

the legal restrictions of any one of them. Like electricity, the exact nature of a 'trust' does not admit of rigid definition, but it is a force which can only be exerted in conjunction with financial organisms, which it joins and yet releases, adds powers to, and exempts from consequences. Let us suppose that two men are made into a 'trust'—this human combine becomes at once free from the bondage of matter and the senses, sees out of the back of its head and passes in and out through solid walls. It has all the combined strength and more than the two men had and all their human privileges and possessions, but it evades nature's laws as to individuals and the laws of man both as to individuals and other material things.

"To put the description in still another way, a 'trust' is an institution which endows itself with the right to use any or all of the seven institutions of the people as the people use them, but so made that its user derives from the institutions the benefits the people intended for themselves, and yet is immune from the legal consequences of appropriating such benefits. Two or more men make a 'trust' by combining—acquiring the control of—an insurance company, a trust company, and a savings bank. The new organization is all of these institutions, performs the functions of all of them, yet can legally do with their incomes, capital, and surpluses things which, from the very nature of each, none of the institutions is allowed to do—the new organization is all of these institutions until the law attempts to bring it to book; then it so evades being any of them. The trust company is empowered to lend money on speculative ventures which the insurance company's vast accumulations may not do, so the 'trust' lends the insurance company's vast accumulations and the savings bank's hoard through the trust company with great profit or tremendous loss and enjoys immunity from the consequences which should follow such disobedience of the law. Moreover, when the trust company shows a profit the 'trust' appropriates it, and when a tremendous loss is sustained the insurance company or the savings bank must bear it.

"An illustration: A, B and C form a 'trust.' A and B are president and controller of a savings bank and an insurance company respectively. They organize a trust company with \$1,000,000 capital, of which the insurance company furnishes the majority; they then elect C president and controller of the trust company, and make him their associate or a dummy. The trust company receives \$5,000,000 of the people's money on deposit. The insurance company deposits \$5,000,000 of its surplus funds, and the savings bank \$5,000,000 more. The 'trust' then purchases for \$5,000,000 the stock of an industrial corporation. It borrows the \$5,000,000 and an additional \$5,000,000, which represents its own first profit, from the trust company through irresponsible dummies, depositing the industrial stock as collateral. The 'trust' next causes the trust company to issue bonds for \$15,000,000. These bonds are based upon and secured by nothing of worth but the stock. The trust company offers these bonds for sale. The insurance company buys \$7,500,000 of the bonds and the trust company, through dummies, the other \$7,500,000. By the operation so far the 'trust' shows a profit of \$10,000,000. After making this profit and the true worth of the bonds becoming known, these decline back to the original worth of the stock upon which they are based, \$5,000,000, and there is the tremendous loss of \$10,000,000 made. The trust

company 'busts,' and there is a loss to its depositors of \$10,000,000. This loss is divided as follows: \$3,333,000 to the savings bank, \$3,333,000 to the insurance company, and \$3,333,000 directly to the people, less the small amount which will be recovered from the stockholders. (These losses will be affected in an unimportant way by the \$1,000,000 original capital.)

"In this case the 'trust' has done nothing for which those responsible for it can be held civilly or criminally liable. Neither has the insurance company, the savings bank, nor the trust company, and yet if there had been no 'trust' and any one of the three institutions had made the loss directly through its own actions the officers of that institution would have been civilly and perhaps criminally held responsible.

"The utility and convenience of the 'trust' having been demonstrated it became a popular instrument for financiers desiring to accomplish all manner of illegal purposes. Especially was it an apt tool for the 'system' which was then perfecting its control of the people's institutions. The owners of railroads running through the same territory finding cumbersome and hampering the restrictions with which the community they served had safeguarded its interests formed 'trusts.' Straightway there were valuable results—the combination was emancipated from the regulations which had bound its individual members; competition was eliminated and rates were raised.

"As time went on new 'trust' possibilities were discovered and other institutions linked up—corporations of all kinds, insurance companies and national banks and savings banks, were brought together for the benefit of the 'system' and the detriment of the public. The end of the trustification of the institutions of the nation is not yet, but the people are to be shown a way by which the plundering process can be reversed and through which they can make their freedom complete and absolute by the complete and absolute enslavement of the 'system' itself."

"We will take five national banks in different parts of the country, each having a capital of \$200,000, and deposits of \$2,000,000. One is in the farming district of Kansas; another is in Louisiana in a cotton district; a third is in the orange groves of California; in the mining district of Montana is a fourth; the fifth is in the logging and lumber country of Maine. These \$10,000,000 of deposits represent savings earned by the type of men who have made America what she is, and who laugh when they read in their local papers: 'Panic on Wall street; stocks shrink a billion dollars a day.' 'Fools and their money are easily parted,' they say, 'but Wall street gets none of our honestly earned money.' Now the officers of these five banks are honest men and they know nothing of the 'system,' yet the day of the panic they all telegraph to their Illinois correspondent, the big Chicago bank, 'Loan our balance, \$200,000, at best rate.' That day the Chicago bank with similar telegrams from forty-five other correspondents in various parts of the country, wires its New York correspondent, the big Wall street bank, 'Loan our balance, \$2,000,000, at best rates.'

"Thereupon the great New York bank sends its brokers out upon 'the street' to loan on inflated securities of one kind or another which its officers, the votaries of the 'system,' had purchased in immense quantities at slaughter prices the millions belonging to the Chicago bank and to other correspondents of its own in Cincinnati and Omaha and St. Louis and other big cities. The decline is stayed, and then the world learns that the panic is over and that the stocks, of which the people have been 'shaken out' to the extent of a billion dollars, have recovered in a day \$500,000,000 of it, and that

probably in a few days more will recover the other five hundred million. Who has recovered this vast sum? The people who had been 'shaken out?' No, indeed! The votaries of the 'system' have made it—they and the frenzied financiers whose haunt is Wall street, and whose harvest is in such wreckage.

"The part that the five little banks innocently played in this terrific robbery was unimportant. What is important is that it was the funds of their depositors and others like them which the 'system' used to turn the stock market and make an immense profit out of the recovery of values. It is true the banks received but two and one-half or three per cent for the use of their balances, and their officers would scorn the suggestion that they had put any of their money in jeopardy

in a Wall street gamble. But what I have outlined happened, and has happened many a time before and since, and goes to prove my assertion that every financial institution which is taking the money of the people for the ostensible purpose of safeguarding it or putting it to use for them, is a part of the machinery for the plundering of the people.

"Sooner or later, every dollar taken by the 'system' through Wall street's manipulation of stocks directly affects every man, woman, and child in the United States."

It would be well if every American citizen could read Mr. Lawson's entire article. The above extracts are printed through the courtesy of the publishers of "Everybody's Magazine" but it is not possible for The Commoner to reproduce the entire article.

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