

PROSPEROUS DEBTORS.

Or Financial Experience vs. Financial Theories.

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If there is anything which our friends who advocate free silver and fiat paper money claim to know with absolute certainty, it is that the gold standard is in the interest of the creditor class and ruinous to debtors. (Instance, Hon. Charles A. Towne, in Omaha Bee). This they all declare at every opportunity, and by teaching the people of the West and South that they are the debtors, and that the rich people of the East are their creditors, they have caused much prejudice and bitterness against the East. The term, "New York gold bug" has been so used that it has come to mean to silver men and other fiatists a robber who is too cowardly to resort to force to despoil his victims. They carry their charges against the rich of the East still further, and claim that with the help of the gold standard they practically enslave even their neighbors; that they have made New York a city of tenants by so impoverishing the majority of its citizens that they are compelled to rent instead of own their homes; they assert that every family would own a home if it could, and then present statistics to prove that comparatively few own their homes in New York. They also insist that the large average number of persons occupying a house in New York shows conclusively that those who rent are obliged to crowd together to reduce their expenses to the narrow limit of their incomes. They also positively assert that no one can long pay interest on money borrowed to do business with, and not become bankrupt.

Believing that facts would furnish the best answer to these claims and charges; that the East is the great debtor section of our country and that the most successful business men are the largest debtors, I induced the president and secretary of the New York Board of Trade and Transportation to ask each member of that body for an accurate and specific statement of his, or their indebtedness.

This board is composed of about 800 firms and individuals, engaged almost exclusively in mercantile and manufacturing pursuits, and it is probable that no other association of equal numbers has a higher average of substantial success and enduring prosperity among its members; it is not in any sense an exchange, and

nothing is bought or sold in the board; only three of its members are bankers.

Many have not yet responded to the request, but as those owing little or nothing would be quite as willing to send a statement as the heavy debtors would be, and could do so with much less inconvenience, it is fair to infer that those who have responded furnish an average that is well within that which a statement from all would furnish so far as proving a large indebtedness is concerned. We have specific statements from 144 firms (some of them incorporated) and individuals.

These 144 members owed at the time they responded, \$148,908,144.97. Of this amount \$133,362,191.72 was commercial indebtedness, and \$15,545,953.25 was secured by mortgage on real estate. Of the mortgage indebtedness, \$10,789,050 was that of individuals secured by mortgage on their private real estate, and \$4,756,903.25 was that of firms and was secured by mortgage on real estate belonging to the firms. Probably most of the mortgage indebtedness was due to the savings banks of New York, because while these banks can loan 65 per cent of their deposits on first mortgage, they are permitted to loan but 50 per cent of the market value on improved real estate, and only 40 per cent on unimproved, and are thereby restricted to choice loans. As these banks have large deposits in banks of discount, much of the commercial indebtedness is undoubtedly due for savings banks money borrowed from banks in which they have deposits. Many of the members of the New York Board of Trade and Transportation being large employers of labor, some of them employing more than 5,000 men, they undoubtedly borrow a great deal of money belonging to those in their employ who have savings bank accounts. The number of depositors in the savings banks of the state of New York on July 1, 1898, was 1,823,631, and the amount due them was \$787,212,475, the average deposit being \$431. The interest paid to these depositors for the year ending July 1, was \$27,350,719; a considerable part of which was probably paid by members of this board. These banks not being permitted to pay interest on more than \$3,000 due any depositor, are emphatically the banks of the thrifty wage earners.

Here we have reliable evidence that the average indebtedness of 144 members of an association, composed of highly successful business men, is \$1,034,084.34. If the 800 firms and individuals belonging to the board are as heavy debtors as those who have responded, and it is probable that the average for all is larger, the total amount of their liabilities is \$827,267,472. If it were possible to get as definite information regarding the debts of all the successful business men of the United States, it would certainly prove

that they have enough experience to teach them what is best for debtors.

Consider this indebtedness in connection with the facts that the total amount of real estate mortgages in force in the United States, January 1, 1890, was \$6,019,679,985, while the total of mortgages on acres, including acres in farms and in suburban and town property, was \$2,209,148,431, of which but \$1,085,000,000 was on farms occupied by their owners, and you will see that the successful business men of the country owe very much more than the amount of farm mortgages, and probably as much as the entire mortgage indebtedness in the United States. Again; the state, county, municipal and school district debts, less the sinking fund, of Montana, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada, Idaho, Oregon, Washington, California, Nebraska, Iowa, North Dakota, South Dakota, Texas, Mississippi, West Virginia, Florida, and Kentucky, on January 1, 1890, was but \$142,063,897, which is \$6,844,251.97 less than the indebtedness of the 144 members of the New York Board of Trade and Transportation, who have responded to our request. The state, county, municipal and school district debts, less the sinking fund, of all the United States, excepting Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey and Pennsylvania, on January 1, 1890, amounted to but \$667,241,827, which is probably much less than the indebtedness of the members of our board.

These men are debtors because they can make a profit on borrowed capital; very few of them need be in debt, but long and large experience has taught them that it pays them to use the money of those who cannot make as much out of money as they can. By borrowing not more than half the actual value of their improved real estate, they get money for less than the income which they derive from the property mortgaged. Many of them own enough United States or other first-class bonds to enable them to borrow all the money they ever borrow, on call, hypothecating their bonds as security, thereby having the interest on their bonds, and getting money for about half the interest they would have to pay on money borrowed for a definite time. For a number of years money has been so abundant that they very rarely had to pay over 4 per cent for call loans, and most of the time at the rate of but from 1 to 3 per cent per annum.

It would be absurd to call these men "slaves of the money power;" they, and the many others like them, and the worthy men and women employed by them, together with our farmers and other honest

THINK OF THIS AND ALL MORTGAGES.

ABSOLUTE KNOWLEDGE BY FIAT MEN.

DEBTS MAKE THEM CASH.

INCONTROVERTIBLE PROOF.

ARE THEY NIGGERS TO CASH.