

# THE WEALTH MAKERS OF THE WORLD



### LET US EXCHANGE VIEWS

In the time intervening between now and the date of the People's Independent State Convention this and succeeding columns will be open to the Populists of the state to propose candidates for the ticket of '94, and for United States senator, and to show reasons for individual preferences. We shall not have space for anything more than names and brief reasons for the choice made, because we wish to hear from a great many. Let no man be here proposed for office whose character as well as intellectual qualifications THE WRITER WILL NOT PERSONALLY VOUCH FOR. If any candidates seem to be leading whom our readers cannot conscientiously support, by all means let us know why they are strenuously objected to. But let us respect one another's views, avoid anything leading to disharmony if it be possible without sacrifice of principles, and hear willingly those who differ with us. In a multitude of counselors there is safety. But with many to hear from each must be brief.—EDITOR WEALTH MAKERS.

**George A. Abbott for Governor.**  
Thomas Leachman of Falls City adds to a business communication the words: "For governor, George A. Abbott of Richardson county."

**Poynter and McReynolds.**  
LOHETTO, Neb., April 12, 1894.  
Editor WEALTH MAKERS:  
To the people of Nebraska: How does W. A. Poynter of Boone county, for governor, and Logan McReynolds of Clay county, for lieutenant governor, sound?  
B. J. B.

**J. N. Gaffin for Lieutenant Governor.**  
GRESHAM, Neb., April 10, 1894.  
Editor WEALTH MAKERS:  
Enclosed you will find one dollar to renew my subscription to THE WEALTH MAKERS. Whack it to "em." Brother Gibson. Hew to the line, let the chips fall where they will. Let the kickers kick, for remember, it is the bird that is hit that flutters. I have not got my ticket made out yet, but my man for lieutenant governor is Hon. J. N. Gaffin. No fusion in mine if you please.  
Fraternally,  
N. S. MICHEKER.

**Hon. O. Hull for Governor.**  
STOCKVILLE, Neb., April 11, 1894.  
Editor WEALTH MAKERS:  
There is a gentleman in this state whose name I have not seen mentioned, but who must not be lost sight of as available for the nomination for governor this fall, a man of upright character, irreproachable reputation, splendid ability, broad acquaintance and one who has been identified prominently with the reform movement in this state ever since its inception, and whose heart beats in warm sympathy with the great heart of humanity as it swells 'neath its burden of accumulated wrongs, one whom the Populist party of Nebraska should delight to honor and reward, Hon. O. Hull of Harlan county.  
Respectfully yours,  
H. B. FLEHARTY.

**Why Should Weir be Nominated?**  
SCHUYLER, Neb., April 16, 1894.  
Editor WEALTH MAKERS:  
I notice among others the name of Mayor Weir mentioned for governor on the Independent ticket. Why should Mr. Weir be placed at the head of the Independent ticket?  
Please let those answer who can of their own knowledge give good reasons why they want him.  
The Populists have a right to know why they are asked to consider the name of a man who is a stranger to them politically.  
Sincerely Yours,  
JOHN F. MEFFERD.

**What Objections to Weir?**  
Editor WEALTH MAKERS:  
The proposition made by you to open the columns of your valuable paper to the citizen voters of the state to discuss the available candidates for state officers is timely, and should be acted upon by the people's champions of the state.  
Nebraska Populists have a long list of available candidates for all the offices. In fact, every county in the state has men who would grace any ticket and serve the people with honor to themselves and satisfaction to the state. But we must place men in the foreground who are known to be reliable, honest, competent and aggressive workers; men who have stood aloof from petty jealousies and disputes inside the lines; men with known ability and courage. It is not my intention in this letter to say who are the proper men to place on the ticket to lead the Populists to victory in 1894, but we would like to ask the readers of THE WEALTH MAKERS what objection there is to Mr. Weir, mayor of the city of Lincoln for two terms for governor? We believe he is the proper man to lead the Populist ticket next fall, and

if careful selection is made of the balance of the ticket, Nebraska will be placed squarely in the ranks as the leading Populist state in the Union.

Let us hear from the brethren through THE WEALTH MAKERS, and let us discuss our available men and choose from among the best and strongest.  
Always ready to continue the battle for liberty, justice and progress. I am  
Enlisted for the war,  
WARNER STARR.  
Editor "News," Allen, Neb.  
April 9 '94.

**Powers, Deaver and McKeighan.**  
HOLDREGE, Neb., April 13, 1894.  
Editor WEALTH MAKERS:  
In response to your editorial, "Let us exchange views," allow me to express mine.  
I most joyfully endorse the sentiments of brother Norman Cowdin, by being in favor of placing honest John Powers in nomination again. His reputation for steadfastness, sincerity and fairness, is beyond reproach. With him as our candidate for governor, Clem Deaver for lieutenant governor and our Wm. A. McKeighan for the fifth district congressman, we would be about sure to win. Let us fight it out single handed. There is no such thing as a feast for our cause. We may be repulsed, but defeated, never. We will march onward in spite of all old party scheming. Those who are honest, will come into our ranks as soon as they get to see the rottenness and violation of platforms in their respective parties.  
No fusion for me. For those that are so blind as not to see how their most sacred rights are being trampled on and every platform dastly cast to the winds by Democrats and Republicans both, are not the class of people to fuse with. We are better off with out them.  
Yours fraternally,  
JOHN N. STAUDT.

**John A. Oberg's Choice.**  
THAYER, Neb., April 10, 1894.  
Editor WEALTH MAKERS:  
In answer to your invitation for an "Exchange of Views" in regard to the candidates to be placed on our state ticket this fall, permit me to suggest a few names, not saying anything against those already mentioned. They are all good, I believe. We surely do not lack material for a winning ticket, if we will only "keep in the middle of the road." Let us have: For governor, J. V. Wolfe of Lancaster county; for lieutenant governor, Hon. J. N. Gaffin, Saunders county; secretary of state, W. A. Poynter, Boone county; state treasurer, J. H. Powers, Hitchcock county; attorney general, Joseph W. Edgerton, Hall county; state auditor, W. F. Porter, Merrick county; commissioner of public lands and buildings, E. Soderman, Phelps county; superintendent public instruction, W. J. Russell, York county; member of congress fourth district, Judge Stark, Hamilton county; United States senator, George Howard Gibson.  
Yours for success,  
JOHN A. OBERG.

[I appreciate greatly the compliment which Mr. Oberg has paid me in placing my name in his list above, but wish it understood that I am not and never shall be a candidate for any office. An editor can do more good, can gain greater influence, can much better serve the party and retain the confidence of all elements, avoiding individual jealousies, selfish strife and party schisms, by refusing to be a candidate for office. I hope all will see this and that my name will not again be mentioned.—EDITOR WEALTH MAKERS.]

**Prof. W. A. Jones for U. S. Senator.**  
LIBBY, Neb., April 9, 1894.  
Editor WEALTH MAKERS:  
I have been very much interested in the names presented for "candidates for offices" to be filled this fall. The letter of B. J. Johnston, strikes the key note to the situation. What we need at present is men of sterling integrity of principle, who have the welfare of the whole people at heart, who are able to defend their principles at any and all times. Men who will maintain the principles as well when in office as when advocated on the stump.  
I will only name one candidate at present, for U. S. Senator, Prof. W. A. Jones.  
There will be men in the convention, probably, who will advocate fusion.

(Continued on page 5.)

### OLD ERROR UNVEILED.

What Prevents Regularity of Work and Commercial Certainties.

WHY SUPPLIES EXCEED DEMANDS. Inequitable Obligations Which Regularly Cause Failure, Liquidation and Cessation of Work.

The Cause of Financial Panics. [We reprint below, from The Arena, part of the most valuable article which has appeared for years in any of the magazines, an article entitled, "The Cause of Financial Panics," by Mr. J. K. Bennett of St. Louis. We shall give our readers more of it in succeeding issues of THE WEALTH MAKERS. Preserve the papers containing that we print of it and give them widest circulation possible. The second and third installments will get down to the base of the evil, and will contain new argument and truth.—EDITOR WEALTH MAKERS.]

The world is today confronted with a strange phenomenon. The freest and richest country on the earth is experiencing a business depression, one of the most severe in its history. Banks have collapsed, commercial houses closed, factories ceased to operate; railroad equipments are lying idle in the yards; steamships are plying empty. Thousands of men are stalking the streets of our cities searching, in vain, for employment, and starvation stares their wives and children in the face. Police officers are busy suppressing free speech and free action lest they should lead to anarchy. The usual tax on the commerce of the country does not produce sufficient revenue to keep in action the wheels of government.

Nobody seems to know the cause. The reasons given for the strange situation are as numerous as the sources from whence they come. Ask the politician, and he will say, perhaps, "The use of silver as a money metal is the cause of hard times." The man at his elbow, who came from another section, will respond, "The threatened demonization of silver is the element of mischief." "Good enough," says a third, "but the main cause of distress is the tariff." "Not so," says a listener, "the fear that the tariff will be meddled with is ruining the business of the country." "Want of confidence, that is the trouble," wisely remarks a philosopher. Confidence in what? But the broad generalization will not admit of specific statement. Another set of "thinkers" does not know; such panics are necessary.

The country experienced a like panic in 1873, and the causes to which it is attributed were quite as vague or varied. The panic of 1857 was as marked, its causes quite as indefinite. The panic of 1837 was caused by Jackson and the banks or almost anything else one might mention. The intermediate panics of '24, '48, '64, '84, etc., were fully as occult.

We may search the history of all nations having financial systems similar to ours, and we shall find that in times of peace financial crises occur with more or less regular periodicity. With such persistent similarity of effect we are justified in looking for similar causes. Where such similar crises are brought about under so great a variety of circumstances, we are justified in picking out the circumstance present in all, as bearing the relation of cause. We find crises under both monarchical and republican forms of government; where there is an idle nobility, and where there is no nobility at all; where free trade exists, and where tariff is collected. What was the one condition precedent to all of these crises? In a nutshell: the laborers and business men of the country became extensive debtors to the capitalistic class; credit was greatly extended. All at once creditors recalled their loans or the loans matured, business was unable to pay, it failed, and a panic ensued.

Why were not the active industries of the country able to pay their debts? Crops were as good as ever; there were the lowest of prices for all of the necessities of life. It was said that there was "overproduction." The industry of the people was as active as ever before each of these panic epochs. The skill of the inventor was as great. In a country where there was overproduction there was suffering for bread and clothing. But in all of these crises money was scarce; that is, it was in the hands of people who were not actively engaged in any business. There was not enough to pay obligations; it was at a premium, or could not be had at all. The supplies of the country seemed to

be in the wrong hands. The obligations of active industries seemed too large, and could not be met. The capitalists of the country held claims that there was no wealth to satisfy. They seemed to have the wealth, the money, and the claims which these alone could satisfy.

It seems like a platitude to say that active industries failed to meet their obligations because these obligations were too large, yet this is strictly the fact. The borrowed capital of the country claims more in remuneration than the country can produce. Every dollar representing debts unpaid claims a like remuneration. This must all be paid out of the production of each year, and from each year's product men must be fed and clothed and sheltered. The wealth of the world must be kept up. Buildings, machinery—everything must be kept in repair; and improvements for use in the future must be taken from the stock of the present. There is not wealth enough to meet all these obligations; and the business of the world must go into the hands of a receiver every now and then, so that a new start in business may be made. The country with all its allied industries is analogous to a mammoth business concern. When it contracts greater liabilities than it can meet it fails, and we have a financial panic.

This state of bankruptcy is chronic. Counting everything, the liabilities of the country are always greater than its assets. The industrial world is always in a state of potential bankruptcy, but credit tends to keep it out of the hands of a receiver. Then the same persons are in part debtors and creditors, and this, with our frequent liquidations, aids in keeping us from continual financial panic. Any disturbing of credit precipitates a crisis.

An odd proposition, but one capable of mathematical demonstration, is that the very foundation principles of our industrial system lead us to recognize obligations which we can never pay. A simple, specific statement of what they are, compels us to admit that they are too large to meet.

The present wealth of the United States may be placed in round numbers at \$72,000,000,000. That fully eighty per cent of this sum pays interest, may be verified by any person who cares to give the subject thought. If any of the money invested in business bears interest, all money invested in business must likewise bear interest, otherwise nobody would assume business risks. But we may arrive at the same conclusion by a process quite different.

Something like eighty per cent of the wealth of this country is in the hands of about 250,000 persons, or about a two-hundred-fortieth of the population. This excludes the wealth of well-to-do farmers and merchants; and it goes without saying that nine-tenths of this wealth held by the immensely rich is interest-bearing. Nearly all of it is lent, or if not lent out it is invested in some business where interest on the money invested is added to the return or profits of the undertakers.

The wealth in the hands of farmers and merchants is paying interest on all that is not used for the personal wants of themselves and their families; and even many of the homesteads of the country are paying interest. At least one-half of such wealth is interest-bearing. An examination of the mortgage lists of the several states will more than bear out this estimate. We are, then, paying fixed charges, as the railroads put it, on about \$35,000,000,000 of the country's wealth. The net rate will average five per cent; and taking into consideration commissions and other charges, six per cent is a low estimate of the gross rate. The interest on \$35,000,000,000 at six per cent is \$2,100,000,000 per year. To get the average interest charges for the last decade, we must take the average of interest-paying capital, which is about \$50,000,000,000. We have, then, an average yearly interest of \$2,500,000,000, a sum which more than absorbs the entire yearly increase of wealth in the United States. During the last decade the wealth of this country has increased about \$22,000,000,000. During the same period the interest charges were \$30,000,000,000. Adding but the single item of interest on personal business obligations to the standing debt of the people, the assets of the country's citizens will, in the short period of ten years, fall \$8,

000,000,000 below their liabilities. The principal falls due in that time, and the business of the country, if fixed in the same hands, would bankrupt in that time. It does actually feel the shock.

But the fact that many persons are creditors as well as debtors, and that debtors and creditors change places; puts off the final accounting. The tendency of the enormous fixed charges on business is to amass the wealth of the country in the hands of large property holders who are almost exclusively creditors. The mightier the fortune, the more interest it draws and the more exempt it is from the dangers of speculation.

Fortunes goes on piling up under the law of interest, and after all checks and counter tendencies are allowed for, the country has a panic—becomes bankrupt—every twenty years. There is a well-defined financial flurry of more or less violence every decade, or even oftener. The fact is that whenever the creditor class demands its money there is a panic, for there is not cash enough in the country to satisfy the demands, and all property must be turned over to meet liabilities. Indeed, the cash in the country is principally in the hands of the creditor class, having piled up there under the laws of interest. During times of confidence, business is kept moving by a shifting of liabilities, but in times of doubt and uncertainty, from whatever cause brought about, the business of the country finds it impossible to meet its obligations and is obliged to file into bankruptcy. The cleverest of speculators cannot long keep up their business by borrowing from one to pay another, unless debts are very small as compared with the capital invested. Just so with the business of the country taken as a whole—the piling up of debts always ends in collapse. It is nonsense to say that want of confidence is the cause. Unless the ground principles of business produce instability, want of confidence can have no effect. Men realize that the business of the world cannot pay its debts, and therefore lose confidence.

But interest and rent charges are not the only liabilities of the business of the country. The government must be supported; the national debt and the interest thereon must be met; debts, state, municipal, and school, must be provided for; local government must be maintained. The interest on the public debt of the United States amounts to \$40,410,000 annually. The interest on municipal, school, county and township debts in the United States is \$56,750,000 per year. The expenses of the United States, exclusive of interest and the paying off of the standing indebtedness, are now about \$350,800,000 yearly and the cost of state, county and municipal government is \$450,000,000 per year. At the very lowest estimate, \$897,000,000 must be charged yearly to government in the United States, not including the payment of the principal of the public debt. This, representing money spent outside of regular business, amounts to \$8,970,000,000 in a decade. Adding it to the former sum, the excess of interest on private obligations over the increase of wealth, we have \$16,970,000,000 as the sum which the assets of the citizens of the United States fall behind their indebtedness every ten years. In view of such figures as these, it is not difficult to see why we have periods of business depression every ten years and terrible financial panics every twenty years.

The tendency under such conditions is to have all the wealth which is not used to feed and shelter and clothe the race pass into the hands of the money lender. There is a comparatively trifling exception to the rule. About five per cent of all who start in business leave it with more than they began with, and but a portion of their gains can be charged to interest. The more stable and the largest houses of business, however, realize large returns from interest taking.

What wonder is it, then, that the business of the country has to go periodically into the hands of a receiver in order to straighten out its accounts and begin anew? This is the only way in which the great bulk of business men can get a new start. Creditors are obliged to take part of their claims, as there is not enough to pay the whole. Debts are cancelled and a new start is made. The wealth is lent out again; interest is paid again until the burden

gets too large and another crash comes. At each crash some of the men who were creditors at the last accounting are found among the debtor class, and thus property is prevented from massing in a decade or two in the hands of a permanent creditor caste. Yet the circle is forever growing narrower.  
When a firm is doing a paying business, the gross profits of its transactions must exceed expenses. When the business of the nation is paying, like conditions must prevail. The increase in wealth is the gross profit of the country's business; if that will not meet interest charges, the business of the country is not paying.  
It makes little difference, from a theoretical standpoint, where the interest goes greatest; from a practical standpoint, it is of the greatest importance. When the interest goes to small property owners, it does not hasten the division of the country into rich and poor. When millionaires collect the interest, it takes them but a short time to absorb the bulk of the wealth of the world and leave the rest of mankind poverty-stricken. Speculation and the collection of compound interest increase the charges on honest production and hasten the day of panic and final accounting. They help to pile up wealth steadily in the hands of the few and to make each panic worse than the previous one.  
It is therefore plain that, under our present financial system, the business of the country cannot meet its obligations. It is also plain that the creditor class must go on absorbing more and more of the wealth of the country, until finally the more wealthy, those who are not obliged to take any chances, will have the lion's share of this world's goods. We see nothing adequate to account for this condition of affairs except interest taking and the payment of rents. These fully account for it. In a nutshell, borrowing on interest and paying land rents are the cause of all our financial difficulties.  
These are the basis of our financial system, yet something in our financial system is radically wrong. Loans in themselves can certainly do no harm. If one has more wealth than he can use for it, there is certainly no harm done. If, as a condition of the transfer, he requires that he shall be fully secured in his loan, and that the amount which he has lent be returned to him at the end of a specified time, nobody has the right to cavil. It would be no hardship on the borrower, for the very act of using the wealth for his own benefit would produce enough to pay the lender. Except in individual cases of bad management, the business man who works under these conditions, even with borrowed capital, would have no trouble in paying back what he owed. But the creditor wants more in return than he has lent. There is added to this amount a charge called interest. If he lend the money for fourteen years at five per cent, the creditor wants back twice the amount lent. If the rate is higher, he wants even more; and as the time of the loan runs on the amount which the debtor has to pay for the loan multiplies. As we have seen, the creditor demands too much; wealth as a whole is not productive enough to pay interest charges. After keeping up the capital stock of the world, and feeding, sheltering, and clothing the race, there is not enough left to satisfy the demands of the money lender. If one agrees to return every ten, twelve, or even twenty years, an amount equal to that which he has borrowed, in interest, he is undertaking an impossibility. Nature has so much productive power. If it cannot be done in this country of virgin resources and unparalleled conditions for the production of wealth, it can be done nowhere. We are, then, confronted by a foundation principle of our financial system which necessarily results in business panic. It is necessary that this principle of our system be critically examined if we would find where our trouble lies.  
Arguing from other premises we reach the same conclusions. Never before in the history of the world have so many plans for the relief of humanity been brought forward as in the last decade. This economist sees in profit sharing the full measure of human felicity; he remedies that one is the full control by the state of the objects of monopoly; one asserts that the organization of labor is the panacea for all social ills; another sees salvation in the education of the masses. Others still declare that things are not what they should be but say that nothing can be done about it; such things always were, they always will be.