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Rudolph Spreckels: A Business Reformer

IT IS important to know Rudolph Spreckels. He is a businessman. He never has been anything but a business man. He did not go to college and, except for some interrupted private schooling and tutoring, all the education he ever had was in business. That was thorough and practical. It began when, as a boy, he sat, silent, listening to his father and older brothers talking business at home. And he caught the spirit of modern business. His boyish ambition, confessed to the amusement of the family, was to be a millionaire. That was all. He didn't mean to run a locomotive, find the North Pole, write a sonnet, or set the world on fire. He didn't dream even of the management of some great business. No, young Rudolph looked past the work to the end thereof; he was "for results." He wanted millions. And he succeeded; before he was twenty-six he was able to retire a millionaire, self-made.

Certain events in the business world called him back to life in a year or two, and—to get to the point—this rich young man of business went in for political reform in his city. That alone is important, but that doesn't half express Rudolph Spreckels's mind. He has said that he will devote the rest of his life—and, if need be, his fortune—to reform: general reform. For when he has "made good" in San Francisco, he proposes to try some other cities. New York attracts him; so do Chicago and Denver.

New York will arch its brows and smile; Chicago may laugh. But Rudolph Spreckels has tackled big men and big jobs; he never has failed; he is unlicked. He has "hate of hate, scorn of scorn." He doesn't care who laughs first. With his quizzical, winning smile, he says:

"I don't care who sneers in the beginning, or who doubts. I don't doubt. I fix my eyes on a purpose, and I'm sure of the end."

It won't do to waive this man lightly aside. He has health and youth, will-power, and persistence, and ability. This young captain of industry is the kind of man that has done so much evil in this country. He was born and bred to the type that has built and robbed railroads, "made" and unmade states; corrupting business and courts and governments, but accomplishing its end. When the goal of such a man is the creation of a monopoly of all the food or all the oil or all the steel in our world, we take him seriously too late. I think that Rudolph Spreckels—capitalist, bank president, captain of industry who at thirty-five has devoted his knowledge of men and business methods good and bad; his patient impatience; his talent for organization and his executive ability to reform in the united cities of America—such a man is worth our study.

At any rate, he is the political ideal of the business world. All over the country I have heard business men say that what we want is some good business man who will apply good business methods to politics and government and give us a good, businesslike administration. The efficacy of this solution is dubious, but never mind. Here we have the business men's dream come true; here we have the business man "sacrificing his money and his still more valuable

time” to the public service. How do business men receive the devotion of Rudolph Spreckels? Do they like and applaud and support him?

No. Business men do not like and applaud and support Mr. Spreckels. They denounce him and they oppose him and they oppose his reform. The leading business men of San Francisco hate and vilify him, and they oppose his prosecution of criminals. They and their organs fight on the side of graft against this young business man who has gone in for politics. And not only the San Franciscans; the business men of the East, and especially of New York, have turned their newspapers against him. And Mr. Spreckels smiles; he expected all this. Why?

There was no doubt about the badness of politics in San Francisco. “Labor ruled there,” and the business world has been “long” with pity for “poor old Frisco.” Why then this opposition of the San Francisco business men to Mr. Spreckels? What do they say against him? Not very much. They attribute political ambition and, in the same breath, a business motive to his efforts for political reform; they say he wanted a street railway franchise and sought to “get in on” the United (Street) Railways of San Francisco. Patrick Calhoun offered him an interest in that company, and Spreckels declined it; and he has promised publicly that he will never own, directly or indirectly, a share in any public utility company and that he will take no office in the city government. Nothing has been produced from his business record against him. That must be well known, and since it was a record of “success,” I expected to hear of sharp deals and queer turns; but, no, nothing of the sort. Mr. Spreckels must indeed be a good business man. You will hear, as I did, that “Spreckels got a lot of people into a railroad and then sold it out to the Santa Fe.” That is true. Spreckels did that, but not Rudolph Spreckels. That was an act of his father, Claus Spreckels. Again, they asked me if I didn’t know that the public utility system of San Diego was a Spreckels monopoly. I did, but I happened to know what many Californians seem not to know, that the Spreckels of San Diego are not Rudolph, but a brother of his and a personal enemy. Claus Spreckels is interesting; the whole Spreckels family may be well worth knowing, but most of them are in business or private life. Our subject is Rudolph Spreckels, the business reformer; not his family except as “blood will tell.”

The Spreckels family is an institution in California and, generally regarded as a unit, is not popular. The Spreckelses fight. They fight hard. But they don’t fight together. They are not a unit. The family fights inside as well as out, and not all the members speak to one another. They differ among themselves in character, tastes, methods, purposes and, apparently, in morals. All they seem to have in common is a certain aggressive independence. They are in business what Labor would call “scabs.” They work by themselves and each by himself. They play with others, and the family “stands well” both downtown and up, but there is more fear than affection in their social and financial reception. They are a family of individuals, and individuality is offensive not alone to organized labor; organized capital hates it, too. And the Spreckelses are capitalists.

Claus Spreckels, the sugar magnate, was the head of the family. A German peasant, he came to this country when he was about eighteen years old, with two German thalers in his pocket. But he had the capitalist’s instinct in his heart. After clerking one year in a grocery store, he bought the business on credit; and he extended both. In a few years he sent home to the village next to his for the young girl who became the mother of his family.

The Spreckelses moved to California in 1856, opened a grocery store in San Francisco and extended the business. Seeing that there was money in beer, Claus Spreckels built a brewery. Seeing that there was money in sugar, he built a refinery. There were other refineries; Claus Spreckels beat his competitors, but when the American Sugar Refining Company came along

and, buying them up, offered to buy him out or, as Labor says of “scabs,” “beat him up,” he fought. And he fought not only in self-defence—he took the offensive; he built an independent refinery at Philadelphia and, carrying the war thus into the enemy’s own field, Claus Spreckels compelled a division of the territory, the Pacific Coast, for his. Because of a personal affront by the president of the Gas Company in San Francisco, he started a rival concern and he marked down the price of gas so low that it never did get all the way back. And because he was dependent in business on the Southern Pacific Railroad monopoly, he did not “lie down”; he helped build that competing line which became a part of the Santa Fe system.

“He sold out,” they say. Yes, he sold out, but at his price, and he never “stood in”; he never was “satisfied,” “safe,” “reasonable.” And that’s why “they” are down on Claus Spreckels. If he had been “satisfied” with his grocery-store, he might have become a patient grocer. If money was all he was after, he might have been a rich brewer. If he had been “reasonable” with the sugar trust, “fair” to the gas company and had stood “in” with the railroad, he might have become an “organized capitalist” and a dummy director in these and in many other businesses. But he must dominate whatever he took part in. Impatient, implacable, ruthless, his “Dutch obstinacy” made him fight, and the result was that Claus Spreckels was a captain of industry, retired, but victorious; not only rich, but an independent financial power. You hear that his methods were—those of big business. I don’t know anything about them, nor do I care. It isn’t the father that is trying to clean up San Francisco, it’s the son.

And Rudolph Spreckels is the son of Claus; not only of his loins, but of his spirit. He was the eleventh or twelfth child; he couldn’t recall which, offhand, and it does not matter, for now he is the first. This masterful father tried to dominate his masterful son, and they clinched. It was a long, bitter business fight and, in the course of it, Rudolph Spreckels discovered that there is such a thing as Organized Capital. He learned that a financial power like Claus Spreckels can close all the banks and shut off credit to his “scab” enemies. But Claus Spreckels learned some things, too, among them the character and resources of his own son.

“I never was beaten but once in my life,” he is quoted as saying not long before his death, “and that was by my own boy.”

This sounds like pride, and it was known in financial circles downtown that when the head of the Spreckels family went away, he left his affairs in the hands of Rudolph, his eleventh or twelfth child, the president of the First National Bank.

Rudolph is only thirty-five years old, but he began his career early. He was, like Roosevelt, an asthmatic child, and when the attacks were upon him he used to go off by himself on his pony, seeking relief “on the ranch” or in the woods. When he first disappeared in this sudden way, the family was alarmed, but as he continued to do it, no further protests were offered. Self-reliant by birth, this boyish practice developed that trait in him, and some power of reflection, too. For solitude is good for the mind. But Rudolph could not go regularly to school, and his progress seemed to be irregular and aimless.

When he was seventeen, his father walked into the library one day and bade him choose on the spot one of three courses: college; a trip around the world with his tutor; or business. Rudolph chose business on the spot. And, on the spot, the father directed him to go to Philadelphia and help his brother, Claus Augustus, run the independent refinery that was fighting the Trust. The boy went and, advanced rapidly from department to department, he learned early the principles of business and the lack of them.

Young Rudolph saw machinery destroyed by his father's employees. Sticks, stones, tools were thrown in among the parts, which were broken, of course. Watching, the boy caught the vandals and learned that they were bribed by agents of the Trust to do what they did!

He saw, in the morning, pans of sugar spoiled during the night. Staying up one night, the boy tried to find out who was to blame, but he saw no workman neglect his duty. Nevertheless, in the morning there was the same old trouble with the vacuum pans. Rudolph discharged the night superintendent, and, taking the place himself, filled it for four to six months, and he did the work well or, at any rate, honestly. No more sugar was spoiled at night.

In the course of this fight, it became manifest that the Trust knew the secrets of their rivals' business. They seemed to have each day the exact condition of the independent's stock, orders and finances. There was a period of mystery till suspicion settled upon the chief accountant. Shadowing him, they saw him copy the figures and take them to a certain cigar-dealer, who carried them in the morning to the Trust.

Thus it was that before he was twenty years old, Rudolph Spreckels learned at first-hand that capital "throws bricks"; that it "destroys property" and "hurts business"; and that it bribes men, not alone in politics, but in business. This schooling did not make a cynic of him, however, nor a "crook." He fought these methods, and he beat them and the Trust.

At one great crisis in the fight, when his brother Gus was away sick, Rudolph carried through a coup which is remembered yet in the trade. The Spreckelses were overstocked with sugar; all their warehouses were filled; great purchases of raw were coming forward and, because the price was being cut every few days, the dealers were living from hand to mouth. One night Rudolph (age eighteen, remember) told his city and outside salesmen to meet him the next morning at seven o'clock. When they reported, he bade them wire all brokers that sugar was to be advanced 1-16th of a cent a pound. The older men were aghast. What if the Trust kept the price down?

"Never mind," said the boy. "Say we will fill immediate orders at the old price, but after that —"

The orders came in with a rush. Rudolph watched the Trust. He knew that he had this advantage: he was in command in his refinery. In the Trust the principals were probably away from town or not yet up; subordinates were in command, and subordinates cannot take chances on losing their jobs. They would hardly dare take the initiative and keep prices down. So he reasoned, and he was right. The Trust followed Rudolph Spreckels's lead, and three times that day he advanced the price. And he sold out all his stock and all that he had in sight. The cutting of prices was resumed, but once again the boy beat the Trust by this same trick. And so, before he was twenty, Rudolph Spreckels measured himself with great captains of industry and— became sure of himself.

At any rate, he was bold enough to fight his father, and he knew what that meant. This quarrel, alluded to above, broke out during their struggle with the Trust. On one side were Gus and Rudolph; on the other, the father and his other sons. It was a general business row at first, but as it grew the Spreckels sugar plantations on the Hawaiian Islands became the bone of contention. A losing business, Rudolph visited them; he saw neglect, mismanagement, extravagance and stealing, and he declared that the plantations could be made to pay. He and Gus bought them; Rudolph took charge and, cutting out the graft and introducing method and discipline, was getting things on a paying basis, when a crisis occurred. They needed more time and money. The rest of the family wouldn't give them either. Very well, Gus and Rudolph would borrow of the banks. Their security was good, the plantations were sure payers, but the banks refused any "

accommodation.” The young men went from one bank to another till they realized that there was an understanding among these Organized Capitalists; the word had been passed not to let the two Spreckels boys have a cent. For a while they stared at ruin, but they hustled around and finally found a private capitalist who backed them; and they made good. They sold the plantation at a price which netted them a fortune each.

Rudolph thought he was through with business. Investing his money in real estate and gas stock, he retired to the country and, content with his rents and dividends, was neglecting his duty as a stockholder to develop a beautiful estate in Sonoma County, when bad news came. His father had started the gas war in San Francisco. It seemed that the gas works were blowing smoke in the old man’s windows. He protested, in vain, and one noon at the Pacific Union Club he met the president, Joe Crockett.

“Look here, Joe,” he said, “I’ve had enough of that smoke of yours. You’d better do something.” “The Club is no place to discuss business,” said Crockett, and he turned on his heel and walked off. Claus Spreckels was amazed, and angry. “I’ll make you regret this!” he said, and in twenty-four hours he had organized the Independent Gas and Electric Company. Rudolph Spreckels knew that a fight with Claus Spreckels meant economy and able management for the old company. Gas was \$1.25, and the Independent proposed to sell it at 75 cents. When Rudolph saw his stock drop from 85 to 60, he came to town to attend to his duties as a stockholder and to learn what graft is in business; and what politics is in business; and what the relation of said business corruption is to political corruption.

Rudolph Spreckels made some swift, superficial inquiries about the gas company, and he heard that it had a big floating debt. There were other signs of neglect in the management, yes, and of inefficiency. The directors were all “leading citizens,” “prominent business men,” “veterans in finance.” They were just the sort of men that business men would put upon a board of aldermen or supervisors to give good business government. Yet this young man found that these picked business directors were neglecting their duty to him as a stockholder, very much as his supervisors neglected their duty to him as a citizen and property holder. And that wasn’t all: the company wasn’t earning the dividends it was paying to him! Why? The price of gas was high enough; gas companies elsewhere earned big dividends at a much lower rate, and his father was proposing to reduce the price from \$1.25 to 75 cents. Young Mr. Spreckels couldn’t get answers to his questions from the officers and directors; they wouldn’t listen to him. So he did as reformers do in politics; he appealed “to the people,” and the people heard him gladly. In other words, the stockholders to whom he addressed a circular elected Rudolph Spreckels to the board of directors. Then he found out what the matter was.

Those respectable old business men on the board were dummy directors. They took orders like our dummy legislators, and, like these despised politicians, were organized by a boss who ran this business as our political bosses run cities and states, inefficiently and dishonestly. Mr. Spreckels sent to Chicago for a chief accountant; and he sent so far because he needed a man who would be free from local reverence for the standing of the officers and directors of the San Francisco Gas Company. He feared “pull” and “corruption.” And the Chicago man came; and he soon was keen on the scent. He became excited. He was on the track, he told Mr. Spreckels, of “something sensational.”

“Go ahead and get it!” Mr. Spreckels ordered.

“But, no”; the accountant said it was so big that he must first have a talk with his Chicago chief about it. The Chicago chief came; there were a few days of mystery, then the accountant and his chief both left the coast together.

“I never got that something big,” Mr. Spreckels says now, with a smile. He wasn’t balked, however. He put other investigators to work and, though they found nothing “big,” they did find something small, very small. Besides general confusion, mismanagement, unearned dividends and inefficiency, there was graft. The directors got gas, electric light, gas ranges, coke, and other supplies free. That was their price, perhaps. That was the way the boss, Joe Crockett, bribed them, but the business boss had another political method of control. He gave places to relatives and friends of the directors and other influential men. The payroll was “padded” like a city payroll, to make jobs for persons with pull.

How can business men despise politics so? How can they pretend to dread the inefficiency, the pulls and the graft of public ownership of public utilities, when they know that this San Francisco Gas Company is a typical example of “private” or business management of this class of business? And Mr. Spreckels didn’t find out for whom and for what Joe Crockett wanted to run the company; but the rest of us have. We learned in the life insurance and railroad investigations what that “something big” is.

Mr. Spreckels was busy. He reported to that board of directors what he had discovered, and he suggested that they cut out all this “dry rot”—the financial term for corruption. There was a scene. There was just such a howl at this reform in business as there is in politics, and more hypocrisy. Those old directors were indignant. To think that they, gentlemen, men of business standing and years of experience, were to be insulted and dictated to by a boy of twenty-eight! He should learn that he couldn’t dominate them. They were having troubles enough from one Spreckels already; they wouldn’t put up with another “in their midst.”

But that boy of twenty-eight was, indeed, a Spreckels. Independent, willful, he was sure of the end. He had the facts. He appealed again to the stockholders, who, like him, had been allowing themselves to be voted by “the party in power.” He reported to them the condition of things and, offering a ticket in opposition to the regular ticket, he won. Enough of Spreckels’s directors were elected to give him control. He did not take the presidency. Because his father was fighting the company, he put up W. B. Bourn for president, but Rudolph was boss. And he cut off more than \$300,000 of useless expenses (graft, politics, and inefficiency) in the first year!

It was while he was in control of the gas company that young Spreckels got his first insight into the government of the city. He found upon the padded payroll a man employed at \$500 a month to collect the bills against the city for public lighting. Inquiring why, Mr. Spreckels was told that “this arrangement facilitated” the collections; that the collector was a politician, with a following and a pull; he could get the money without delay, and—besides—was “useful in many ways.” Mr. Spreckels understood. He discharged the man.

“What was the result?” I asked Mr. Spreckels, when he told me of this incident.

“Some delay; that was all,” he said.

One day an employee brought Mr. Spreckels the bill for gas furnished to the city gas inspector. This official had always ignored his bills and the company had never cut off his gas. What would Mr. Spreckels do about it?

“Treat him like anybody else,” was the answer. When Mr. Spreckels told me of these incidents, I explained to him that such things happened in most cities; that this was part of what business men called political blackmail; that business men, especially those in public service corporations, commonly submitted to and excused this corruption on the ground that, to protect the interests of their business and stockholders, they “had to.” They were “held up.”

“What do you say to that, Mr. Spreckels?”

“I say that you don’t have to be blackmailed, even if you are in the public service business. A little backbone is all that is needed unless you want things you shouldn’t have.”

“And that is true even as against a Labor government?”

Mr. Spreckels smiled. He knew that the “Labor” government was no more “labor” than the Republican party was “republican” and the Democratic party “democratic.” He knew that the boss and the leaders of the Labor party, and the officials of the Labor administration, were willing to sell out their followers and the city to capital. And this he knew at first-hand. Soon after he and the Labor boss came into power, Spreckels in the San Francisco Gas Company and Ruef in San Francisco, they met. Mr. Spreckels has told under oath the story of that meeting. He says:

“Ruef was brought into my office by Mr. Charles Sutro and introduced and left there, and he stated to me that he thought he had legal ability and could be of service to the corporation ‘otherwise.’ He suggested that he be employed as counsel for the company.”

To have the political representative of Labor offer to represent a “hated capitalistic” corporation shocked Mr. Spreckels, the capitalist, no more than it did citizens or the workingmen themselves. That was old and, as newspaper men understand, it is news, not evil, that stirs men. Mr. Spreckels declined Ruef’s offer, but let it pass without a protest. When, however, a little later, the boss came back and proposed to him to use organized Labor as a “capitalistic club” in the interest of a capitalist, Mr. Spreckels was aroused. That was news. Mr. Spreckels has recounted this experience also under oath:

“Mr. Ruef called on me at the time of the issuing of the city bonds,” Mr. Spreckels’s affidavit reads, “and he asked me to get up a syndicate for the purpose of taking them over. He said it could be guaranteed that the bonds would be sold to my syndicate. I asked him how he could possibly guarantee such a thing when it (the bond issue) was open to public bidding. Ruef said that was easy. They could call a strike on the streetcar system of San Francisco, and with every streetcar line tied up, he would like to see the capitalists or bankers, other than the (inside) syndicate, that would bid.”

That was the incident which fixed the determined mind of Rudolph Spreckels upon political reform. His present enemies—business men who cannot conceive of a business man taking part in public affairs except for a business motive—date Mr. Spreckels’s interest in his city from 1906, when, they say, he failed to get a certain street railway franchise that he wanted. But this bond issue experience was two years before that, in 1904, and from his interview with Ruef that day, he went straight to a luncheon where to several men of his acquaintance (who remember) he told the story and declared he was going to employ detectives, investigate the government and present evidence to convict the men that ran the city and Labor. He talked to others about it. Professor Loeb, the biologist, recalls that Mr. Spreckels talked of his plan to him on an overland train in September, 1904. So there are witnesses for those who doubt, but I happen to know from conversations with Older and Heney in Washington, before the franchise matter came up, that Spreckels was the man who was to back their investigation in San Francisco.

The franchise matter is, however, a most important incident in the development of the public character, interest, and ideas of Rudolph Spreckels; and, likewise, in the history of the corruption and reformation of the city. Brown Bros., bankers, of New York, managed the consolidation of the San Francisco street railways. These had been held separately by the Southern Pacific crowd and by other groups of capitalists. As the earnings increased, the fare had to be reduced, higher dividends paid, or the stock watered, and, of course, the stock had been

watered. The consolidation meant more watering, and the result was a capitalization amounting to several times the cost of construction.

This over-capitalized consolidation was taken over by Mr. Patrick Calhoun, of New York, Cleveland, St. Louis, and Pittsburgh. And genial San Francisco merchants, in conversation with me, sympathized with this very charming gentleman, "because," they said, "he really was cheated by our Mr. Huntington." But Mr. Calhoun has left everywhere the reputation of a very astute financier; he probably knew what he was about; he knew how he could make San Francisco pay dividends on his watered stock. At any rate, he added about one-third more water.

His scheme was to take out the old cables and put in the overhead trolley. He knew how people object to that system, but in an easygoing community like San Francisco and with a "Labor" government, anything should go. He was so sure of success that he recommended his stock to his friends and to the bankers who direct the investments of widows and orphans. Moreover, he filled solid with cement some of the cable conduits, which might have served for the underground wires. Mr. Calhoun was sure of himself and of San Francisco.

But one day, while the scheme was fresh, Rudolph Spreckels was invited by Charles Page, an attorney, to join with some other property owners on Pacific Avenue to consider the proposed overhead trolley. He went to the meeting and he heard them decide to oppose the change as to Pacific Avenue. A petition to the supervisors had been drawn to that effect. Mr. Spreckels remonstrated. He said that he, too, objected to overhead wires, but he thought it wasn't right to fight for their own street in the interest of their property alone.

"I don't want an overhead trolley in front of my property," he said, "but I suppose that other people don't want it in front of their property, either. Certainly the city's supervisors should treat all streets alike, and we shouldn't ask them to favour us particularly." He moved that they oppose the overhead trolley on the whole Sutter Street (cable) system. That was agreed to; the old petition was torn up and a new one drawn. Solicitors were engaged to get signatures, and with 75 percent of the property-owners' names upon it, the paper was presented to the board of supervisors. And the supervisors refused the grant. But this was the old, so-called Phelan Board, which held over into the Schmitz administration. In 1905, when "Labor" came into complete control, the outlook for Mr. Calhoun and his street railways was better. It was known that the "Labor" supervisors would sell out to "Capital." And it was supposed that, of course, Capital would sell out to Capital.

The United Railways Company tried to "get" Rudolph Spreckels. I mean that Patrick Calhoun offered Rudolph Spreckels a bribe. Let me hasten to add that business men may not call it bribery; such as Mr. Calhoun would call his proposition to Mr. Spreckels "business"; and it was "business." But one of the evidences that have gone to persuade me that the ethics of American politics is higher than the ethics of business, is that this typical piece of business would be called bribery and corruption in politics, even by the low-down politicians themselves. They might take the bribe, but they would take it knowing that it was a bribe.

The company tried "reason" first. Arthur Holland, the then president of the United Railways, and Chapman, the general manager, called upon Mr. Spreckels. He had become the head and front of the opposition, and they asked him to withdraw. His reply was that he had read all the published arguments of the company against underground trolleys. There was nothing in them, he said, and he asked if they had any others. They said no, that the engineering impossibilities were all they had to offer. There were some sixteen deep depressions on the proposed lines, and in the rainy season these could not be drained.

"That, then, is your only reason?" Mr. Spreckels asked.

That was all, they said.

“There is no other?” Mr. Spreckels made sure. “You don’t mind the difference in cost?”
Not at all; they were sure.

“Very well,” Mr. Spreckels said. “Then I have a solution. I will put drains on the present (cable) conduits, and keep them dry. I will keep them so dry that you will yourselves admit that they are dry. But, if I do that, I shall expect you to install the underground trolley in those conduits.” They refused this proposition, and Mr. Spreckels told them why.

“You haven’t given me your real reason, and I will continue to fight.”

Then came Mr. Patrick Calhoun talking “business.” There were three meetings. The first was a general, pleasant chat at the Bohemian Club between Messrs. Calhoun, R. B. Hale, James D. Phelan, Rufus B. Jennings, and others. They couldn’t get very far without Mr. Spreckels, so he was sent for, and Mr. Calhoun soon saw that Spreckels was the man. He was keen, firm, amiable, but not to be charmed or fooled. Evidently Patrick Calhoun made up his mind then to “get” Spreckels, for, after the meeting, he asked for a second meeting with him alone.

They met at the Canadian Bank and went to a private room in the Mercantile Club upstairs. After some preliminaries, Calhoun offered to modify his overhead trolley plans to this extent: he would except Pacific Avenue. That was the street on which Spreckels lived. Mr. Calhoun would leave the cable there for the present, at least, and, if he ever did apply electricity to that line, would use the underground conduit. Mr. Spreckels understood the proposition perfectly, as his reply showed. He said that no concession to him or to his street could break his allegiance to the other property owners. Mr. Calhoun went away disappointed. But he tried again.

The third meeting was again in the Canadian Bank building, and Mr. Calhoun had a witness present, his brother-in-law and manager. Mr. Spreckels had none, so I must be careful. Mr. Spreckels says that Mr. Calhoun explained that he couldn’t put in conduits all over the city. But he could put in some, and he told where. Also, however, he would tunnel the Powell Street hill and make Powell and Sutter the most valuable transfer-point in the city.

“Is that because I own property at that point?” Mr. Spreckels asked.

“Why, no,” Calhoun answered. “Are you interested? I didn’t know that.”

Besides this offer, Mr. Calhoun bid to remove street-cars altogether from Pacific Avenue and take the parallel street, Broadway. That would make Mr. Spreckels’s street more attractive, and as for the convenience, Mr. Spreckels and his friends used automobiles and carriages. And Mr. Calhoun went on to tell Mr. Spreckels in a very flattering way that he was the kind of man he wished to have with him, and he suggested that Mr. Spreckels take a stock interest in the United Railways. Mr. Spreckels put the whole business aside with a reference to “people that didn’t live on Pacific Avenue and did not ride in automobiles and carriages.” He was quiet about it, but he understood it. He was being offered personal inducements to betray the other property owners with whom he had associated himself and of whom he was the leader; the price held out to him was expected to bribe him over to the side of the United Railways.

“Did you understand this to be bribery?” I asked Mr. Spreckels.

“Of course it was bribery,” he answered. “Bribes aren’t always offered in cash, and corruption isn’t confined to politics. Anything that tempts any man from what he thinks to be his duty is corruption.”

Mr. Spreckels resisted the temptation easily. He told Calhoun, as he told Calhoun’s predecessors, that he would fight, and he went out and organized a company to build and operate an underground trolley line in Bush Street. That is the offence charged up to him by his fellow-

capitalists now. At the time he proposed his scheme it was not regarded as bad. On the contrary, it was spoken of as public-spirited. It was perfectly understood then that Rudolph Spreckels sought only to prove on Bush Street that the underground trolley was feasible. He expected to incur no loss; he must make the road pay to prove his point. But there was to be “no big money in it,” either. One of the terms stated in the papers and to be fixed in the franchise grant from the city was an agreement that the city was to take over the plant at cost plus interest, at any time it pleased after the demonstration had been made. The scheme was conceived neither as a self-sacrifice nor as selfish; it was only a weapon made for a particular fight, the fight for the city beautiful as against Patrick Calhoun and dividends on the watered stock of the street railway company.

But the earthquake knocked that weapon out of Rudolph Spreckels’s hand. The articles of incorporation were filed a day or two before the disaster of April 18, 1906, and Rudolph Spreckels, invited by Mayor Schmitz to join the Committee of Fifty that was to rehabilitate San Francisco and govern it, at last, as it should be governed, by its best citizens in its own best interest, as a community of men and women Mr. Spreckels left his company in the air and devoted himself to this bigger, finer task. And he was absorbed for a while. It was an inspiring spectacle, that of those fifty leading men leading a whole city of men and women in the work for the common good. But Spreckels was the first to see that the grafters smelt the graft and that the fifty, reduced to forty, caught the smell, whiffed, and dashed all together low politicians, high financiers, and dignified attorneys for the graft. Herrin was on hand; Harriman came flying to the rescue and to get his rails farther into the city. Calhoun came out to get, while the city was down, the franchise held up before but “arranged for,” and he got it. But Rudolph Spreckels saw now that the fight wasn’t with Mr. Calhoun; and neither was it with Schmitz and Ruef. It was with some sort of a big, general condition. So he went back to the big, general war he had planned with Heney and Burns—before the earthquake; before that franchise for Calhoun came up—his plan as outlined years before to his friends at lunch, the day Ruef offered to lend him Organized Labour to knock out Organized Capital and seize a bond issue. Rudolph Spreckels went on with his plan for such an investigation of the corruption in San Francisco as he had made and won in San Francisco gas.

That’s Rudolph Spreckels’s story, in brief. Can you see the man? Stress has been laid upon his youth and his self-reliance, his fearless readiness to fight. But there is an amiability about the man that is very winning. He is hard, hard as youth, both in conflict and in his judgments of men. “Are you with me?” he asked a friend, and when the friend began to “explain,” Spreckels cut him short: “Then you’re against me. That’s all I wanted to know.” And his friend didn’t like that; none of the men that know him do; Spreckels is so cold-blooded in opposition. But he is reasonable, most generous, and even charming as an ally. When Heney’s friends learned that he was “with Spreckels,” they warned him.

“Look out, Frank! You want to run yourself and all your own undertakings. So does Spreckels, and Spreckels will run this prosecution of yours. He must dominate.” “I know,” said one banker; “I’ve gone into business schemes with him, but I never do now any more unless I’m willing to have him be the whole show. It’s safe to let him—he is a master manager; but I found out that if anybody opposed him, he would bust the scheme, you, and himself rather than not have his own way.”

So Heney expected to have trouble with Spreckels, and the two have clashed sharply, as only two such men can. But Spreckels, aggressive though he is, and positive, is not quick tempered like Heney. He is serene and, when Heney storms, he waits. Heney is just and—he has

humor. So Spreckels smiles till Heney laughs. Then, whoever is right wins, and whoever is wrong doesn't care, for there isn't a petty trait in either of these men. If they ever fall out, it will be because they ought to, for the big difference between them is fundamental.

Heney is a democrat; Spreckels is an aristocrat, and an autocrat. Both of them have been too active all their lives to have thought out their philosophies to the definiteness of policy, and they should be able to go far together before they split. For they both are, and probably long will be, fighting what both of them detest, a rotten plutocracy, founded on class hate. But by and by, when they come to build up where they have torn down, either Heney or Spreckels will go asunder or Spreckels will go on learning what Heney knows by heart.

I say "go on" learning because I think I never have seen a man learn so fast as Mr. Spreckels has. That is why I believe in him. Since the first time I met the man, I have never doubted his integrity; nor the singleness of his unselfish purpose; nor his capacity to do great deeds. All the stated objections of his fellow-business men to this business man in politics are silly and all their real objections are nothing but the symptoms of the corruption of the commercial mind and its class-conscious folly. The trouble with Mr. Spreckels is that he is, like his critics, a business man and that his scheme for political reform is a business scheme.

He believes that all men are divided into two classes: good men and bad men. Anybody who has thought about actual life knows that there is something in the plea of railroad and public utility men, that they "have to" be bad; that there are certain businesses which no man can "succeed" at and be honest. But Mr. Spreckels has that great fault of the self-made man; he has learned not from the experience of others, but only from his own, and what he doesn't know isn't known. He is unacquainted with the literature and the history of politics and government; he has no economic enlightenment at all. He is truly a practical man, and his practical experience is exceptional. He knows that he, as a gas magnate, did not bribe anybody and that he didn't "have to." If you call his attention to the salient fact that he didn't make a "success" of gas; that he didn't "finance" the company, but only managed it in the interest of the stockholders, he smiles. "That is all any public utility man should be allowed to do," he says. So Mr. Spreckels proposes to put the bad men of San Francisco in jail. But what then? What is to prevent the generation of other bad men?

There is where Mr. Spreckels thinks his scheme excels all others. He knows it won't suffice to have Heney "put away" the few "bad men" Burns can catch. He knows that eternal vigilance is the price of good government. So he proposes, after this prosecution is over, to establish a permanent bureau, a staff composed of an expert accountant, to keep watch of the city's books, contracts, etc.; a detective to shadow forever the men in public office; and an attorney to receive, order, complete, and present the evidence in court. This has been done before, but never mind; it has never been done as Rudolph Spreckels is proving that he means to do it. There may be some objection to spying, but Mr. Spreckels says such a watch is the common, everyday practice in banks and in other business. So let that pass.

But what is to prevent Mr. Spreckels's accountant from "selling out"; his detective from "standing in"; his attorney from "taking perfectly proper fees" from other clients? The vigilance of Mr. Spreckels. He will watch his watchers. So it comes down, finally, to the character of Mr. Spreckels. That happens to be about as sound a foundation as any one man can furnish, but it is a one-man scheme. It isn't democratic. The democratic theory is founded on the expectation that self-government, by its very abuses, will tend gradually to develop in all men such a concern for the common good that human nature will become intelligent and considerate of others. That

sounds almost Christian, and it isn't business. In business the old autocratic practice prevails; one man is boss, and he runs everything and everybody.

That is why business men's reform movements seek to abolish or subordinate the board of aldermen and to concentrate all power in the mayor. They want a good, responsible king. And if they would only elect men who would be king, they might be satisfied, but the "good" business man they choose is usually of the sort that looks up to "big" business men; he has the prejudice of his class against the political boss, but when he discovers that this low-down politician is the mouthpiece of the high-up business men, he takes orders as well as the ordinary heeler. "Better," says ex-Boss Buckley, of San Francisco, who tried him out. Business men ought to elect a "big" business man mayor. Rudolph Spreckels is the very type. He wouldn't look up to anyone and no politician, no matter whom he represented, could get Mayor Spreckels to "take programme," as they say in the West. But big business men "despise politics" and scorn office-holding; they are too proud, or something, to "appeal to the people," and they have a class aversion to publicity. Mr. Spreckels, possessed of the virtues, has some of the faults of his class. He, too, despises politics; he told me he never had voted in his life; and he promises, with pride, not to take office. It is sometimes a duty to take office; it is as ridiculous for a citizen in a republic to boast that he won't as it would be to announce with pride that he will not go to the front in time of war. As for the fine instinct of your sensitive gentlemen for privacy, criminals have that. And as for rendering an account to the people, somebody has to; and Mr. Spreckels lets Heney issue the statements of the prosecution to the public.

Now I have shown, I think, why business men should be for Rudolph Spreckels. Why haven't I shown why real democrats should be against him? There are two good reasons: one is that while he has some of the faults of his kind, he hasn't all; he lacks those that are dangerous. The other is that he is getting over those that he has. His original idea was to let whosoever would nominate and elect whomsoever they pleased. But politics is interesting, and I noticed that Mr. Spreckels could not keep his hands off. He regretted it, but he had to help run the board of aldermen after the members confessed; and he had to help name a mayor when Schmitz was convicted. And in doing these things, he had to consider the wishes of the public, as he wanted to. Well, this was politics, and it was amusing to observe that Mr. Spreckels showed a native talent for the game. He says he won't, but he will play it, as he should.

And he will be boss. He thinks not, of course; he hates the word. We all do. But he will have the power. Since he is back of the prosecution, and will be back of his vigilantes, men do, and they will continue to come to him for advice. His advice may be good, and he may be, therefore, a good boss. But a boss he is and a boss he must be. But his scheme, like the whole idea of the San Francisco prosecution, is extralegal and unsafe.

Mr. Spreckels now, like any other boss, is working through agents: Heney, Langdon, etc. They are doing well; they may do better; but they may do something that Mr. Spreckels would not have done. Mr. Langdon may become jealous of his prerogatives; the mayor may adopt a policy that is repugnant to Mr. Spreckels, and yet not criminal. Mr. Spreckels will see then that he can't, and that he shouldn't, carry out his ideas, no matter how good they are, except in a legal office where he has himself the power and is, in his own person, responsible to the other citizens of the city, who should be free to elect or defeat him.

That means going to the people, yes, but Mr. Spreckels has learned something about the people. When I first met and heard him talk about "business," I said:

“But, Mr. Spreckels, business won’t help you. You’ll find, if you go far enough into this political corruption, that business graft is at the bottom of it. And when you touch that, your own class, the business men of San Francisco will go back on you.”

He smiled; he knew all that. But what he didn’t know, and what I saw him find out when his own class did go back on him, was that the people, yes, even Labour, would listen. Organized Labour, led by the same kind of selfish grafters that lead Organized Capital, held off like its capitalistic twin, but the rank and file were reasonable and capable of some little self-sacrifice. And Mr. Spreckels’s personal experiences were private, with a few men. He won’t address a crowd, but Heney does and he sees that Heney rarely fails to get a response from his juries and from “the masses” generally. Well, the masses decide in this country and their decisions are good, and the reason they are good is not because the people are better than their “betters,” but because they are disinterested. They are not in on any graft, so they can be fair.

But the best hope of Spreckels lies in this rare trait: he has mental as well as moral integrity. He has class prejudices, but they take a peculiar form. A capitalist, he can see the beam in the eye of capital as clearly as he can the mote in the eye of labour; and the only sense of class that he shows is in his real scorn for the workingman’s brick and the politician’s petty blackmail. He would let them go to get the big, real devilry of his own class, which is the source of our corruption, political, business, and labour, too. And he did.

Mr. Spreckels was fair. He gave his own class a chance. He passed the word in business circles that he was going after grafters; that he knew business men were held up; he argued that they couldn’t like to be held up and therefore would undoubtedly be glad to help expose and destroy the whole blackmail system. He invited the business men of San Francisco to turn state’s witnesses and help him “get” the politicians. But no business man accepted his hospitality. They all stood pat; some of them went on being held up by the politicians who did accept Mr. Spreckels’s invitation. For he sent it to them also.

And when they turned state’s witnesses, there was clamour downtown. A strike was impending, the car-men’s strike, and Spreckels himself has suffered from labour’s tyranny. “Everybody” wanted the unions smashed and Patrick Calhoun promised to smash them. No matter. A whole lot of leading business men, the very leaders of the city, were indicted for bribery or corruption and Calhoun was among them. Spreckels “went back on his class.” That’s what was said, and he was “cut”; his family was punished; his bank suffered a (rich depositors’) run. Spreckels was unmoved; he was getting publicity, but he took it. He called at his bank; lunched at “the” Club; and he appeared constantly in court. He was following the evidence.

This is all that is necessary. Let such a man as this, honest, fearless, young and open-eyed let Rudolph Spreckels but follow the facts; they will teach him the truth, and, no matter what the truth may be, he will tackle it; and he will tackle it right or quit. “And Spreckels can’t quit,” Heney says. “I don’t say he won’t; he can’t.”