

# THE PALIMPSEST

EDITED BY RUTH A. GALLAHER

VOL. XXVIII ISSUED IN DECEMBER 1947

NO. 12

COPYRIGHT 1947 BY THE STATE HISTORICAL SOCIETY OF IOWA



## A Yankee-Hawkeye

Back in the pre-radio days, before the chief executive of the United States could appeal to national public opinion in fireside talks or in more formal addresses, the ebullient, unpredictable Theodore Roosevelt found something of an equivalent in well-timed news releases in which the country was informed of proposed, often startling, changes in policies and personnel.

The White House headlines were truly impressive in these years, but few were more surprising than the official announcement of the appointment as Secretary of the Treasury of a lawyer-banker from Denison, Iowa, a rural county seat of about 2,800 inhabitants, hitherto known only as the center of an eastern land company's investments and as the home of one of the world's most famous breeders of Aberdeen-Angus cattle.

Leslie Mortier Shaw — the individual thus suddenly brought to a key position of political and economic leadership — had, it was known, just



completed two highly creditable terms as Governor of Iowa, he had been an active regional campaign speaker in 1896 and 1900, and he was a prominent lay leader in the Methodist Church. But he was not a recognized leader in national politics or in big business. The public, it seemed, had a great deal to learn about the new Secretary of the Treasury.

The future statesman and financier was a son of the Green Mountain State, born on November 2, 1848, two years after his adopted Commonwealth entered the Union. His ancestors were of thrifty, independent, God-fearing New England stock, notably interested in education. His mother's family provided teachers for country and village schools, and his father had been a teacher before he turned to farming. The boy completed his preliminary education in the People's Free Academy of Morristown, a designation that marked the transition from the private preparatory or finishing school to the many-purposed public high school.

According to well-established tradition, the young man's career was given direction by an academic exercise; he prepared a graduating essay on "The Great West" and was so impressed by his subject that he was led to seek the opportunities he described. With all regard to the student's de-



scriptive and narrative powers, it is probable that, like another famous Vermonter, Stephen A. Douglas, he found Vermont a good State in which to be born, but not so attractive for an ambitious career.

At any rate, his eighteenth year (1869) found him on an uncle's farm in eastern Iowa, among members of a family evidently no less inclined to education than those back east, and he soon followed his cousins to the neighboring Cornell College, which was completing the second decade of its devoted service. The thrifty and impecunious student, without benefit of hitch-hiking, walked the forty miles to the college town, sustained on the way by a lunch of crackers and cheese. This humble initiation into higher education was by no means unusual in the Middle West of this period.

Nor were his vacation labors to secure the money for his collegiate support unusual, except in the effectiveness of his undertakings. To the usual harvest work and country-school teaching, he added salesmanship of apple trees, and he carried on his sales campaign so widely and persistently that he became a sort of commercialized Johnny Appleseed for Iowa. Indeed, so thorough and persuasive was his sales appeal, that after paying his college expenses at Mount Vernon and at the Iowa Law School at Des Moines he had,



in place of the expected "college debts", a comfortable nest egg of \$1,000 with which to start his law practice. He attributed his success largely to honest presentation of his stock and fair treatment of his competitors, for, he said, it never paid "to run the other fellow down. Praise him and you indirectly recommend yourself and your commodities."

From his extended survey of the State as a salesman, he chose for a professional location the small town of Denison in the still sparsely settled western area where apparently his contacts had been unusually favorable. He soon married the daughter of one of the pioneer settlers and he supplemented the small fees of a fledgling lawyer by sales of nursery stock in the surrounding territory. This was in many ways an excellent experience for a young business and professional man with a natural bent for investments. Banking, land investment, and law naturally integrated and the young lawyer and his partners added a banking business in the home town, with branches later in Manilla and Charter Oak.

The pressing need of the Iowa community, he perceived, was for adequate loans at reasonable rates, while in his native State of Vermont the loaning agencies, especially savings banks, were unable to find adequate, well-secured investments.



Since he understood so well the interests and points of view of both regions the opportunity to bring lender and borrower together did not knock twice. His business connections brought profit and satisfaction to all involved and there were no losses on these transactions even in the hard times of the nineties.

So the lawyer-banker had prospered in business and served his community as well. He was one of the founders and the chief contributor to the Denison Normal and Business College which rendered excellent regional service, especially in teacher training, for many years. He was active in his local church as a Sunday school teacher and represented the Des Moines Conference of the Methodist Church in four general conferences. He served for many years on the board of trustees of Cornell College, his alma mater. The only public office that he held or sought in these early years was that of director of the local school board.

He might have continued as a prosperous business and professional man and a respected and useful community leader, if he had not been aroused to wider and larger public service by the free silver crusade, a threat, he thought, to the very foundations of the existing economic and social order.

After an invasion of his home city by the youth-



fully vigorous William Jennings Bryan in February, 1896, a group of fearful business associates, failing to secure outside talent of requisite caliber, persuaded Shaw to reply to the populist allegations and proposals. This he did so effectively at home and later as a delegate to the St. Louis convention in 1896, that he was called upon by the State central committee for campaign addresses.

In defiance of regulation stump-speaking procedure, he resorted to the devices of charts and diagrams to show the interrelations of the currency, prices, and income — supplementing such academic techniques with personal experiences and racy anecdotes. With such a judicious mingling of logical and psychological appeals his three score speeches definitely helped to counteract the appeals of the "Boy Orator" to discouraged farmers and small-business men. In the judgment of the astute observer, Cyrenus Cole, Shaw was "the miracle man of the hustings that year."

The country banker steadily gained recognition as a monetary authority. In 1898 he was permanent chairman of the International Monetary Conference in Indianapolis. In 1900 he campaigned with the vice-presidential candidate, Theodore Roosevelt, in Iowa and South Dakota, assuming the burden of the financial discussion.

Meanwhile the State-wide reputation and ac-



quaintances acquired in 1896 had led to his nomination for Governor of Iowa the following year and to his subsequent two terms of service in a period of returning and extending good times. Like President McKinley for the nation as a whole, Governor Shaw might have been termed "the advance agent of prosperity" for Iowa. In his first inaugural he made the confident prediction that the country was "entering upon a period of improved conditions", and four years later, in his second biennial message, he reported: "The State is in a flourishing condition. Her people are prosperous. If there be discontent anywhere or among any class, it is not manifest."

He had sought to direct this prosperity constructively rather than to drift along upon its crest. In addition to the outstanding achievement of the creation of a Board of Control for custodial institutions, he strongly urged, and secured in part, more adequate support for public education at all levels, encouragement for teacher training in privately supported institutions, highway improvement, equalization of assessment, and an extension of the parole system.

Popular approval of the Governor and his policies was shown in 1899 in his reelection by a nearly doubled plurality. He might, indeed, have been the first Governor to break the precedent



against three continuous terms but for an early and aggressive announcement of candidacy by Albert B. Cummins, who felt that he was being pushed aside by the conservative wing of the party. Succession to a Senate seat at this time was blocked by distinguished rivals, so Shaw retired to private life and the call to the second place in the Cabinet was most opportune.

The appointment was no less a distinction for the Secretary's home State. The new honor brought to Iowa a greater influence than it had ever before exercised in national affairs. With Shaw heading the Treasury Department and "Tama Jim" Wilson the Department of Agriculture, with Senators as able and distinguished as Allison and Dolliver, and with Colonel David B. Henderson, Speaker of the House, assuring to the State a half dozen chairmanships of leading committees, the saying that Iowa must be consulted on all important party measures was more than a cloakroom wisecrack.

Various reasons have been advanced for the crowning step in the recognition of the prairie State, which was naturally resented in the East. The official explanation by the President and the Secretary's friends was simply the favorable impression that Shaw had made upon Roosevelt in the campaign tour of 1900. There was no doubt



an element of truth in the President's reported appreciation of a man who could discuss financial issues so that, as he said, even he could understand them.

A quite different explanation, though one not necessarily contradictory of the other, was given by H. H. Kohlsaatt, the Chicago editor. According to his recollections, T. R. had believed that Shaw would be his only serious rival for the nomination in 1904, due apparently to his appeal to influential business interests, East and West, and the journalist had advised that the potential rival be placed at the head of the Treasury Department where he would be out of the running and at the same time give assurance to jittery financiers.

The *Nation* and other unfriendly critics of the Secretary's policies maintained that the appointment of a man whose whole economic and political philosophy was so opposed to that of his chief was dictated solely "by political expediency". If this were the determining motive, it was one of those cases in which, in a personal contest, the courageous colonel tended to be over-fearful. With the growing progressive tendency in Iowa, Shaw was hardly in a position to secure united endorsement as a favorite son and his support by large business interests was doubtful.

In a period of critical inelasticity in bank credit



in the face of rapidly expanding business undertakings, the new Secretary made unprecedented interpretations of the national banking act; he liberalized the security provision and waived the reserve requirements for deposits of government funds with the banks. In addition, he deliberately withheld and extended deposits to meet seasonal demands, stimulated the importation of gold, and arbitrarily influenced the expansion and contraction of note issues. In general, drastic, forthright — many said highhanded — policies, that rested upon extensions of authority never before assumed, were adopted to adjust an antiquated credit system to the conditions of modern exchange.

Ironically enough, the controls essayed by such a confirmed individualist were condemned as paternalistic. A searching analysis entitled "The Treasury and the Banks Under Secretary Shaw" appeared in the *Quarterly Journal of Economics* for August, 1907, by A. Piatt Andrew, Professor of Economics at Harvard, later Representative in Congress and Assistant Secretary of the Treasury. After reviewing at length six innovations from past practices, the writer concluded that the departures were highly objectionable legally and still more so economically. No less condemnatory was the veteran liberal editor and economist,



Horace White, in the 1908 revision of his well-known manual, *Money and Banking Illustrated by American History*.

The liberal journals were outraged at what they regarded as deliberate and irregular favoritism to the "money interests". The Secretary's ostentatious advocacy of extreme protection, on every possible occasion, was equally objectionable to many of his critics, but it is probable that the practical financier felt no anxiety over the strictures of research articles, college textbooks, or, least of all, "radical" journals. Shaw's extreme position on the tariff, however, became an embarrassment to the administration and in 1905 there were persistent rumors of his retirement, a step strongly favored by some of those high in party councils. But with a caution for which he was not always credited, the President postponed the change until the spring of 1907 when the withdrawal was made in good order, just before the "bankers' panic".

Like many western public men, Shaw remained in the East after his retirement from national office. George E. Roberts had written at the time of his appointment in 1902 that the ex-Governor "has in him a good deal of the typical Yankee modified by Western influence" and a Washington correspondent once described him as "an East-



ern man with Western characteristics". In business outlook, however, it was a question how far the Yankee had been "modified". For a year or so he headed a New York bank and later for a time one in Philadelphia. In 1908 he was an avowed aspirant for the presidency but his candidacy did not get far. As head of the Treasury and as a business executive, he had taken an ultra-conservative position, and a period of threatening insurgency and rising progressivism made him unavailable as a candidate.

In addition to supervision of his investments, Shaw gave much time in his later years to lectures at Chautauquas, which he termed the old camp-meeting combined with modern vaudeville, to inspirational addresses to college assemblies, and to highly personalized writings on matters of current controversy. His political and social philosophy, as well as his views of the passing scene in general, were epitomized in his books on *Current Issues* and *Vanishing Landmarks: The Trend Toward Bolshevism*. His projected magnum opus on the protective tariff was never written but it was hardly needed, for his arguments were reiterated in some form in most of his addresses and writings.

After 1913 the elder statesman was a resident of the national capital where he was an interested,



if not always complacent, observer of the course of national and international affairs. In his old age he was the oracle of the political group in the "amen corner" of the Wardman Park Hotel; as a story-teller, reminiscent philosopher, and political prophet he was accorded precedence.

There was bound to be much in these years of which he disapproved; in fact he came more and more to be a chronic viewer-with-alarm. He was a caustic critic of Wilson's methods and program and of the League of Nations. His fellow Vermonter, Calvin Coolidge, met his standards so fully, however, that he advocated a third term, in spite of all precedents to the contrary. The Hawley-Smoot tariff naturally had his full approval. His last public statement was characteristic — an endorsement, in March, 1931, of the veto of the Muscle Shoals Bill. He died on March 28, 1932.

In his political and social philosophy, Leslie M. Shaw suggests comparison with a no less pronounced conservative on the other side of the Missouri River, J. Sterling Morton of Nebraska. Both were devoted to the maintenance of the traditional business and social order, as they understood it, however much they might differ as to particular policies, notably the tariff. The Iowan, however, had certain distinct advantages. He was a resident of a State of surer production, with conse-



quent greater stability and conformity. Only at rare intervals and under great provocation was there effective revolt in the "Vermont of the West". Then, too, down to disillusioned old age, when his views ceased to be of concern for his career, the shrewd Yankee was able to adjust himself more readily to realities — to tolerate a degree of progressivism. For practical purposes, he "accepted the universe", which Morton could never bring himself to do fully.

Leslie M. Shaw — lawyer, banker, community leader, politician, and statesman — was thus able to demonstrate to the age of the disappearing frontier that the tradition of "the poor boy making good in a big way" was not confined to the fables and homilies of a success cult with such votaries as Russell H. Conwell, Elbert Hubbard, Orison S. Marden, and Joe Chapple. The individualist, who in old age became an alarmist, belonged to a generation whose external landmarks were indeed "vanishing", but there are lessons that the present generation might learn from his long, active, and withal serviceable career.

EARLE D. ROSS