugars, regardless of their grade of quality, and a revamping of the grading process. The larger firms wanted no change in the existing grading process, which was the Dutch Standard System of

⁶ Garvin, Lucius in his speech to the General Assembly of Rhode Island called "Special Message Concerning Bribery in Elections..." 1903.

polariscoping, along with much lower taxes on lower grades of sugar. The incentive for the bigger sugar companies to adopt these views was the fact that lower taxes on low-grade sugar meant it would cost less money to import it. Therefore, the larger companies could monopolize the importation of the poor sugar, save massive amounts of money on tariffs, and then squeeze out the smaller firms. Furthermore, the polariscope grading system could, and did, lead to huge amounts of grading fraud, and according the Treasury Department the existing system also undervalued the good sugar, which was mostly imported and sold by the smaller firms.

Enter, Senator Nelson W. Aldrich. In 1882 Aldrich was appointed to the Senate Finance Committee, so he was in an advantageous spot to influence or control tariffs. He, along with other like-minded senators and “Big Sugar” lobbyists, hammered congress and the tariffs and sugar grading systems stayed the same.

Although no sugar refiners operated in Rhode Island, Nelson Aldrich was suited ideally to take up their cause in Congress. Not only was he committed to the principle of utilizing the resources of government to foster the growth and development of American business enterprise in general but, as a banker and partner in one of southern New England's largest wholesale grocery firms, which specialized in buying and selling sugar... he had a functional interest in promoting the economic wellbeing of the eastern sugar trade.⁷

Sugar duties were a very big deal at that time, representing one-sixth of the U.S. government's income through taxes. Aldrich took full advantage of the importance of the tariffs by suggesting new, lower taxes every time the house heard the sugar schedule. Through his Finance Committee, Aldrich pushed Chester A. Arthur's Tariff Commission to lower taxes on low-grade sugar by 20% - 25% across the board, and made sure the

⁷ Strenstein, Jerome. “Corruption in the Gilded Age: Senator Nelson W. Aldrich and the Sugar Trust” *Capitol Studies* Vol. 6 No. 1 (Spring, 1978), pp. 16-21.

polariscope grading system was kept in place. The small refiners were outraged, as well as many industrialist from other walks of business life, wondering how and why these big sugar companies were getting such special treatment.

Aldrich moved to cut the sugar tariff to \$1.85/pound. It ended up being settled at \$2/pound, but that was a considerable reduction from the existing tax, which was \$2.25/pound. The smaller refiners denounced the rates and the large ones were satisfied with the cut as well as the fact that the schedule included the polariscoping method of grading. Also, the big firms received their request of even lower tariffs on lower grades of sugar. Soon even the Finance Committee could not support the painfully obvious feathering of the “Big Sugar” nests, which was costing the federal government millions of dollars in tax revenue. The Senate floor had to vote on supporting large eastern sugar refiners, or the recommendations of the Finance Committee to halt further tax breaks. Aldrich broke from his own committee and voted to support the sugar companies. He voted to cut the tax on raw sugar and raise the one on refined sugar, further squeezing the interests of the smaller refining companies.

Aldrich was working along side of sugar lobbyist and managing partner of one of the largest sugar companies, John E. Searles. Searles partnered with the largest sugar refiners in the country, Theodore and Henry Havermeyer, and cut a deal with the Louisiana Sugar Planters Association under which the growers would help the Havermeyer brothers ensure that the Tariff Commission would adopt the polariscope even if they wouldn’t advocate a lower tax. Aldrich knew this going into the final voting process, and told no one in the senate or the Finance Committee about it.

Aldrich's vast knowledge of the subject swayed voters to agree with a comprehensive bill that included lower rates on raw sugar, the polariscope system, and a small reduction on refined sugar rates. Then, at the eleventh hour before the vote, he changed the bill to a much higher refined sugar rate. Known as the Mongrel Tariff, the lower rates stimulated manufacturing. However, what the country did not need more of was sugar. When any given market is saturated, and production increases, prices drop because the supply outweighs the demand. The market gets much more competitive and only the largest companies can survive. This was exactly what Aldrich and his sugar friends were anticipating. A vast amount of the smaller refiners were forced to shut down or were bought out by the large ones, and a Sugar Trust was formed with Searles and the Havermeyer brothers at the helm; all indebted to Aldrich.

The Sugar Trust grew to 24 refiners, all east of the Rocky Mountains. This also squeezed out the western refiners as well as the smaller ones. With Senator Aldrich drawing up the sugar schedules every season to benefit the Trust, the relationship between he and "Big Sugar" continued through to the mid 1890s, with his Finance Committee becoming known as a "sugar shop."⁸ Tariffs passed to enhance the financial standing of the Trust included the Mills Bill, the Senate Substinate Bill, the Wilson-Gorman Tariff, and the McKinley Tariff. Years later, author and reporter Lincoln Stephens wrote to Theodore Roosevelt, regarding Aldrich, "What I really object to in him is what he probably does honestly, out of general conviction... He represents Wall Street; corrupt and corrupting business; men and Trusts that are forever seeking help, subsidies,

⁸ Sternstein, 24-27.

and privileges from the government.”⁹

In 1894, the Sugar Trust was brought up on non-disclosure charges for not reporting its profit information on its 1890 census report. During these hearings, when one of the Havermeyer brothers was asked if he gave campaign contributions to Aldrich or other members of the Finance Committee, his response was, “Under advice of council I decline to answer.”¹⁰ When the *New York Times* grabbed ahold of the story, they uncovered corruption. To begin, Senator Aldrich lied about the existence of a Sugar Trust in 1890, and continued to deny its existence even though Trust shares existed on the market during the 1890 tariff debates, and in the opinion of the *Times*, “what a stupid lie it was.”¹¹ The *Times* reported the next day that the McKinley Tariff that “was constructed to satisfy the greed of every Trust combination in the land” and was supported by every republican member of Aldrich’s Finance Committee.¹²

On June 20th a massive exposure of the true nature of the relationship between Aldrich and the Sugar Trust was revealed. While Aldrich was aiding the Sugar Trust, he had been accumulating stock in the Union Railway Company in his home state of Rhode Island. When he established his relationship with the Trust’s secretary and treasurer, John E. Searles it was not limited to the workings and favorability of the Trust. Searles and Aldrich went into business together to purchase the remaining stock in the railway system, with the intention of forming a monopoly and cornering the market on Providence transportation.

⁹ Theodore Roosevelt Papers. Stephens to Roosevelt, June 9, 1909.

¹⁰ *New York Times*. “The Sugar Trust in Politics” June 14, 1894.

¹¹ *New York Times*. “Concerning Two of Mr. Aldrich’s Assertions” June 4, 1894.

¹² *New York Times*. “Stupid Falsehoods” June 5, 1894.

During Havermeyer's deposition by the Senate, he stated that the Trust earned an estimated \$35,000,000 over the previous three years. Apparently, \$1,500,000 of that savings was funneled to Senator Nelson W. Aldrich for the purposes of buying railway stock and revitalizing the railway system. Searles, personally, gave Aldrich \$100,000 and Searles & Associates invested \$5.5 million to \$7 million dollars to purchase and modernize the railroad. Aldrich formed the New Jersey Holding Company and the United Traction and Electric Company to own the railways as the companies' president, with John Searles as the director.¹³

As far as the Trust was concerned, the *Times* did the math and Havermeyer's original estimate of \$35,000,000 in profits was conservative at best. With each strategic drop or hike in taxes through each bill that was passed, each favorable polarization grade of sugar, and each generous sugar schedule that Aldrich drew up, all tolled the Sugar Trust made an estimated \$51,000,000, "robbing the working man" and making Senator Aldrich a millionaire.¹⁴

Sugar wasn't the only thing in which Senator Aldrich was interested. Aldrich made many friends in industry and on Wall Street. In October of 1901 his daughter Abby married into one of the wealthiest families in the world when she wed John D. Rockefeller Jr. With Aldrich in the family, he could maneuver many business interests, and his political power only strengthened his influence and political impregnability.

For an idea of the amount of wealth Senator Aldrich was then related to, by 1910,

¹³ *New York Times*. "Senator Aldrich and Sugar: The Republican Tariff Leader Owned by the Trust, Indebted to it for Financial Aid" June 20, 1894.

¹⁴ *New York Times*. "Providence railways and the Sugar Trust" June 20, 1894.

John D. Rockefeller Sr.'s Standard Oil Company was the most controversial and most powerful of the great American trusts. Dwarfing the Sugar Trust, Standard Oil was able to produce forty thousand barrels of refined oil a day, had ownership of hundreds of thousands of miles of pipeline, a fleet of one hundred tankers, and was worth at least \$660 million.¹⁵

In May of 1911, the Supreme Court decided that Standard Oil had a corporate structure that violated the Sherman Antitrust Act. Rockefeller was given six months to divest the company of all its subsidiary companies. Soon, the trust was dissolved and stock was issued for thirty new companies. Immediately, Wall Street went berserk. In the biggest bull rally in American history, Rockefeller's IPOs went through the roof, and as the major stockholder in all the new companies, John D. Rockefeller Sr.'s personal wealth increased by an estimated, \$200 million, and by the summer of 1911, he became the country's first billionaire.¹⁶

In 1901, another marriage occurred - Aldrich used his friends on Wall Street to invest in a rubber company. He immediately became the president of the new Continental Rubber Company in 1901. The CRC harvested valuable Guayule rubber from Mexico. This type of rubber gave way to contracts with tire companies throughout North America, Europe, and South America, which quickly vaulted the CRC into the largest producer of Guayule rubber in the world.

Due to aggressive over harvesting and very poor working conditions for the native

¹⁵ Sealander, Judith. *Private Wealth and Public Life* Baltimore: Johns Hopkins University Press, 1917. p. 219.

¹⁶ Sealander, 221.

farmers, guayule rubber was becoming more and more scarce in Mexico. Since rubber was found in very remote parts of Mexico's jungles, and lack of patent protection was a factor in slow international cooperation, business began to taper for Aldrich and his Wall Street investors.¹⁷ Then, the King of Belgium, Leopold II entered the American business and political scene.

During the Great Scramble of the 1850s, when every major European country was inflicting imperialistic, industrial mercantilism upon the entire continent of Africa and most of Asia, the country of Belgium was able to form a protectorate for the Congo. Soon the Congo became an official colony of Belgium and the Belgian Congo was sought after by many business interests from all over the world, due to its huge reserves of timber, copper, gold, silver, ivory, and rubber.

By the turn of the century, King Leopold II began a push toward attracting American money to his colony. Leopold wished U.S. business, "...to invest money...to plant rubber forests on modern principles so that they can be easily worked by the natives... There is fabulous wealth in this country."¹⁸

King Leopold tried to induce U.S. politicians to aid him in his quest for opening business interest in the Congo. The problem was his reputation for being an absolute maniac and a ruthless ruler of his subjects in the Congo. Europe was vehemently against Leopold's methods in the Congo. So much so that the British government formed the Congo Reform Association and spread branches of it throughout the continent and in America. Of course, much of this was due to the fact that Liverpool and Manchester

¹⁷ Finlay, Mark R. *The Many Futures of Alternative Rubber Plants*. Rutgers University Press, 2009.

¹⁸ *The London Times* December 11, 1906.

trading interests were coveting the Congo for themselves, and not the fact that Leopold was mistreating the people of Africa. Bad press for Leopold meant a thinner heard of competition for them.

Leopold was an international pariah among even the most conservative European political parties. He even formed an organization in Germany called, The Free State, to spread pro Belgian-Congo propaganda that refuted any accusations that Leopold was anything less than virtuous.¹⁹ However, British Foreign Office's consul at Boma, Roger Casement documented the brutality of his regime in February of 1904:

Casement described the forced labor by which European fortunes were being made. The grandfathers of the Africans who today swing picks, operate Bucyrus-Erie buckets, handle air hammers, and drive trucks in the Congo mines had to gather their quotas of rubber from the wild vines or have their hands chopped off, their genitals severed, their villages burned down, their children murdered... Roger Casement, who knew Africa from twenty years earlier, estimated a decline in population of three million by 1904. During the next eight years there was an estimated loss of at least another three million.²⁰

Although the Free State spread to Italy and even parts of Great Britain, Leopold could not escape the demons of his reputation or the influence of the British government. His only option was America. If he could get U.S. business interests involved in the Congo, with kickbacks going to him and the Belgian government, his troubles would be solved. His first effort was to convince president Theodore Roosevelt to turn a blind eye to the ravages he placed on the natives of his colony.

¹⁹ Sternstein, Jerome L. "King Leopold II, Senator Nelson W. Aldrich, and the Strange Beginings of American Economic Penetration of the Congo." *African Historical Studies* Vol. 2, No. 2 (1969), pp. 189-204.

²⁰ Wuliger, Robert. "America's Early Role in the Congo Tragedy: How U.S. Financiers Helped Belgium's King Leopold Rape the Homeland of 20 Million Africans." October 10, 2007. [www.the nation.com](http://www.thenation.com) (accessed April 25, 2016).

Leopold's charm and power coaxed the American ambassador to Austria, Bellamy Storer, to speak with the president. Storer was in the Leopold camp and was anything but hypocritical when he wrote to president Roosevelt, "cruelty there certainly might have been...[but], when did mankind spread the civilizing sway of a superior race without ruthlessness?" He continued, "and it would be indeed a pity if public opinion with us should be so misled as always to run, without exception, in the lines...[to which] Great Britain would like to confine it."²¹ Despite this frank attempt to convince him, Roosevelt felt the pressure of the media and his constituency, and closed the book on the Congo, but made no mention of any intervention in Congolese affairs.

By now, the Continental Rubber Company was a \$30,000,000 business. King Leopold sought out the master technician, Senator Nelson W. Aldrich for dealings in the Congo, which was blanketed in the valuable guayule rubber that Aldrich's company was tearing through in Mexico. Aldrich, along with his partner Thomas Fortune Ryan, the converted Catholic railway man and tobacco company owner; financial backer Bernard Baruch; and smelting and mining kings, the Guggenheim brothers, began the process of entering the Congo through stock purchase, all despite the Senate Foreign Relations Committee calling for congressional action for reform in the Congo. This blatant disregard for his own government's opinion of the tyrannical King Leopold made Aldrich, the head of the Republican Steering Committee for decades, "...pretty close to being the most powerful man in the United States."²²

King Leopold knew that business interests could outmaneuver political interest. So

²¹ *Theodore Roosevelt Papers* (Manuscript Division, Library of Congress), Letter from Bellamy Storer to Theodore Roosevelt, Oct. 22, 1903.

²² *New York Times*, March 19, 1905.

to bypass the political pressure he was receiving, Leopold's plan was to involve U.S. business interests to quell the Congo reformers. With Senator Aldrich as the political gatekeeper to major U.S. business interest, Leopold knew he would have to recruit Aldrich first and foremost. So Leopold ordered his Belgian Baron Moncheur and Consul General, Mr. James Augustus Napoleon Tallyrand Whitley (yes, his real name) to draft a letter to Aldrich, explaining that, "every facility and encouragement would be given to a properly organized American company that means business."²³

Aldrich met many times with Whitley, and Fortune Ryan met with his confidant, Catholic Cardinal James Gibbons of Baltimore. King Leopold had asked Cardinal Gibbons for support when the U.S. and British governments were considering revoking King Leopold's status as the King of Belgium (granted to him and his family by the Treaty of Berlin). Gibbons petitioned the U.S. government on behalf of Leopold, explaining that, "in his opinion the reports of abuse and tyranny by the Belgian government reported to him by his own missionaries were probably exaggerated."²⁴ Soon after, two new American rubber companies were started in the Congo – The Intercontinental Rubber Company and The Societe Internacionale Forestiere et Miniere du Congo, with Nelson Aldrich at the helm of both.

Despite the blueprint for their opportunity having been drafted, the secrecy of their enterprise was evanescent. When the American media involved itself in these unscrupulous inner workings of Aldrich's business and political actions, the scheme came crashing down. In a four day, page one exclusive, *The New York American* newspaper

²³ Sternstein, 196. In a letter he cited from the Library of Congress's Aldrich papers.

²⁴ Ellis, John Tracey. *The Life of Cardinal James Gibbons*. Milwaukee: The Bruce Publishing Company, 1963.

covered an expose on the amoral dealings of Aldrich, his American financial backers, the Belgian government, King Leopold II, U.S. lobbyists, and the U.S. military.

The paper uncovered letters, such as one written by lobbyist Henry Wellington Wack to King Leopold, urging him to, “open up a strip of territory clear across the Congo State from east to west for the benefit of American capital... In this manner, you will create an American vested interest in the Congo which will render the yelping of the English agitators and Belgian Socialists futile.”²⁵ A contract was drawn for 4,000 square miles of land in the Congo for the rights to that land going to The American Intercontinental Rubber Company, which was created for the sole purpose of merging with Aldrich’s Continental Rubber Company, and Forminiere, both separate entities but under the control and ownership of Aldrich and his cohort.

By 1909, the combined capital of both companies was \$70,000,000 and a spokesman for the company explained to the Wall Street Journal, “in no way a competitor of the United States Rubber Company as we are not engaged in manufacturing in any way. The United States Rubber Co. is a customer, and buys crude rubber largely from us. We are engaged in only the plantation, production, and sale of the raw material and [their] business does not conflict in any way with that of the ‘trust’ as the United States Rubber Co. is called.” By this point the company owned and controlled massive plantations of valuable guayule rubber in Mexico, Brazil, and the Belgian Congo.²⁶ They had become too big to be stopped by their reputation.

The *American* also uncovered that through General Consul Whitley, King Leopold

²⁵ *New York American* December 14, 1906. P 1.

²⁶ *Wall Street Journal* November 15, 1909. P7.

and American bankers paid U.S. Colonel Henry Kowalsky \$45,000 to work with lobbyists to convince Congress to support Leopold, and not the political reformers of the Free State and the Congo Reform Movement. Kowalsky was apparently not discrete in his attempts to solicit favors, and when the deal collapsed, he was said to have turned down his next assignment, a base in Nigeria, in fear that it would lead to an attempt on his life.

The *New York American* went on to describe Belgian bribes to Representatives and Senators and named the stockholders of the rubber companies as Nelson W. Aldrich, Thomas Fortune Ryan, Edward B. Aldrich (son of Nelson W. Aldrich), the Guggenheim brothers, J. P. Morgan, James D. Stillman (head of National City Bank of New York), and John D. Rockefeller Sr. By the end of the report, the *New York American* determined that “Ryan and his associates, by the mere purchase of stock... became part rulers over an empire larger than all of New England, New York, New Jersey, Delaware, and half of Pennsylvania.”²⁷

By 1910, Aldrich owned 25,000 shares of stock (besides Edward Brush and Fortune Ryan, the most amount of shares of 31 of the largest private stockholders) in a company that earned \$400,000 to \$500,000 per month.²⁸ Conveniently in charge of the tariffs on the country’s rubber schedule, Aldrich made his last adjustments to benefit his company and announced that he would not run for senate again, just before he responded to “malicious and unjust attacks” of Senator Bristow of Kansas for rigging the rubber

²⁷ *New York American* December 10-14, 1906.

²⁸ *Wall Street Journal* June 24, 1910. P. 7.

schedule.²⁹

Nelson Aldrich embodied the phase, “The rich get richer.” From 1907 to 1909 Foretiere hired a geologist, Sydney Ball, to head the Mohun-Ball expedition through the portion of the Congo owned by the rubber company. It took two years to prospect only one third of the land, and Ball found two gold fields. The first one, the Tele, was worth an estimated \$500,000 in gold; high-grade gravel, worth \$6 per cubic yard; massive iron ore deposits, and diamonds at the second gold field of Mai Munene.³⁰

Before the Panic of 1907 and the formation of the Aldrich-Vreeland Emergency Currency Act, which gave birth to the National Monetary Commission, Senator Aldrich and his Wall Street friends began the push for central banking and banking deregulation in the United States. As early as the first years of the 1900s, Aldrich began to meet with presidents and directors of banks and trust companies for the purposes of revamping the entire U.S. monetary system. July of 1903 was his introduction to some of the men behind the central banking scheme that would change America forever. He accepted an invitation to board *The Corsair*, J.P. Morgan’s yacht. There he met with directors including James Stillman, George F. Baker, Samuel P. Colt, George Peabody Wetmore, and Jacob H. Schiff.³¹

Aldrich and his Finance Committee, which years earlier aided the Sugar Trust, began to get the word out in support of banking deregulation and greater “elasticity” of the currency. Meetings and reports of the Finance Committee’s suggestions about freeing

²⁹ *Wall Street Journal* August 12, 1910. P. 2.

³⁰ Rockefeller Archives, “The Papers of Nelson Aldrich” General Correspondence: Microfilm, reel 44.

³¹ Aldrich Papers, reel 24.

banks to lighten their reserve requirements and further their ability to loan money based on the interest of existing loans, went to banks all over the country to test the waters of change through the dissemination of their new ideas. Some bankers, such as the president of Waukesha National Bank in Wisconsin wrote his concerns to Aldrich:

In these days when the country is filled with soft money the idea that a bank can extend its loans by taking notes of a customer with interests and ask them to take an asset currency issued by the bank without interest in exchange therefor, whether their own assets, including their deposits, will allow an expansion of loans or not, strikes me very forcibly as being what bankers term if customers attempted to do such a thing, “kiting.”³²

The “Trust Buster” President Theodore Roosevelt had a close eye on the intentions of the banking world, and it was up to Aldrich and other politicians like powerhouse New York Senator Thomas C. Platt to sway the president toward banking reform. Platt wrote to Aldrich regarding the President of the United States:

He is not helping the situation very much. When we were there, he seemed to fall in with our opinions. But when Shaw [the Secretary of the Treasury], Carlisle and Cullom ventilate their ideas, he is just as apt to side with them. He will mix and muddle this thing all up I fear... I believe you ought to keep in pretty close touch with him. If you do this, he will accept your ideas as his own, and push them... I am convinced that it is pretty important that in some way there should be a meeting with [J.P.] Morgan, and that you ought to arrange it very soon. If we are to get our idea as to the necessary kind of legislation accepted, a good deal must be done by way of educating the public mind.³³

Of course, banking regulations were loosened, and the Panic of 1907 brought about a central banking propaganda machine that was unmatched by any before it. The Aldrich-Vreeland Bill was passed the next year, and Aldrich became the political spearhead for a central bank in America to be controlled by his Wall Street friends. Even the press was

³² Aldrich Papers, reel 24.

³³ Aldrich Papers, reel 24.

under control with the Associated Press' John Gavit oiling the central banking cogs by tearing up bad reviews of publications that supported central banking.³⁴

By November of 1910, the secret meeting on J.P. Morgan's Jekyll Island was days away. Harvard economist and Assistant Secretary of the Treasury, A. Piatt Andrew kept Aldrich abreast of the Western banks and businesses on the side of central banking through vast correspondence, which was a usual occurrence. However, Frank Vanderlip, President of James Stillman's National City Bank, wrote Senator Aldrich that month about a completely separate issue that would be of grave importance to those in control of the soon to be Federal Reserve: foreign branches of national banks. "We deem it extremely desirable so to extend the powers of national banks as either to permit foreign branches or permit the organization of banks to conduct foreign business. We believe it will be an important factor in furthering the development of our foreign trade if this enlargement of privilege is authorized."³⁵

Paul Warburg's blueprint for the central bank was ready for the meeting on the island as well. It had to remain secret that Aldrich was not receiving final plans from Warburg so as to convey the appearance that Aldrich was considering many sides of the argument on central banking and that he certainly was not entertaining the demands of Wall Street barons like Warburg, a partner in Jacob Schiff's Kuhn, Loeb & Co. So on November 6, 1910, just days before the Jekyll Island meeting, he pretended to send the plan to Dr. A. Piatt Andrew, headed, "My Dear 'Doc,'" but actually sent it to Aldrich: "For reasons that you will readily understand I have given my letter the appearance of

³⁴ Aldrich Papers, reel 43.

³⁵ Aldrich Papers, reel 43.

being addressed to Dr. Andrew, with whom I have often exchanged letters of this kind, and I refer, for safety's sake, to a discussion at Columbia [University] concerning my plan, while, of course, the more recent scheme is meant." Enclosed with that letter was a document that explained the entire first draft of the Federal Reserve Act, all done in secret.³⁶

As we know, Aldrich was among the caravan of Wall Streeters that went off to Jekyll Island just days after these correspondences. Upon his return, he received two death threats on December 19, 1910. Both from 149 Union Street in Chicago, one from "The Red Circle" reading, "Sir, Can you offer any valid excuse or defense why you should not be assassinated?" and another (in what looks like the same hand writing) from the "Committee for Execution" which urges Aldrich to "Read the article published in Wilbur's Magazine: 'What will the country lose if such creatures as Nelson W. Aldrich were assassinated?'"³⁷

Upon Aldrich's return, two interesting things happened. The first had to do with the earlier request of Frank Vanderlip to open foreign branches of U.S. banks in other countries. From December 20, 1910 to January 24, 1911 a deluge of letters came in to Aldrich's office. These letters were all addressed to the Secretary of State, Philander Chase Knox. It appears that Knox forwarded them to California Senator Frank P. Flint, and then Flint forwarded them to Aldrich. Every letter regarded a given county's regulations on the founding of foreign banks on that country's soil. In every case, the option was affirmative, and every letter was signed, "Your Obedient Servant," followed

³⁶ Aldrich Papers, reel 43.

³⁷ Aldrich Papers, reel 44.

by signors, M. Beaupre, Charles Campbell Jr., William Lawrence Merry, Charles Paige Bryan, Ronald B. Harvey, Henry Lane Wilson, and many more. Within less than five weeks after the return of the members of the Jekyll Island summit, the inquiries regarding the possibilities of opening U.S. bank branches in foreign countries came in from Spain, Greece, the Netherlands, Switzerland, the Dominican Republic, Belgium, Mexico, Turkey, Serbia, Brazil, Honduras, Venezuela, Romania, Haiti, and Cuba.³⁸

The other occasion worth noting that happened after the meeting was the fact that Aldrich returned to Jekyll Island with J.P. Morgan just weeks after the initial secret visit. Morgan and Aldrich were close. The two had yachted together a few months before the Jekyll Island meeting on Aldrich's boat during a "purely social" meeting with them and Charles D. Norton, of George F. Baker's First National City Bank of New York, and George Peabody Wetmore.³⁹ In August of 1914, just before the organization date of the U.S. Federal Reserve, Morgan and Aldrich's son-in-law, John D. Rockefeller Jr. both visited Aldrich at his summer home in Rhode Island. The Wall Street Journal documented the meeting and wrote of the three men,

One represents the largest personal fortune that was ever accumulated in the history of the world; one represents the leading American banking house allied with more transportation and industry than probably any other house in the world; and one represents more knowledge concerning the moneys of the world and the banking, business and industry of the world than is possessed by any other man.⁴⁰

Aldrich reported to much of his cohort that he had a bout with the flu and his doctor had ordered him to go to the southern states and seek a warmer and more relaxing

³⁸ Aldrich Papers, reel 44.

³⁹ *Wall Street Journal* "Personal" August 11, 1910. P 8.

⁴⁰ *Wall Street Journal* "Visit to Ex-Senator Aldrich" August 20, 1914. P.7.

climate. He received “get well” notes from many politicians and businessmen, including President Taft, Frank Vanderlip, Henry P. Davison (of J.P. Morgan & Co.), and Paul Warburg.

However, it was a letter from his son-in-law that proved he went back to Jekyll Island. John D. Rockefeller Jr. wrote to Aldrich that he had enclosed a copy of the periodical, *SURVEY* of January 14th which contained an editorial by Doctor Edward Devine on the Rockefeller Foundation, also one by Mr. Robert W. DeForest (director of the Metropolitan Museum of Art), and that he and his wife Abby were “...happy to think of you and Mrs. Aldrich in such a charming and restful place.” The letter was dated January 17, 1911 and addressed to, “Hon. N.W. Aldrich, Care Mr. J. Pierpont Morgan, Jekyll Island, Georgia.”⁴¹

Incidentally, Devine was a friendly critic of the Rockefellers, and when they applied to set up the Rockefeller Foundation, many other critics denounced the family and their business tactics. One referring to the foundation as a “Trojan Horse, laden with menace to democracy.”⁴²

What makes this second trip worth noting is that when Aldrich and Morgan returned from the island, Aldrich’s secretary, Arthur B. Shelton, sent out this letter to the heaviest hitters of the entire U.S. banking community, covering all corners of the country, on January 31, 1911 via telegram, postal, and Western Union:

Senator Aldrich requests me to ask if you can meet with a few other prominent bankers at the Marlborough-Blenheim Hotel, Atlantic City, on

⁴¹ Aldrich Papers, reel 44.

⁴² Sealander, 220.

the afternoon of February tenth next, to consider his outline for a plan for monetary reform. Probably two or three days will be required for the purpose. He regards it as essential that you should be there, and very much hopes you will be able to do so. It is desirable that no publicity be given this meeting; and he therefor suggests that for the present it be treated as confidential. Please wire reply to me at the Senate Office Building, Washington, D.C.

The letter went out to:

Hon. Edward B. Vreeland

Hon. A. Piatt Andrew

F.A. Vanderlip, Esq., President National City Bank, New York City

A. Barton Hepburn, Esq., Chase National Bank, New York City

Paul M. Warburg, Esq., William and Pine Streets, New York City

H.P. Davison, Esq., 23 Wall Street, New York City

D.G. Wing, Esq., First National Bank, Boston

W.A. Gaston, Esq., National Shawmut Bank, Boston

C. Stewart Patterson, 1000 Walnut Street, Philadelphia

S. Wexler, Esq., Whitney-Central National Bank, New Orleans

James S. Forgan, Esq., First National Bank, Chicago

George M. Reynolds Esq., Continental and Commercial National Bank, Chicago

J.J. Mitchell, Esq., Illinois Trust and Savings Bank, Chicago

Charles H. Hutting, Third National Bank, St. Louis

F.J. Wade, Mercantile National Bank, St. Louis

E.F. Swinney, First National Bank, Kansas City

F.O. Watts, First National Bank, Nashville

Stoddard Jers, First National Bank, Los Angeles

Judge J.W. Lusk, National German-American Bank, St. Paul

F.M. Prince, First National Bank, Minneapolis

A.L. Ordean, First National Bank, Duluth

J.T. Scott, First National Bank, Houston

N.H. Latimer, Dexter-Horton and Company, Seattle

J.W. Hellman, Wells Fargo Nevada National Bank, San Francisco

Joseph A. McCord, Third National Bank, Atlanta

Luther Drake, Merchant's National Bank, Omaha⁴³

By the time Aldrich died, he had amassed an estate worth about \$30 million.⁴⁴

With all the corruption and scandal surrounding Senator Aldrich's career, perhaps he still stood as a man of the people. He obviously represented himself and his wealthy Wall Street and industrialist friends as a U.S. Senator, but maybe he also had the interests of his voting public in mind. It is possible to gain enormous wealth, and still do the right thing as a public servant.

He used his political career to make himself a multi millionaire and make his mega-wealthy puppeteers the financial rulers of the country. But, what of the working class? Did Aldrich represent the vast majority of his Rhode Island constituency? Did he do what was best for the middle class citizens of the United States of America as an elected official, despite his relationships with the corporate and banking elite? An examination of his voting record may answer these questions: From October 1881 to March 1911, Senator Nelson Willmarth Aldrich missed 2,121 of 4,807 roll call votes. This represents 44.1% of all the voting that took place during his time in office. The

⁴³ Aldrich Papers, reel 44.

⁴⁴ *Wall Street Journal* "Estate of Ex-Senator Aldrich Estimated at \$30,000,000" June 4, 1915. P.2.

median of votes missed among the lifetime records of senators serving while Aldrich was in politics was only 26.1%. To put that into today's perspective, the current U.S. Senator with the worst voting record of acting senators is republican Sen. Mark Kirk of Illinois at 32.1% votes missed. Most of them were due to illness.⁴⁵

Various senators represent various divisions and subdivisions of the colossus. But Aldrich, rich through franchise grabbing, the intimate of Wall Street's great robber barons, the father-in-law of the only son of the Rockefeller; Aldrich represents the colossus. Your first impression of many and conflicting interests has disappeared. You now see a single interest, with a single agent-in-chief to execute its single purpose – getting rich at the expense of the labor and the independence of the American people.⁴⁶

⁴⁵ www.Govtrack.us/staffreports.

⁴⁶ Phillips, David Graham. "The Treason of the Senate: Aldrich, the Head of it All" *The Cosmopolitan* (March, 1906).