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WHAT MAKES PANICS?—FOOLS.

A Comprehensive View of American Trade and Finance—Read it, if You Want to Know How You Live, Move and Have Your Being.

Edward Atkinson in Frank Leslie's Illustrated Newspaper.

I have been asked to give an answer to this question. My reply is that fools make panics, generally speaking. The true question is, "What is it that scares the fools?" That is a hard question to answer.

In order to explain the matter we must begin a good way off. In these days hardly anybody works for himself; hardly any one raises any large part of the food that he eats; even most farmers grow special crops, buying a large part of their own food somewhere else. Hardly any people, either men or women, make their own cloth; very few make their own clothes. Hardly any one does any work on his own house. Almost every man or woman who is at work, either with head or hand or foot or machine, is supplying somebody else—either with food or with fuel or with shelter or with clothing; while somebody else is supplying them. In a plain way we may put the case in this form: *All hands swap all around.* That is what makes trade.

There are a few places in this country where there is never a money panic or a crisis in business. Down in the Southern mountains, in what has been called the "Land of the Sky," one can still find a few people who card, spin and weave their own cotton and wool, cut their own wood for fuel, "bread themselves" on their own corn and salt and smoke their own meat. These people are not subject to money panics. They never had money enough to get scared about.

In other places, where people have found out that each man can get more for himself by working on what some one else wants than he can by trying to do all his own work, there is a great deal of trade. Where trade is active, there is the place for a money panic. Now where there is a great deal of work to be done there are a great many men and women who work for wages. Many of those who don't want to work for wages get a piece of land. In 1889 there were more farmers who worked land on their own hook than there were of hired men who worked on the farms for them. What a fool a man would be to work for wages when he didn't want to, and grumble about it! Any man can get a piece of land cheaper than it ever cost to get a piece of land before. If he wants to make a choice of lots he may have to pay a high price, but there is more land somewhere, at less cost, at this time than there ever was before, measuring the cost in the work needed to earn and to get it into condition to make crops. Some of it is good land, from which men got a good living fifty years ago, when it cost them a great deal more work to make their crops and a great deal more money to get their crops to market than it does now.

Not to say anything about land in the Northwest, any man who wants land, and knows how to work it, can get it in the South almost on his own terms; and any man who is willing and knows how to work on a farm can get a New England farm at less than the cost of the walls and the fences, good buildings thrown in. On these same farms great families started and men and women have been raised, many of whom are now the very ones that are paying wages in the cities and towns to those whom they hire instead of working for hire themselves. Any one who knows how can get on better now than ever before, because there is more work to be done. The work is not as hard as it used to be, and it pays better to do it; the "know how" is what is scarce.

The reason why there is more trade than there ever was before is

because there are more goods to be traded in. Counting per head of the population, there is more corn, more wheat, more oats, more beef, more pork, more cheese, more butter and more eggs than there ever was before in this country or in any other. Half the cost of living, to nine-tenths of the people, even of this country, is the cost of food. There is more food to be had for the wages of a day's work than there ever was before. There is also more fuel, more iron and more copper per head; more cotton raised here, and more wool raised or bought somewhere else, than there ever was before. There is so much product raised to eat and drink and wear, and to build with, that we could not use it all ourselves if we tried to, so we swap what we don't want for tea, coffee, sugar, and other things that we do want. That makes foreign trade.

Every man who is willing to work, and who knows how, can do more work with less hard labor and can get more out of it than he ever could before. The reason of the high wages, the low cost of labor, and the low prices of goods, is that there is more capital ready to be used, at less profit, than there ever was before.

By way of trade our big product is turned into terms of money, and the money that the product brings is divided up, payment being made in coin, notes, checks, bills of exchange, or by writing off one against another on the books of shopkeepers, banks, etc. The way in which it is divided is by way of wages, earnings, salaries, rents, interest, profits, and taxes. All these shares come out of the product. Our present big product, even at low prices, comes to more money than the small product which was made with much harder work a few years ago used to bring. A less part of the product goes into profits and a larger part of it goes into wages than ever before. Profits and wages both count up in bigger sums because the product increases while the work is less.

Fifty years ago a bushel of wheat could not be moved a hundred and fifty miles in a wagon without the cost of carting it using up about all that it would bring. To-day a barrel of flour, that takes nearly five bushels of wheat to make, can be moved a thousand miles for a half dollar, and often for less. The profit to the railway in moving a barrel of flour a thousand miles is less than the value of the empty barrel at the end of the route. Vanderbilt made his great fortune by making flour and other things cheaper than they ever had been made before by moving them at less cost. We can't afford to spare such men. Without them it would cost us a great deal more work to get our own living, and we should not get as good a living as we do now.

Down South they say, when a man raises his own corn, that "he breads himself" by his own work. New England does not now bread herself for a week in a year. If she had to do so there would be hardly any time left for any other kind of work. How does she get her bread? By trade. On what terms is the trade conducted? Partly on credit, partly for money. The better and safer the money, the more the trade and the less the cost of living.

About two hundred dollars' worth—I mean gold dollars' worth—of food, fuel, fibres, and fabrics are made somewhere in this country on the average to every man, woman, and child in it. The average may come to rather more now, but that was about the size of the product a few years ago.

What do we do with it? We use it all up. How do we get it? By trade. Before we can cipher that out, we had better ask what this product consists of: 1st, food; 2nd, fuel; 3rd, fibres; 4th, forest products; 5th, fish; 6th, fabrics; the six "F's." The food won't do me any good if it is out West; the fuel

if it is in Pennsylvania; the fibres if they are in the South or out in Colorado on the sheep's back; the forest products if they are in Michigan or Georgia; the fish if in the smacks; nor the fabrics if they are in the factories. How do they get out and how do they get round? By trade. Panic stops trade; fools make the panics, generally speaking. What kind of money do we want? The best kind, made of gold. What fools we should be to use a poor kind!!

Mr. Porter says there are about sixty-three millions of us, but I think there are about two millions more than his figures show; about sixty-five millions. How do we all get our living for a week? What do we do and what does it come to? We all need three to five pounds of food, solid and liquid, in a day. We couldn't eat any more if we had it. We need some boards, shingles, or slates over our heads, and none of us can be in more than one room at a time. We all want some clothes on our backs, and we can only wear one complete suit of clothes at one time.

As nearly as I can make it out, we use up food, fuel, shelter, and clothing at the rate of about thirty-five million dollars' worth every day in the year. About fifty-cents worth per head. Now, in order that the grain may be put into bread; that the meat may be cut up and packed; that the fibres may be spun and the clothes may be made; that the timber, brick, and stone may be worked into houses; and in order that all the metals and fuels may be converted over so as to be useful, almost everything that is produced may be moved about four times. That makes trade. *Panic stops trade; fools make panics, generally speaking.*

The grain must go to the elevator or the corn crib; next to the mill; next, to the dealer; and last, to the baker, or to the housewife if she knows how to make bread. The fibres must be gathered and baled; next, they must be moved to the factory; next to the clothier; then to the dealer. So it is with the timber and the metals and everything else. Within a fraction of ten tons, or over nineteen thousand pounds of food, fuel, fibres, and fabrics were moved a hundred and eleven miles over the railways last year for every man, woman and child in this country!

What was this all about? Just to give everybody something for breakfast, dinner and supper. Half the work is done for that. Also to get a few boards over our heads and some clothes on our backs. All that a man in this world, gets out of it, whether he is rich or poor, is his board and clothing. What else? If the price of a day's living for Uncle Sam is about thirty-five million dollars' worth of stuff every day, and it all has to be dealt in about four times, then each week-day's trade, leaving out Sundays, comes to about one hundred and fifty or one hundred and sixty million dollars. That is about the size of it. Perhaps somebody else can make a closer measure; I can't.

That trade must go on. It can't be wholly stopped, no matter what panics occur. If it stopped a week, hundreds would go hungry. If it stopped a month, thousands would starve. A panic stops parts of it. Cheap money makes trade go slowly. *Fools make panics and bigger fools who want cheap money help them.*

What a fool a man is who wants a poor kind of money when he can have the best! What a fool a man is who gets into a panic when there is no cause! There never can be a general cause for a panic, because more than ninety-nine people in every hundred can pay their bills, mean to pay their bills and do pay their bills. It is not worth one per cent a year to guarantee the whole regular trade of this country. It might be worth a great deal more to guarantee the stock-jobbers who

gamble in stocks, but it is not worth one per cent, or one cent on each hundred dollars to guarantee the payment of all the bills that Uncle Sam and his family incur in a year for food, clothes, and shelter. In the wholesale trade it is not worth half that. Men that don't pay their bills, men that don't mean to pay their bills, and men who can't pay their bills do not often get trusted more than once. When they are not trusted trade with them stops. They want cheap money. In one of Baccoccio's tales it is related that after Fair Tom had ceased to be able to live by his wits at others people's cost in one place, "he went down to the 'Land of Mendacity,' where they had nothing but paper money." He knew that was the place for a rogue.

Now if we can't live without trade, trade will go on, as we all mean to live as long as we can; and if trade goes on men must pay their debts somehow. Therefore, when people talk about trade being dull they mean that there is a little bit of a check. When such a check or stop comes from a panic it is time to put the question: "What causes the fools to get scared?"

Somebody fails. Perhaps it is a bank. Then the fools get scared and think everybody is going to fail; but ninety-nine men out of one hundred can pay their bills. Perhaps a big firm like Baring Brothers & Co. fails. Why did they fail? Because they had been fools enough to put all their money into fixed investments in South America that other fools would not buy. Of course they came near failing; but there were plenty of sound and strong banks and bankers and they stopped the panic in time.

If everybody tried to get all the money that was due him at any one time, of course nobody would get much; all would have to wait. There isn't money enough to go round all at once. If there were money enough to meet such a call as that in the time of a panic, there would be a great deal more money than any one could make use of at other times.

When a bank fails, sometimes a lot of the fools make a run on every other bank and that makes a panic. But the biggest fools of all are those who try to get money into use that is not worth as much after it is melted as it is in the coin. When they try that those who are not fools hold on to their money and keep it, and that may make a panic. But the men who hold on to what they have in good money and try to keep it are not the fools who make the panic. It is the men who scare them who do the mischief. If such fools are to have their way, we may see the biggest panic that ever happened in this country before they get through.

I think I hear some one say: "That is pretty tall talk. What do you know about it? What business have you to speak in this way?" There was an old friend of mine who owned a big woolen-mill. He made the best goods that were made in his day. He let anybody that came to the mill go over it and try to find out how he did it. I asked him why he let them in. He said: "I always go with them. Any fool can teach me something."

Now I said at the beginning that "the fools make panics." If the men who are trying to make other people take a cheap dollar in the place of the best dollar that can be made of gold, and who want to put off on other people a dollar which will not be worth a dollar after it is melted, are not fools, then I may be a fool for trying to get up a panic on that question. Whoever reads this article may answer the conundrum: "Who is the fool?"

The savings banks of Massachusetts have been in existence for seventy-two years. In that period their deposits have amounted to a fraction less than sixteen hundred million dollars, of which considerably more than three hundred million dollars

now remain in their custody. Nearly every other man, woman, and child in the State of Massachusetts has a deposit averaging over three hundred dollars each in these savings banks. Their officers are paid. Their expenses are less than in any other kind of business of the same importance and magnitude. The trustees who make investments are not paid. In this whole period, in dealing with this vast amount, the losses from bad investment, frauds or defalcations, have been less than one-seventh of one per cent; less than fourteen cents on each hundred dollars deposited.

The confidence of the depositors is maintained because they feel sure that when they want their money they will be paid in the best kind of money; in money, that is to say, in gold coin or in notes or bills for which they can get gold coin on demand. This is but one example of many trusts of a similar kind throughout the country. If the fools who think a cheap silver dollar which may be worth after it is melted, seventy cents, eighty cents, ninety cents, or even sometimes a hundred cents in gold, try to put such a dollar off upon those who trust both to those who have saved something and to those whose wages should be paid in the best kind of money—the depositors in the savings banks and in all other banks will be the fools if they do not try to save the best kind of money by drawing out their deposits, even though they do not want the money but would rather keep it where it is so long as it is safe. When that time comes fools will have made a panic. *Which is the fool?*

THE MUGWUMP IS DISGUSTED.

Because David Goes to the Senate—But He Goes, All the Same, Though Not Until He Gets Ready—The Theatre and the Plays the People Like Best.

Cor. Stateville Landmark.

NEW YORK, Jan. 26th 1891.

The mugwumps are much disgusted at the election of Gov. Hill to the United States Senate, and they are especially worried because he was elected by two votes instead of one. They did wish so hard that the vote of the confessed forger, Demorest, might elect him. For the benefit of those readers who do not already know the fact, I would say that Demorest is a Democratic legislator, who, to the astonishment and mortification of his constituents, has recently been arrested for the crime of forgery. Yet Demorest, though a sinner, is not a Republican, but a Democrat, and therefore voted with his party for Gov. Hill, thereby making a majority of two for the Governor on joint ballot of the upper and lower houses of the State Legislature.

And now that the popular David has been elected Senator, the mugwumps are urging him to give up speedily the office of Governor, which they always begrudged him, and just to loaf around and take things easy, until it is time to pack his grip-sack and go to Washington. But it is hardly likely that he will heed them. He has been Governor so long that he likes it and doesn't care to stand and look on with his hands behind his back while somebody else runs the great big machine which he has made. For somebody else might break it. He will probably continue to pursue his gubernatorial occupation for many moons yet, thus teasing the mugwumps as of yore.

TALK OF THE FOOTLIGHTS.

You may go to a different theatre every night in a month and yet not see all the theatres in New York city. The majority of the people who live here go to the theatre and of course the majority of the strangers who come here from everywhere averaging in number 100,000 per day, it is said, go, even those of them who would not dare go at home for fear of being thought worldly and sinful. Therefore

there are theatres galore in Gotham. And what sort of plays do the people like best? It seems to me that the answer to that question might serve as a gauge by which to measure in some sort the morals not only of the New York, but (with an eye to the 100,000 strangers) of the people of the whole country.

It is commonly supposed that the most popular plays put on the boards of New York theatres are those in which there are a great many, or at least one or two young girls, who dance certainly, and sing maybe, clad in hardly anything. And, indeed, such plays are popular—not only when produced as variety shows before the toughs of the Bowery, but also when produced as grand opera before the "aristocracy" of Fifth avenue. But they are not the most popular. To the honor of the sturdy, honest men and women who are known as "respectable people" the most popular plays now in New York are those from which the aforesaid young girl is rigidly excluded.

THREE DIMENSIONAL POPULAR PLAYS.

One of these plays, "The Old Homestead," has occupied the stage of the Academy of Music (the second largest theatre in the city) for four consecutive seasons; another, "The Country Fair," is in its third year, and another, "Blue Jeans" which appeared sixteen weeks ago, bids fair to last as long as either of the others. They all deal with plain country people and their country ways—not such country people as we have in the South, not "gentry" nor "po' white trash," but down East Yankees and Hoosiers, prim dames, and awkward men full of mother wit. They are admirably acted and the stage setting or "scenery" in each is exceedingly realistic. In "The Old Homestead" a real ox cart loaded with hay and drawn by real live oxen rolls lumbering into a big barn on the stage. In "Blue Jeans" a genuine buzz saw screams its way through genuine planks, flinging the saw dust over the floor of the mill. But the most interesting scene is at the "Country Fair" where three race horses rush along before your eyes for half minute at top speed, their jockeys flying whip and spur with all their might. The horses are running upon tread mills and the treadmills themselves are pushed by machinery across the stage, ingeniously, excitingly, so that a certain black coat who the audience hope will win does win and captures a prize of \$3,000 which pays off the mortgage on the farm of a certain old maid whom everybody loves for her sterling good qualities. But you don't see the treadmill—only the flying horses, who doubtless honestly believe they are really running a race on a plank road.

RICH MEN INTEREST US BUT WE APPLAUD GOOD ONES.

Despite the horse race (which by the way was run without the sanction of the good old maid) the moral tone of this as well as of the others plays mentioned is most excellent and the people's appreciation and enjoyment thereof is very gratifying to those who believe in the evolution of the soul of mankind. I once heard a man who had lived in the West say that there was no piety in America outside of the South. And indeed piety does seem rather rare not only in the West but in the North, too. The golden rule of the business world North is, Get all you can, no matter how, and keep all you have. Every dollar is a chick and every man a hawk and each hawk is trying to catch a million chicks. How the feathers fly! But is not the same greed of gain prevalent in the South as well as in the North, as far as cities are concerned? Doubtless Northern country people are as pious as their Southern rural brothers, though perhaps few Southern men will admit it. At any rate whether we as a nation are pious or not—and other nations say we are—admiration

of wealth is an American characteristic. A hundred years ago Talleyrand observed it and wrote of it in his memoirs. He tells of a certain farmer who expressed but a mild desire to see Gen. Washington but earnestly longed to behold the richest man in Philadelphia, one Bingham by name. Jay Gould of New York is a much greater object of curiosity than any man of intellectual attainments in the city or than the mayor for example, and most people would rather be an Astor or a Vanderbilt than stand at the head of any of the learned professions. And yet the stage hero, the stage favorite, the actor who "brings down the house" is not a conspicuously rich man but a conspicuously good one.

MODEL OF THE AIR-SHIP COMPLETED.

Plans for Aerial Navigation—The Trip to Europe to be Made a Matter of a Few Hours—Hitherto Unattained Buoyancy Made Feasible by the Use of Cheap Aluminum—Electricity to Control the Mechanism.

Chicago Dispatch, 26th, to the N. Y. Herald. A twenty-four foot model of the Pennington air-ship was shipped from Mt. Carmel, Ill., to-day, and will arrive in Chicago to-morrow. As soon as arrangements can be made this model will be put upon exhibition in the exposition building on the lake front. A committee called upon the secretary of the exposition company to-day in regard to the use of the building for the tests, but no agreement was arrived at. However, it is expected that all the necessary arrangements will be made early next week, when the trial will take place. It is the intention of the inventor to make several trips daily around the exposition building, after which tests will be made in the open air.

The enthusiasts who own the ship are E. J. Pennington and Richard Butler, and they have succeeded in interesting several capitalists in the scheme of building air-ships. A company known as the Mount Carmel Aeronautic Manufacturing Company, with a capital of \$20,000,000, has been incorporated, and none of the incorporators have been allowed to take stock. A building eight hundred feet square is now in process of erection at Mount Carmel, and in this the work of manufacturing the air-ships will be conducted. In addition to Pennington and Butler the incorporators are W. C. Dewey, of the Grand Rapids (Mich.) Furniture Company; E. L. Chamberlain and James A. Pugh, wealthy manufacturers of Manchester, England and other men of money.

All the men interested in this scheme are not theorists, but expect to make money in the venture. They possess the necessary capital, and Mr. Pennington says the test experiment with a twenty-eight foot ship was a complete success.

MR. PENNINGTON'S HOPES.

Mr. Pennington is an earnest man of perhaps thirty-five years of age, who disclaims all illusions and only takes to theories that can be worked into facts.

"We have assurances," said he, "that we can get contracts for carrying the mails as soon as we show what the machine is capable of doing. Already some railroad men are fighting us, but we don't care for that. We've got millions back of us and don't ask favors of anybody. If this machine is not a success, nobody is hurt except those who have put their money into it."

A SANGUINE MANUFACTURER.

W. C. Dewey, of Grand Rapids, Mich., a manufacturer, is even more enthusiastic than Mr. Pennington. He has taken liberally of the stock. "It is really the simplest and most practical matter in the world," he asserted, "and if successful it will revolutionize the world even more than the railroad or telegraph has done. We are already in correspondence with the Postoffice Department, and have been assured

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