High Money in Wall Street

The election does not seem to have solved the difficulties facing the wise Wall Street element, which is so apt and so capable in prescribing for the great producing sections of the west and south. Secretary Shaw has been called in for consultation, but thus far shakes his head and looks dubious, hoping the situation will in some way evolve itself when the great crops begin moving towards Europe to balance the expenditures of thoughtless and pleasure-seeking Americans. The London Statist accuses Wall Street of promoting $10 worth of actual property or privilege into $100,000 in stocks and bonds, expecting the public to pay the interest on the paper. Wall Street responds that it has a right to anticipate growth, and that the public—and in some cases the growth—have so far justified the theory.

The general conclusion on the money topic finds many supporters in Berlin, Paris, London and New York. The world has developed so fast and enterprise has progressed so far, and in so many directions, that more business is doing that there is capital to carry it on. A single merchant who is doing too large a business for his working capital is apt to be in a precarious position, and that is the condition of the business world as a whole. There would undoubtedly be sufficient capital for legitimate enterprises were it not that prosperity breeds speculation in lands, in mines and in stocks, and this has absorbed much of the working capital of the world at the very time that this enormous industrial and agricultural expansion has been going on.

Whether or not we agree with the theory the conditions are here and must be met. A federal statute regulating the creation of corporations of an interstate character, so that capitalization must be kept within reasonable distance of the present value of the assets, would be rough on the promoter. He could no longer charge $100,000 for organizing, and passing on to the investing public, an affair that is liberally represented by $100,000 in shares. This limiting law works well in Connecticut, not only as to the paper issued, but as to the maximum profits that may be paid on the paper.

While prosperity means an expansion of credits, the great associated banks of New York City, with more gold in their vaults than has the Bank of England, find themselves unable to expand credits. On the contrary, they are making strenuous efforts to curtail credits, to the end that their reserves of cash may satisfy the law.

The enormous expansion in gold supply, to which Colorado has contributed her part, rising from $4,500,000 in 1893 to $30,000,000 in 1899, has not kept pace with enterprise. The more gold that goes into the bank vault the greater the expansion of the credits surrounding the vault, so that at the end of the movement the proportion is not 16 to 1, as it was to silver, but 10,000 to 1. This explains the hourly expectation of a 7 per cent rate at the Bank of England. It is at present 6 per cent, the highest regular rate since the Baring failure of 1890.

Wall Street might as well make up its mind that the Bank of England, in common with the Bank of France and the Bank of Germany, will resist to the very last further efforts to draw away gold, whether Secretary Shaw agrees or does not agree to pay the interest in transit. This being the case, money for new enterprises, and for the enlargement and improvement of old ones, is hard to get. The demands for such capital run high into the billions. Meantime, the call for money in moving the crops continues intense and will probably not slacken until the end of the year. People interested in real estate, in mines, and in other forms of legitimate speculation decline to be diverted by the calls of Wall Street. They may change their minds on this subject later on, but there is not the slightest indication of such action at present. The ten months closing with October show enormous dividends from mining and metallurgical enterprises, with a brilliant outlook for the future, based upon record high prices for the several metals.

It is pleasant for a westerner to turn his gaze from doubtful Wall Street to erstwhile "bleeding" Kansas. The state bank commissioner has just announced the total of deposits in the banks, almost wholly the savings of tillers of the soil. The deposits now exceed $140,000,000. Instead of owing this and more in mortgages, the Kansas bank depositors could take over nearly all of the $150,000,000 of new capital stock for the completion of the St. Pauls railroad, Pacific coast extension, or they could buy out the whole issue of $100,000,000 which the New York Central or the Chicago and Northwestern or the Union Pacific have authorized. The entire issue of $10,000,000 which the General Electric company will soon provide for could be taken by the increase in deposits in Kansas banks during the last six months. This is the kind of prosperity the country wants, and we rejoice with our neighbor to the east that the "crazy greenbacker" and the "silver lunatic" have reached the day when the inflaters of Wall Street—who create nothing but debts—are at the end of their financial rope.—Denver News.

Natural Mistake

Hamfatt—New Jersey audiences are certainly appreciative. We gave a summer show there, and got round after round of applause.

Boothby—That wasn't applause, you dub. That was the audience killing mosquitoes.—Cleveland Leader.

Even Break

The Barber—Beg pardon, sir, but this is a bad quarter.

The Victim—Oh, well, don't you care. It isn't worse than the hair cut you gave me.—Chicago News.

Momentous Question

Her—Would you say that Miss Muggsby has a pug nose or that her nose is retrousse?

Him—Well, that depends. How—er—much is her father worth?—Chicago News.