

The Independent.

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Volume 18

Lincoln, Nebraska, January 4, 1906

Number 33

Standard Has Cornered Money Market and May Precipitate Panic

Call money was loaned at 125 per cent on Wall Street last Thursday. On Wednesday of last week Secretary Shaw was at the sub-treasury in New York conferring with the "frenzied financiers."

Wall street now presents a situation that may well alarm the thoughtful. The outsider, who is often puzzled by the ways of Wall street, is always treading on thin ice when he attempts to prophesy. Nevertheless there are some phases of the financial situation so ominous that The Independent is compelled to make note of them in the interest of its readers. The most mystifying feature of the situation is the high price of certain stocks at a time when there would seem to be the best reasons for a slump in securities of all kinds.

Those who judge by the usual signs are looking forward to a period of stringency approaching a panic and are unable to understand why the stock market fails to reflect the uncertainty in the money market. Even the astute Thomas W. Lawson has been utterly deceived, if the published interviews with him record his real views. He admits that he is "short of" Amalgamated Copper, which he predicted would soon be selling dirt cheap. At present it is above par. Apparently the people have not accepted Lawson as a true prophet. They are not selling, but buying. They are relying on Standard Oil to keep stocks booming. But there is grave danger that they are hastening toward an abyss.

To the amateur observer it seems as if the Standard Oil crowd were preparing for another "drive" at the market. Prices are altogether too high. Watered securities are selling far above their true value. On only one theory should Union Pacific be selling where it is, around 150. If the Union Pacific can make sufficient profits to pay big dividends on its watered stock there is, of course, no very good reason why the stocks should sell at a lower level. If by extortionate freight charges the Union Pacific can maintain its present rate of dividends, why should its stock be described as "watered?" Only hard times could prove that the stock had been watered. Are these hard times near?

Amalgamated Copper has much the same status. Its owners, being able to control prices of copper, are able in a great measure, to decide what the profits shall be, and can, therefore, give the best kind of support to copper stocks. A panic, however, would have the effect of reducing the demand for copper and the trust's profits would decline, and so, too, would copper stocks.

The kings of finance either expect a panic or they do not. If they do not, it is easy to account for the high prices of stocks. Prices are high and profits are high; consequently securities are high. But does such a happy condition of confidence exist among the Wall street financiers as the high prices of securities appear to indicate? It is extremely difficult for an outsider to believe that the financiers are confident. A condition bordering on panic already exists. Call money is loaned at 125 per cent. Why? This question can be answered by explaining how money is obtained by Wall street speculators.

In Tom Watson's magazine for June, 1905, Mr. Albert Griffin, a financial writer, said:

"Between 1896 and 1904, as officially reported, the increase in the volume of visible money was, in millions, \$1,322,000,000, or \$9.75 per capita; but the quantity of hocus-pocus money in use increased \$5,275,000,000—\$43.42 per capita; the quantity of both kinds then actually in use being \$107.63 per capita. This shows that four fifths of the increase in the medium of exchange consists merely of the right given favored people to draw checks on banks, to pay which no real money has been deposited."

How then do the favored people obtain loans, if they do not deposit real money? They obtain it by pledging securities. And

yet, at this time, when securities are at a phenomenally high level, the banks, trust companies and insurance companies lend call money at from 50 to 125 per cent.

In the same article Mr. Griffin says:

"Less than one-tenth of the 'deposits' in the banks are real money, the others being mere promises of the banks to pay money to those who have bought (with notes) the right to draw checks against them—and it is simply impossible to so regulate the system as to prevent it from frequently working disastrously. The use of hocus-pocus money and its evil results have increased steadily from the beginning of the deposit banking system. From time to time methods change, but every change increases the power and profits of the few and the helplessness of the many. The gravest of these changes began to be felt about a decade ago. Leading bankers had always used some of their hocus-pocus money for the promotion of their own schemes, but from that time the Rockefellers, Morgans, and others have been systematically getting control of the principal deposit banking institutions, and using not only a rapidly increasing proportion of their depositor's real money but also more of the hocus-pocus money made possible by those deposits."

The Rockefellers and Morgans are now wide awake. They understand that a state of panic exists and that worse may be expected. They are making ready to cope with the crisis when it comes, while the little fellows still continue to call madly for money with which to buy securities that are fated to decline. The Rockefellers and Morgans are getting their hands on the real money. Controlling 60 per cent of the banking institutions of the country, they have been able to practically "corner" real money, and are forcing outsiders to pay extortionate rates for small loans.

If a full-fledged panic descends upon the country, the securities held by the banks will be of small worth. Meantime most of the real money will be in the hands of the money kings. The banks will not have the money with which to pay their depositors, while the financiers who are now raking in the money will cling to it as the sole means of tiding them over the hard times.

It is likely that Secretary Shaw will come to the rescue of the banks. He will probably carry out his scheme to increase the government deposits in the national banks of New York and other large cities of the east. This money belongs to the people, but is turned over to the bankers so that they may be protected by subsidy against the peril which they themselves have produced. This money might now be used to build the Panama canal. Instead it is being used to assist a favored class in escaping the consequences of their folly, or to strike nearer the mark, their dishonesty.

Whether the panic increases or diminishes, the Standard Oil crowd is in a position once more to reap a golden harvest. Another "drive" at the market will force prices down. A panic would shake the market to pieces, but the speculators by artificial means can accomplish about the same result. A bear movement is now in order. Having filled their coffers while the stocks were on the up grade, the Standard Oil financiers can overflow their coffers by a big selling movement. In this way they will possess themselves of a great portion of the country's real money and will hoard it carefully if hard times come.

Attacking the President

An organized attack on the president is under way and his friends should take warning. Washington correspondents of newspapers which have been unfriendly to the president have received their orders and are sending out cunningly-devised articles representing Mr. Roosevelt as a dictator. Almost any day we may see headlines like this, "Roosevelt Plans to be Political Boss of America," and may read such sentences as these: "His stealthy seizure of the