

DANGER OF ANOTHER FINANCIAL CRISIS

London Daily Mail Shudders to Think at What May Happen—The Great Baring Crash—Bubbles of '94—Under Too Much Sail—Patriotic Claim That London is Still the Hub of the Universe.

In both hemispheres business men are noting with some concern that things look very much as though we were on the brink of another "financial crisis."

The fears of an impending crash may possibly prove premature and exaggerated; but it must in any case be conceded that there is ample ground for them. For months past the symptoms which usually herald the advent of a financial catastrophe have been steadily increasing in number and gaining in intensity, and it is not pleasant to remember that financial troubles generally mature in the autumn.

These crises are as old as commerce itself, and the regularity with which they come has led many people to accept their supposed "periodicity" as an article of business faith. In very much the same way as the astronomer has accepted the periodicity of sunspots and of comets. There have even been evolved a "decennial theory," which finds many adherents. It amounts to this, that about every ten years or so there must be a turning point in the state of trade; and the history of finance and commerce certainly tends to give strong support to the view. To go back for no more than half a century, we find that in England trade "slumps" were inaugurated by panics in 1847, 1857, and 1866. In 1859 there was a "black Friday" in New York; in 1873 things were bad here; in 1882 there was a crisis which showed itself at its worst in France; in 1890 the Argentine collapse took place; and, if there is anything at all in the ten-year theory, there ought to be another smash either this year or the next.

THE CYCLE OF CRISES.

Well, decennial theory or not, there is no doubt as to the reasons why these critical periods are reached from time to time, nor is it difficult to see the manner in which they arise. They are due to human optimism, to human energy, and to a very human weakness for getting rich as fast as possible.

Taking one panic as starting point, the development of the next crisis takes place on something like the following lines: Immediately after a great collapse we witness an epidemic of caution and a curtailment of credit.

These bring about a falling-off in business in every direction. Raw materials fall in price, wages decline, profits are reduced, capital yields a poor return, and "money" becomes cheap. In the general timidity you witness notably a disinclination to give credit abroad, and capital is withdrawn from foreign countries. A general scale. It is then allowed to accumulate a home, when, it becomes almost worthless and a nuisance. After a few years the stagnation in the capital market becomes unbearable. Also caution loses its novelty, and is gradually abandoned. The long pent-up energy and the accumulated capital once more begin to flow into new channels—the old ones which resulted in the last crisis are generally eschewed. The first effects of this renewed activity are gratifying. Business men love to be busy. The activity gradually increases; by degrees the pace grows faster, and the rush for gain more excited; the excitement leads to rashness, speculation, over-trading, over-financing.

and unexpectedly come a crash and a crisis, and there you are again.

What precedes is a rough and ready summary of the theory of commercial crises. Let us now look at the practice, at actualities, and see whether, if tested on the touchstone of theory, our present position justifies the fear that we are on the brink of another financial crisis. We shall go back to the Baring crisis, because that is not only a convenient but also a scientific starting point. And it may not be amiss to remind the reader of it that the collapse of Baring's was not the cause of the crisis of 1890, but merely one of the symptoms, or, rather, of the consequences.

UPON THE BARING CRASH.

After the fall of the great house there came all over the world a period of intense stagnation. First there was a tremendous strain even upon solvent houses. Then came the recognition of the fact that the pace had been set too fast in all directions, and in every sphere of commercial and financial activity. Finally there was the desire to improve individual positions by liquidation of doubtful and undesirable assets. Stocks were sold, capital was withdrawn from abroad, and, for the time being, the supply of funds to foreign borrowers ceased. The manufacturing industries and the retail trades began to stagnate, and raw materials fell in price. "Money" became cheap, there being not only a vast accumulation of funds, but also an abnormal small demand for them. Everybody will remember the state of affairs prevailing in the money market from about 1891 until 1894. The bank rate stood for years together as low as 2 per cent, which had never happened before. Call money could be had very often for less than 1 per cent per annum. First rate bills were discounted for a pittance, and the banks could hardly find profitable employment for their loanable funds. The inability to find profitable employment for capital created keen competition for high-class investments, and sent these to famine prices. But even this symptom, however satisfactory for owners of gilt-edged securities, it may look at first blush, was very unsatisfactory for the rise in prices was only the interpretation of an unwelcome fact. That fact was decline in the yield of capital. After all investment is a matter of yield rather than a matter of quotation.

The longer the stagnation in the money market lasted the more impatient people grew, and as the memory of the dark days of November, 1890, dimmed, the crumbling at the low rates obtainable for money became more intense. The ranks of those who had money left from before the crisis, and who guarded it now with exaggerated timidity, were swelled by the very large class of people, so numerous in this country, who are constantly rising up from financial nothingness into comparative wealth. Critics call them a fresh crop of fools which ripens about every ten years; and in truth they are people who make their money by hard and patient toil in retail businesses and small industries, and lose it with ease and rapidity in the attempt to multiply slender means into large fortunes.

BUBBLES IN '94.

About the year 1894 people of both classes were tempted into a great variety of speculative investment stocks. The Baring boom intoxicated the policy gambler; and the limited liability craze

appealed to the instincts of the cautious small investor. As regards the latter, there was to be no more trusting disreputable South American governments or thieving American railroad rascals. Instead of that there was to be sound investment in reliable home enterprises of all kinds.

The idea caught on. Those who wanted to gamble went to the Kalbar circuit, and those who wanted to invest went into industrial; and as soon as there came a demand for these stocks there naturally came a supply of them. There arose a whole army of company promoters of all shades of merit, ranging from the people who "converted" Guinness and Coats to those who enabled the public to acquire interest in concerns like Dunlop's or Velocis, not to mention the thousand and one mining shares created during the last decade. It is to be observed that what was really good among these new creations seldom went to the public, but was quietly and quickly taken up by cautious and competent judges. What the general public got was the rubbish; and it still holds it today. It would be impossible even to approximate the amount which the "B.P." have lost in the successive booms of Westralians, cycles, British Columbian, and the like, but the amount must exceed many times the cost of the most expensive war that was ever waged.

But the penalty for financial follies is not altogether paid by the small investor exclusively. The financier himself is called to look. Exaggerated ideas in the absorbing capacity of the public, exaggerated faith in the merits of the schemes he contemplated bringing out, and inability to read the signs of the times have caused him to become by degrees loaded up with all descriptions of stock that is still in the transitory stages between creation and sale to the public.

In the city most people today hold more than they can carry. Those who devote themselves to company-promoting have on hand countless embryo schemes, in every one of which they have put good money that cannot be got out. Those who go in for underwriting hold far more than they wish or may bring. Therein lies our hope that we may escape another crisis, though it is to be feared that we cannot expect to escape a considerable spell of stagnation and liquidation in the world of finance.

UNDER TOO MUCH SAIL.

In short, everyone is overloaded, and has strained his credit to the utmost. In spite of the low bank rate there is no money in the city, no money in the sense of liquid capital. There is only a top-heavy structure founded on credit; and should anything occur to shake the delicate foundation a collapse will probably prove inevitable.

In the question whether anything of that kind will occur centers the whole crux of the present situation. If we were dependent upon no one but ourselves our state of financial congestion would probably not involve any particular danger. It would, it is true, necessitate a financial rest and engender a state of inactivity, but it would not necessarily lead to collapse. But our world-wide interests, the international ramifications of finance, and the close sympathy and intimate relations subsisting between our center and

every other, compel us to be on our guard and expose us to the danger of a collapse. And for that reason it is unpleasant to notice that in all foreign financial centers matters are assuming a graver aspect every day. There is no question that in Germany people have overshot the mark, have been guilty of over-trading and doubtful and rotten financing, and have fully deserved the collapse which seems imminent, or perhaps one may say in progress. In Belgium there has been a period of gambling and over-financing which is just at present leading to dire consequences. In Austria matters stagnate; Russia has now been for a couple of years in the throes of a crisis which we do not fully appreciate because we have taken such a small share in financing the czar's empire. In France there is, after much financial excess, congestion and exhaustion closely akin to ours. And one shudders to think of what will happen in the United States when the day of reckoning comes for the undoubted follies committed during the present boom. The huge trusts, the railway consolidations, the "community of interest," and the various other delusions upon which the "biggest bull boom of modern times" has been founded must bring about collapse some day.

STILL THE HUB OF THE UNIVERSE.

Now we, in London, could very well afford to look upon these American transgressions with equanimity, were it not that London, in spite of American ambitions, still is the center of finance. From this city of ours direct wires, so to speak, run into the office of every big institution abroad, and the first effect of strain in any foreign financial center is a tendency to seek relief in London. Only a fortnight ago our stock market was slumping, because Germany effected forced realizations here; only a few days ago it was weak, because New York had to sell the Consols which it took up with so much bounce and bluster; and after Antwerp, Petersburg or Buenos Ayres, Paris and Rio de Janeiro.

It is this liability to fill gaps over the world which causes our weakness in days of stress, just as it causes our strength in days of prosperity. In finance we do not enjoy "splendid isolation"; we are, on the contrary, the sensitive center of a huge system, and at once feel the effect of anything that happens in any part of the world. And we are bound to feel it, for it is the duty of the financier to keep his eyes on the world, and to be just now watching developments abroad with such unremitting attention. But they are on their guard, and that is something. All prudent financiers are taking in sail and preparing for the gale that may come. They are not, however, to be feared that we cannot expect to escape a considerable spell of stagnation and liquidation in the world of finance.

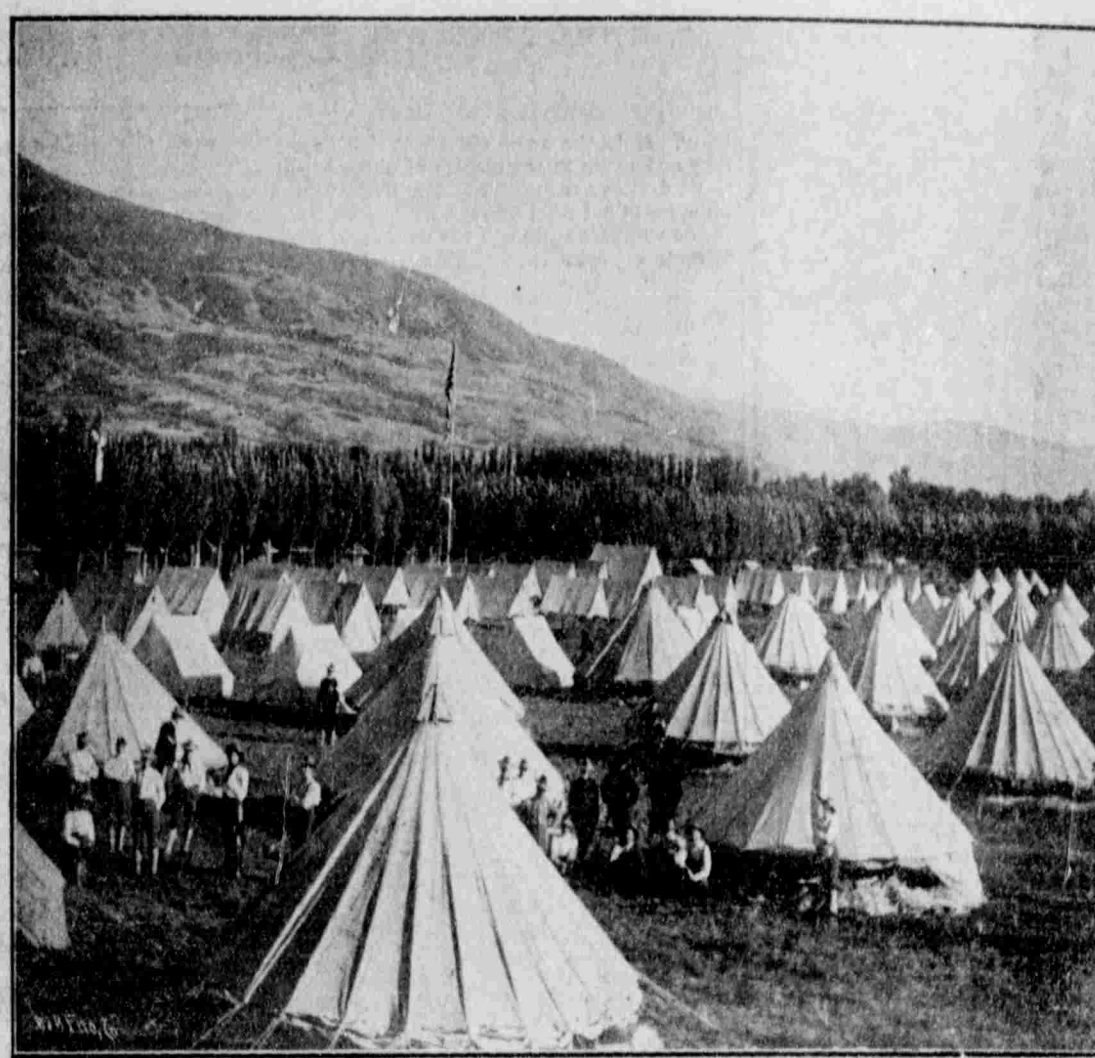
THE INDIAN AS A FARMER.

The American Indian is of that physique which makes a "farmer," and the wonder is that he is not sent into the fields ere he is "making them go to school." It is essential, but ninety-nine per cent of the time he returns from school either doing nothing or going into farm life. The other one per cent become professional men. Within the past few years the strides made by the American red man in farming have been remarkable. In the United States today there are 35,000 Indians who earn their own living by farm work. Last year they sold their farm products for a combined sum of \$1,468,565, over and above the expenses of living. This was nearly forty dollars per capita, which is very good considering the fact that thirty per cent of them have never before farmed an acre of land. Some of the Indian farmers never did a day's work in all their lives before. Some have been at work for five or six years.

One farmer, a Kiowa, living in Oklahoma, raised last year wheat making twenty-six bushels to the acre, and corn running sixty bushels. He tilled the fields alone except in harvest time, when he engaged a number of harvest hands to assist. His income from last year's crop was \$3,500. His farm is a model one. Originally, the land, 600 acres in extent, was set aside to him by the Indian agent. It lies in a valley near the Washita river, the soil is well watered and rich. In the edge of a patch of trees bordering on the farm, was erected a nice five-room cottage. The stock were fattened, and every farming implement was shedded for winter. This Indian, who was once a noted fighter, now puts in several months in each year on his place, and works even harder than the average white farmer. While one cannot say too much good concerning his farming ability, his moral character is in keeping with other Indians. Sometimes, when he can get the liquor, he will remain drunk for a whole month. He wears a blanket in winter, and attends the medicine dance and dog feast in summer. So, while the government has tamed him in one way, it still has a great deal to accomplish. As it is with this Kiowa farmer, one will also find it with many other Indians. To make a good farmer out of a warrior, requires no less than seven years.

There are today about 257,800 Indians in the United States, of which 225,000 do not work. Therefore only seven per cent of the entire Indian population on the reservation earn their own living, excluding the Indians of the five civilized tribes. This is quite an improvement over three years ago, when not three per cent were capable of taking care of themselves. There are today 83,750 members of the five civilized tribes of Indian territory. These are the Cherokees, Creeks, Choctaws, Chickasaws, and Seminole Indians. They yet retain their land in common, but it will be allotted before another year. These are called educated Indians, and last year they earned \$1,500,000 from the sale of beef and cattle. It costs the government from four to five million dollars every year to educate the Indians and set them up in farming. The Osage Indians—the richest Indians in the United States—are, contrary to general belief, the most industrious. They had out last year 20,000 acres of land, from which they raised 180,000 bushels of wheat, 10,000 bushels of oats and 50,000 bushels of corn. The Sioux outnumber the Osage two to one, hence the value of their products was even greater than those of the Osage. But the Sioux go in for cattle-raising, having sold 12,000 head of cattle in one season, and made \$62,000 therefrom. The Cherokees are also great cattle-raisers. Practical farming is now being taught in many Indian schools of the southwest country. W. R. Draper, in New York Harpers Weekly.

TEMPORARY HOME OF UTAH'S CITIZEN SOLDIERY.



CAMP LAWTON, NEAR FARMINGTON.

THOSE who have not had the privilege of visiting Camp Lawton, the home of the Utah National Guard during its present encampment, will derive much pleasure from looking upon the beautiful cut above. A more desirable spot for the camp could scarcely have been found anywhere in the state. The setting seems to be well nigh perfect, with the lofty mountains affording a background on one side and on the other a stretch of level country reaching out to the shores of the lake. The immediate surroundings are delightful, with a row of stately trees encircling the entire camp and not a particle of dust to impair the green refreshing aspect of the scene. Nearly every facility is at hand so that no necessary feature of a guard encampment need be neglected here. West of the tents is located the broad field for drilling and parade. It is large enough for the entire brigade to effect any maneuver within its ratings, and the cool sod instead of the dusty earth renders marching a pleasure. The battery has all the room it requires even

for target practice, as the entire country from the camp to Antelope Island is at its disposal. The boys of the signal corps also have as much occasion to appreciate the camp as any of the other organizations, as the mountains afford a valuable adjunct in their signal practice. Another thing which perhaps appeals to the boys as much as anything else is the close proximity of numerous watermelon patches.

The boys have been in camp nearly one week and in that time have begun to feel measurably like soldiers. Nothing has been heard that sounded like a kick and every face wears a look of satisfaction. This can be imputed for the most part to the happy location of the camp and the many conveniences that are at hand. Indeed some who have had their training in the more rigid military schools of Europe think that there are altogether too many conveniences for becoming disciplined. They would have a less inviting camping ground, less palatable food, and less merriment. But Camp Lawton is made up of intelligent American citizens from the Brigadier General down to the private and they are all treated as such. Whether or not such discipline is inimical to effective warfare has been attested in every battle in which the American soldier has engaged, from Bunker Hill to Calocan.

But because of the many attractive features of the camp let it not be supposed that inactivity is encouraged. Indeed very few camps in times of peace are more lively than Camp Lawton. The boys drill from six to eight hours every day and the time consumed for mess makes a busy day. The boys are as willing to work as they are to play—at least they seem to be and that makes it pleasant for the officers. The value of the encampment can be best estimated by the fact that the boys drill in the early part of the week and noted their gradual improvement, both as to officers and men. In many of the maneuvers the boys seemed strange and unfamiliar with them at first but now they go through all the movements and evolutions with barely an error.

The members of the guard are not the only ones who have appreciated the camp by any means. Scores of people in the city have found it exceedingly pleasant to take a run out there every afternoon and watch the attractive retreat parade and guard mounting. At nearly every mess the officers have had some guest from the city so that the civilians have taken almost as lively an interest in the encampment as the soldiers themselves, and have appropriated some of the pleasures incident to such camp life.

AMERICA'S WILD RICE CROP.

In early days the extension of the fur trade in a territory unsurpassed for richness in pelts was actually made practicable by the wild rice, which furnished a wholesome support for traders and hunters. Pike, the explorer, in 1805, described the fort of the Northwest company at Leech lake as stored with large quantities of the grain, 500 bushels of which were put away in a loft over the trading room. Employees of the company depended on it chiefly for food, buying it from the savages at the average price of about \$1.50 a bushel. At the present time white people in

the neighborhood of all the reservations in Wisconsin and Minnesota are very fond of wild rice, which is commonly offered for sale in the towns. Charles C. Oppel, a produce dealer of Duluth, states that he handles from one to two tons of it every season. "Most of the cruisers, explorers and homesteaders take it out into the woods with them," he says, "and they claim that it is better than tame rice, because it does not take so long to prepare." It is largely consumed in lumber camps in the region where it grows. The wild rice that comes to market in this way is all of it gathered by the Indians, the work of harvesting and

preparing the grain being performed almost entirely by the women.

Wild rice is more nutritious than any of our common cereals, such as wheat, rice, corn, barley, oats and ordinary rice. It is richer in starch and sugar than any of these, and contains more of the stuff that makes muscle and blood. The freshly gathered seeds may be cooked by simply pouring boiling water over them, but the parched grain requires half an hour's cooking, and the fire cured a full hour. It swells like the southern rice, a single cupful of the dry kernels furnishing an ample meal for two Indians, or sufficient breakfast food for eight or ten persons. It is especially wholesome for breakfast, served with sugar and cream.

If it could be cultivated with any certainty, wild rice would long ago have become a staple for the white population. Unfortunately, however, no method has been found whereby regular and satisfactory crops can be insured.—Pearson's Magazine.

Justice John B. Timmony.

IN THE person of the late Justice John B. Timmony the public had an official who was a terror to evildoers; yet, withal, a man who was quick to see when and where leniency could be exercised to the best possible advantage. The compassionate part of his nature was easily stirred by the behalf of the really deserving and unfortunate. But to the confirmed criminal he was a wholly different kind of a man. There was little pity in him for the gambler, who by his wiles defrauded an unsuspecting tenderfoot out of his hard earnings, or for the shameless French women who plied their vocations in the slums. To his wife beater and the debaucher of innocent girls he was the very personification of dread. All these knew that when they faced him, he could see through the veneer of pretense and hypocrisy and that they would be judged according to their deeds. Arraignment before him did not simply mean a monetary fine, but it meant a sojourn in jail as well. In fact he was just the kind of official that would have made an invaluable right hand man to any mayor determined to have the laws and ordinances of the city enforced.

Justice Chris B. Diehl.

THE selection by Mayor Thompson of Police Court Clerk Chris. B. Diehl to succeed the late John B. Timmony, is a decided recognition of the young man in politics, for Mr. Diehl is years and years the junior of any other man who was a candidate for the place. The fact that he is young in years, however, does not mean that he is without experience. The contrary is true, as in the position he has heretofore held he was closely associated with the dead justice. Besides he knows the lawless element of this city as well as any man, having been public prosecutor for more than three years past. His friends do not hesitate to say that he will be equal to the demand made upon him. Unlike his predecessor the most of his life and noble service are before him. But he has an opportunity to make a name for himself that will shine just as resplendent as does that of the man into whose place he has stepped and whose example he has before him. His familiarity with the duties imposed upon him should make this a comparatively easy task. Certain it is he can have the support and confidence of the citizens of Salt Lake if he but wills it.



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