

FINANCIAL COLUMN

BY THE FINANCIAL EDITOR.

JUST at present we are greeted with a unanimous howl on the part of the banks and railroad companies that "The railroads are compelled to cease improvements because they cannot get more money and it is the people's fault."

When a railway desires to borrow, say, one hundred millions, it does not go directly to the banks for it, but a syndicate, usually composed of "inside directors," such as large stockholders and directors of the railway, including one or more banking firms, is organized.

Now, when the railway issues the bonds, it turns them over to the syndicate, which, in turn, deposits them with the banks as security for the loan, and the railroad then proceeds to spend the money before a single bond is sold.

When the bonds are sold they are sold to the class of people who have deposits in the banks—it matters not in what part of the country, the effect is the same. The New York banker has, we will say, advanced \$1,000 of your money to the syndicate for a certain railway bond—the railroad takes the money and spends it; the syndicate deposits the bond with the bank as security for your money which has been used by the railway.

Some two or three years ago, soon after Lawson began to write his articles, the depositors became wary, and began to neglect to buy bonds. The banks thought this only a temporary matter and proceeded to hold out the depositors' money until today they have over one billion dollars worth of bonds on hand, for which they have advanced the depositors' money, and which the depositors have neglected to buy.

This condition has existed for over a year, and all that has sustained the banks, the corporations, the railroads and the insurance companies is the money of the despised "people," the funds of the cattle, the canaille, of the United States government.

Recently, when Mr. Shaw, the retiring secretary of the treasury, was made the head of a great trust and banking company of New York, the Wall Street Journal remarked that Shaw's abilities might not be very great, but that it would be easy to provide a man that could steer the institution from behind the scenes.

A little over a year ago the deposits of public money—was something like \$59,000,000 in the national banks. That is, the national banks had the free use of \$59,000,000 of government money. During the past year, as it became evident that the bank depositors would not buy the railroad bonds, for which over one billion dollars had been advanced and spent by the railroads, it became also apparent to the bankers that they were getting in a corner.

Order Comrade Sinclair's books. They are well worth study and reading, and your order will help him over his misfortune.

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Even Shaw was not enough, and so desperate was the situation that finally Shaw issued some \$30,000,000 of Panama canal bonds, on work that had already been paid for out of the government funds! Don't see how that could do any good, do you? Well it did a lot of good from a Wall Street point of view.

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AGITATION LEAGUE

Reported last week..... \$988.27 Collected since last report..... 45.20 Total..... \$1,033.47

The intense interest being manifested in every quarter over the approaching trial of our imprisoned comrades in Idaho has aroused a desire on the part of many people for information relating to the case who have heretofore remained indifferent.

- John Porter, Alabama..... \$ 1.00
James Barrows, Arizona..... 1.00
H. H. Hinderliter, Arizona..... 1.00
Paul Peterson, California..... 1.00
George Watkins, California..... 1.00
Frank Lynch, California..... 1.00
Mrs. Alice F. Hines, California..... .25
F. L. Stanley, California..... 1.00
Fred E. Fowler, Colorado..... 1.00
Ed W. Funk, Colorado..... .25
Eugene H. Hunk, Colorado..... .50
F. W. Rogers, Colorado..... .50
C. E. Burt, Colorado..... .25
F. H. Rogers, Florida..... .25
S. A. Lee, Georgia..... 1.00
Charles Housh, Illinois..... .50
W. J. Conarty, Indiana..... 2.00
Thompson, Iowa..... 1.00
W. H. Stevens, Kansas..... 2.00
E. Bechtel, Kansas..... 2.00
S. H. Mooreman, Kentucky..... 1.00
P. O. Spitzer, Maine..... .50
Mrs. A. H. Perry, Massachusetts..... .25
C. E. Burt, Massachusetts..... .25
E. E. Jacobson, Minnesota..... 1.00
C. G. Anderson, Minnesota..... 1.25
Loring Sweet, Minnesota..... 1.00
Fannie E. Deuser, Missouri..... 5.00
Alex. N. Whitman, Montana..... 1.00
Harry Bush, Montana..... 1.00
Frank Alesh, Montana..... 1.00
J. W. Sanders, Ohio..... .50
J. W. Davidson, Oklahoma..... 1.00
J. E. Farnsworth, Oklahoma..... 1.00
James Crickshaw, Texas..... .50
E. W. Collins, Washington..... 2.50
W. H. McKee, Washington..... 1.00
F. Somers, British Columbia..... .25

Monarchy and Peonage.

The most significant event in many a year is the great reverse experienced by the Socialist party in the recent German elections. It was the old fight of militarism against democracy. This is cheering news for the rest of the world.

I find the above expression of love for monarchy and hate for democracy in the Daily Republican of Red Wing, Minn. It shows the rising monarchial spirit in America. The leaders of the capitalist parties would today gladly welcome a king as the means of more fully enslaving the people than is likely where the people have a ballot with which to combat the aggressions of tyranny.

What else could you expect of men who advertise stock in a "Mexican Fibre company" in an effort to induce those who vote for them and support their paper into handing over their savings to wild-cat speculators? The advertisement mentioned states as an inducement to investors that "Mexican Fibre" offers excellent opportunity for investment because of the cheapness of labor in Mexico.

Says the ad: "Labor is plentiful and cheap, Mexican prices receiving only about 22 cents a day." How delightful! Wouldn't you like to join in this enterprise to tan profits out of the hides of Mexican slaves? Slavery and peonage are both crimes in this country, but this postmaster, possessing the monarchial spirit, is willing to become an active party to the crime.

In his eagerness to rejoice over a reverse that didn't happen, this sycophant overlooks the fact that the Socialist vote in Germany was a quarter of a million greater than the last election that ever before and that the temporary advantage secured by the Kaiser and the capitalist class, which is the power behind his throne, was not because of the willing suffrage of the German people, but because a mass of stay-at-home voters were corrupted with a price into perpetuating the nominal reign of Kaiser Wilhelm and the actual reign of capitalism.

The postmaster editor has another article coming on the beauties of monarchy and peonage, eh?

Labor page No. 6, issued by the American Press association, has a two-column article by Eugene V. Debs, reviewing the Moyer-Haywood case. It is a terse, clear statement of the western situation. This page of plates, consisting of six full newspaper columns, costs one dollar, plus expense. Ask your local paper to secure Labor Page No. 6, American Press association. Letters may be addressed to that firm at New York or to any of the following towns: Boston, Philadelphia, Buffalo, Pittsburgh, Columbus, O., Detroit, Cincinnati, Chicago, Indianapolis, St. Paul, Omaha, Atlanta, Dallas, Portland or San Francisco.

MIGHT IS RIGHT.

Some one has sent me a copy of a book, entitled "Might is Right." In the publisher's preface to the fifth edition I find this remarkable phrase: "This is the book that, above all others, inspired President Roosevelt's gospel of Roman strenuousness, i. e., the gospel of strength—individual energy—might—power—aggressiveness." A book that Cecil Rhodes had typewritten before its publication that he might better study it! Here is a poem from the book. Read it and think what it means, and what the president's strenuousness means:

Might was right when Caesar bled upon the stones of Rome,
Might was right when Joshua led his hordes o'er Jordan's foam,
And might was right when German troops poured down through Paris gay,
It's the Gospel of the Ancient World and the Logic of Today.

What are the lords of hoarded gold—the silent Semite rings?
What are the plunder priests—high-pontiffs, priests and kings?
What are they but bold master-slaves, bent for the fray,
Who comprehend and vanquish by—the Logic of Today.

Then, what is the use of dreaming dreams—that "each shall get his own"?
What are these woe and canaanites—hold the world in awe,
And sweat-streng races over the earth and ride the Conqueror's Car?
And LIBERTY has never been wad, except by deeds of war.

IN THE CZAR'S SERVICE.
FROM THE RIFLE.
THE room was dingy and but poorly lighted. Around the long table in its center were gathered the conspirators—the men who had sworn to kill the czar. A strange-looking appearance they made in the flickering candle light; some with fierce faces marked with the bitter lines of hunger and of hate; some with the enthusiastic and rapt expression of dreamers; others with the cold impassivity of great generals.

He looked at the clock. Twenty minutes past 8. Would that inch of fallow last forty minutes? If it should not, would being blown up be so painful? He looked at the candle again. It seemed to melt away before his eager gaze. He tried to shriek, but could not. The brute on his face where the man had kicked him hurt fearfully; he became unconscious. He dreamed of his mother, dead years before. He thought that he was a child again, and that she had taken him on her lap, and was telling him the old stories that he loved. It was summer, and he could hear the reapers singing. He laughed with happiness.

He opened his eyes. The darkness of the room frightened him, and he tried to call his mother. The gag was still in his mouth, and like a flash, the whole dreadful, sickening truth came back to him. The hands of the clock pointed to 8:40, and the candle was more than half burned. He shook like a leaf—a dreadful nausea sickened him.

Again he looked at the clock—8:50. The candle seemed to burn slower. Was there still hope? Would the police come on time—would they come on time? He strained his ears to hear their coming, but there was no sound. Good God! would they be late? It was 8:55. He tried to pray. He was lost. No! At last he could hear the soldiers approaching; but the clock was striking 9. A knock on the door and the flame had touched the fuse. He watched the spark as it crept like a snake across the floor, nearer, nearer to the keg. He tried to scream. The sound of a door being broken open. The footsteps of men on the passage outside the door, but the spark had reached the keg. A flash—

A second later, when the soldiers entered, they saw a sight that frightened even them, used to fearful sights as they were. A dead man, bound and gagged, lay upon the floor, his hair snowy white and his eyes staring and protruding.

Of the time of every Appeal Army Comrade means 15,000 hours 625 days nearly two years. I want that much of the time of the Appeal Army THIS WEEK in a subscription campaign that will make the plutes sit up and take notice. I haven't any premiums to hand out to you, but every 30 minutes means another long step towards the Co-operative Commonwealth—towards freedom and away from slavery. Let's take that step and take it today.

to resist. The officer turned to his men and gave a sharp order. The soldiers raised their guns and aimed them at the defenseless breasts of the prisoners. Again the president spoke. "What do you mean to do?" he cried. "To execute you at once," returned the officer coldly. Then to the soldiers: "Take aim! Fire!" "Stop!"

The cry rang out loud and clear in the deadly stillness of the room, and the spy sprang forward from where he stood against the wall. "Stop!" he cried. "Get back," said the officer, sternly; but the spy continued to advance. His coldness, his impassiveness, had disappeared; his face was yellow with fear; his teeth chattered; great drops of sweat stood on his forehead.

"No—no—you must not shoot me!" he shrieked. "I am of yourselves—I am an agent of the third section. It was I who informed against these men. If you kill me it will be murder—murder!" He groveled on the floor at the officer's feet.

The doomed men looked at the miserable wretch with bitter contempt, while in the president's eyes there was something that looked like triumph. "An agent of the police?" said the officer doubtfully. "You have your credentials?" "Yes—yes!" screamed the wretch, tearing a piece of paper from his pocket and handing it to the officer. "It is there—it is there. Ah, my God!"

This last exclamation was one of renewed terror for the soldiers, dropping their rifles, had sprung upon him, and were binding him hand and foot. The president stepped forward with a smile. "Brothers," said he to the amazed men, who still stood against the wall, "brothers, in a great cause like ours we can not be too careful. This little scheme was devised to discover what traitors we had amongst us. It has succeeded. You, who have proved faithful, are quite safe."

They could scarcely credit their senses. Then one or two began to sob, and one man laughed. "This spy?" he questioned. "A fierce rumor ran round the room. The men, with one accord, started toward the corner where the man lay bound. "Kill him! Kill him!" they shouted. The president raised his hand. "Stop!" cried he; "the man is mine—mine to punish as I see fit. Leave him to me. You will accompany my brother, Vassoloff," indicating the pseudo officer, "to a place of refuge. From our friend's admission we are no longer safe here."

"But—" "I have spoken," said the president, sternly. The conspirators turned and silently went out. As the man who had laughed passed the spy he kicked him in the face and laughed again. Then the president was alone with the spy. He stood looking at him for a moment, with a cruel smile on his white-bearded face. Presently he took from his pocket a long fuse, placed one end in the powder keg, and wound the other about one of the tallow candles, an inch from the burning wick. Then he placed the candle in front of the spy's face, where he could almost touch it, and, turning, went to the door. At the threshold he paused.

"Your fate will be a lesson to your fellow spies," he said, and was gone. The spy heard his steps as he went down the passage; he counted them till they died away in the awful silence of the night. Then he looked at the candle. How long would it take an inch of tallow to burn? The police would not come till 9. Would it last till then? He looked at the clock. Twenty minutes past 8. Would that inch of fallow last forty minutes? If it should not, would being blown up be so painful? He looked at the candle again. It seemed to melt away before his eager gaze. He tried to shriek, but could not. The brute on his face where the man had kicked him hurt fearfully; he became unconscious. He dreamed of his mother, dead years before. He thought that he was a child again, and that she had taken him on her lap, and was telling him the old stories that he loved. It was summer, and he could hear the reapers singing. He laughed with happiness.

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THE APPEAL STUDY CLUB
Conducted by A. M. SIMONS, 745 Clark Street, Evanston, Illinois

American History for the Workers.

No. XVI.—A Time of Readjustment—1820-1830.

EVERY crisis is followed by rapid changes in industrial, social and political relations. With the destruction of old economic foundations, the superstructures which they support fall to the ground.

Such a period existed in the United States from 1820 to 1830. The most striking change of the period was a reversal in the national outlook. Henceforth the face of the nation was set toward the west. American industry had previously been largely dependent on foreign relations. Political parties had been almost as frequently designated by their attitude toward European nations as by their domestic principles.

As the manufacturing interests of New England supplanted her commercial ones she became interested in domestic rather than foreign problems. Her industrial life was now centered around her mills and factories rather than her ships. As F. J. Turner put it, "The period witnessed the transfer of the industrial center of gravity from the harbors to the waterfalls, from commerce and navigation to manufactures."

The commerce that was now building up the great cities of the middle states, and, in particular, New York, was domestic and not foreign. It was now beginning to dawn upon the ruling classes of the seaboard that the most profitable "foreign market" for them was to be found on the western frontier. Here were raw materials for manufacture, and an agricultural surplus to exchange for manufactured articles. The exploitation of this market was to be the main foundation of the commercial life of the United States—at least so far as the northern states were concerned—for the next generation.

This led to, or was caused by, according to the point of view, a great era of improvements in transportation. Turnpikes were built in all directions under national, state, corporate and private enterprise. Some of these were more extensive undertakings in the road-making line than have been attempted at any subsequent period.

Three cities were competing for this western trade, and on their success in this competition depended their wealth and population and that of the country surrounding them. These cities were New York, Philadelphia and Baltimore. Philadelphia and Pennsylvania moved first, because the position of Pittsburgh as an entrance to the Ohio and Mississippi valleys made the importance of the west first apparent to this region. For the first two decades of the nineteenth century Pennsylvania led all other states in her internal improvements. Her politics during this period, and, indeed, for some years later, consisted very largely of conflicts between rival claimants for canals and Philadelphia became the largest trolled the majority of the western trade and Maryland manifestly placed her at a disadvantage in this competition, but through her influence in the national government she received considerable assistance, and for some time she held her place in the struggle.

When New York finally awoke to the importance of the contest her geographical position gave her a tremendous advantage. This advantage was only realized upon, however, after the greatest engineering work of the first half century—the Erie Canal. Few events have had more far-reaching effects upon our national life than the linking of the Hudson, and thereby the Atlantic, to Lake Erie and the upper Mississippi Valley. We shall find this watery way powerfully influencing political and social relations for the next generation. Just now we can only notice its more immediate and local effects.

It was the first of a long series of steps toward reversing the mouth of the Mississippi river, at least, so far as its commercial and industrial life is concerned. The Erie canal was opened for traffic in 1825. During the decade from 1820 to 1830 the value of the imports of New York City increased from \$24,000,000 to \$36,000,000, and nearly all the increase was in the last five years. In the same period the population and assessed valuation of the city nearly doubled. Soon Philadelphia was passed and New York took and held the foremost position. The ratio of increase of population in Pennsylvania, on the other hand, at once fell off. The export trade of Philadelphia, which had been around \$12,000,000 for a number of years preceding 1825, at once began to decline, and by 1836 amounted to only \$3,000,000.

This canal at once turned a flood of settlers into western New York, and later into the entire great lake region, a fact that had much to do with later political struggles. The introduction of the steamboat on the western waters, which was proceeding rapidly throughout this period, was accomplishing other far-reaching effects. This new method of transportation made Pittsburg and St. Louis competitors with New Orleans as outlets for the Mississippi river trade. It made the great lakes highways of commerce instead of obstacles to communication. Since the great lakes found their outlet to the markets of the world through the Erie canal, the city of New York derived the main benefit from the development of regions contiguous to these great waterways.

As we have already seen, an analogus transformation to that of New England was taking place in the south, by which the tide-water region was being ruined through the competition of the rapidly-growing southwest. One effect of this movement was to turn into the Gulf states the tide of immigration which previously had been flowing from Virginia and the Carolinas through the Cumberland Gap into Tennessee and Kentucky. Thus, at the same time that New England and the middle states were finding new routes into the Mississippi Valley, along which they were pouring a flood of immigrants, the old streams from the south were drying up.

This development of the west was after all the most striking characteristic of the period. The industrial pressure of the crisis had driven a mighty host out to the borders of western settlement. Between 1820 and 1830 the states of the middle west increased their population by about a million and a half. Buffalo and Detroit were developing into important trading centers. A canal across Ohio, with Cleveland as its northern terminus, was building up that city. Chicago and Milwaukee were still but far-trading stations on the outskirts of civilization—the first shipload of wheat leaving Chicago for the east in 1838.

The Ohio River Valley, especially Kentucky and Tennessee, had reached the stage of diversified farming, with small manufactures. By 1832 improved breeds of cattle were being imported into these states in considerable quantities—a sure sign of a fairly high stage of agriculture. This region was already becoming the granary of the country and a great exporter of agricultural produce. The cereals were sent out of the country by the various transportation routes already described, but principally by water, as their value would not permit long transportation by wagon routes. Cattle and hogs were driven in immense droves over the mountains. Great quantities of the latter were also killed and packed at Cincinnati, particularly known as "Porkopolis." A considerable portion of the produce of this region, particularly bacon and corn and mules, was sent south to supply the plantations with draft animals and food for the slaves, thus establishing commercial ties that were later to have important political results.

After all, perhaps this period will be best known in history as the time of the industrial revolution. It was during these years that the great basic industries were transferred from the home to the factory. We have already seen the crisis of 1819. The value of woolen goods produced in factories increased from \$4,413,368 in 1820 to \$14,528,166 in 1830. In 1813 the first cotton mill in the world, in which all the processes were performed by machinery and under one roof, was established at Waltham, Mass. By 1831 there were 795 cotton mills in New England alone. The factory consumption of cotton increased from ten million pounds in 1820 to seventy-eight million pounds in 1830. The first machine for cutting nails was invented in 1810 and by 1828 the hand product had been largely supplanted, the price having been cut from twenty-five cents to eight cents a pound during these years.

This was the time of what was known as the "silk craze," when thousands of persons rushed into an insane speculation in mulberry trees and silk-worms. A frost killed the trees and burst the bubble, ruining most of those concerned. The first factories for the manufacture of continuous sheets of paper were set up during this decade. Steam rope factories were first built in 1827. The iron industry first became of importance during this period. The output of iron increased from twenty thousand tons in 1820 to one hundred and sixty-five thousand in 1830. Glass factories increased in number from five in 1814 to forty-four in 1832, with an output in the latter year valued at \$2,500,000. The total value of manufactured products increased from \$52,466,000 in 1820 to \$127,085,000 in 1830.

Out of this complex and swiftly-changing industrial situation there arose such a political chaos that most historians have given up in despair all attempt of explanation. They generally content themselves with calling it an "era of good feeling," and saying that there were no political parties, but only personal factions.

A study of the various issues that arose in congress shows a direct reflection of the economic condition just described. Three questions especially occupied legislative attention: the tariff, internal improvements and public lands.

We find New England, the middle states, and such western states as had begun to develop manufactures, favoring a protective tariff in opposition to the south and the commercial sections of New England. On internal improvements the alignment is much the same, save that New England is practically solid in opposition. She was not on any direct line of communication to the west and feared that anything which invited western emigration might raise wages. On public lands the south and west were united in opposition to New England, and such of the manufacturing states as were not deriving a direct benefit from western trade connections, and, therefore, feared the effect on wages which a liberal land policy might have.

Since these lines of division overlapped and crossed, fixed political parties were impossible, until industrial relations should become more settled.

Reference.—There are few satisfactory treatises on this period. The best by far is Frederick J. Turner's "Rise of the New West."

Questions for Discussion.
1. What shifting of industrial lines was taking place in the various sections of the country?
2. What cities were struggling for the western trade and what methods did each use to secure that trade?
3. What were the characteristics of the western movement at this time?
4. Trace the principle lines along which commerce moved at this time.