

OPUNTIA

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OUT WHERE THE WEST COMMENCES: PART 1

by Dale Speirs

Introduction.

Although from a farm background and a voracious reader as a boy, I never cared for Western novels. Almost all of them were totally unrealistic to the history I learned at school and from my elders. My ancestors homesteaded in central Alberta (my mother's family; mixed farm) and southern Saskatchewan (my father's family; dairy farm). If any gunslinger had ever shown up, the homesteaders there would not have trembled in fear. They'd have made a citizen's arrest and then telegraphed the nearest Mountie. In pioneer western Canada, we didn't have posses or vigilantes. We had the "Citizen's Committee", which kept the town clear of gunfighters, anarchists, and union organizers. I am not joking here. Citizen's Committees were still in use as late as 1919 against One Big Union during the bloody Winnipeg General Strike. But that is another story for another essay.

Westerns, as one editor lamented, have been dwindling away in the bookstores. The Calgary superstores such as Chapters/Indigo have only about three shelves of Westerns. 40% of what is left is Louis L'Amour reprints and the rest is endless gunfighter sequels. Science fiction changed over the years from Dan Daring and his amazing technicolour rocket ship to Campbellian engineers

spot-welding bus bars and solving ecological puzzles, and thence to strange cultures and what-if? novels. Westerns are still a plethora of lone riders. It isn't because Westerns are constrained by historical fact, whereas SF can postulate any kind of future. There must be countless stories to tell of the people who settled a strange and often deadly land and had adventures that didn't involve a gunfighter. Every so often I spend some time skimming the blurbs in the Westerns section of bookstores, hoping to find something other than a man doing what a man must do. I am seldom successful.

Game Over - You Win

City Slicker	Farmer	Rancher	Gunslinger
0	26	26	26
0	52	52	52
0	78	78	78
0	104	104	104

OK



The Murmur Of The Cottonwood Trees.

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But I do find some. Recently I came across LOST TRAILS, an anthology edited by Martin H. Greenberg and Russell Davis (2007, mass-market paperback), mostly original short stories plus one inevitable Louis L'Amour reprint. Some are gunfighter stories, but not all. As I like to do in my reviews, I'll sort these stories, identified by LT, under themes with others. The LT stories are of high quality on the whole, with a higher proportion of good stories than what I see in the average science fiction anthology. Many of them start with some nugget of a true event and either elaborate on it or extend it into alternative history.

Underneath The Western Skies.

"Dancing Silver" by Ken Hodgson (LT) is set in a Colorado boom town since reduced to a ghost town. Ben, the narrator, was living high on the proceeds of his gold mine and madly in love with a dance hall girl. The town is decimated (in the true meaning of the word, not its careless modern sense of annihilation) by smallpox. The girl survives but leaves town so no one can see her scarred face. Ben is left in perpetual mourning in what soon becomes a ghost town. This story is a reminder that the Good Old Days also had good old diseases that our generation has blissfully forgotten. Smallpox is not as glamorous as a lone gunfighter stalking down the main drag, which is why Westerns don't feature it.

“Blue Horse Mesa” by John Nesbitt (LT) is a what-if? vignette of the Johnson County Range War, one of the bloodiest chapters in the history of Wyoming. The range war was between two gangs, pardon me, between two highly competitive stockmen’s associations in 1892. It got so violent that the U.S. Army calvary had to be sent in to separate the combatants. Charges were laid, but justice was never served, and the guiltiest bought their way out through political connections. (So you see, there really is no new thing under the sun.) This story is a retelling of the final days of one of the ranchers gunned down in an ambush, with what seems to be a pointless subplot added in simply because the author heard-tell a rumour about what happened.

“The Gift Of Cochise” by Louis L’Amour (LT) is about a brave young widow trying to hold on to her farm in Apache country. The natives naturally resent the invaders. The story is sympathetic to the Apaches, who, after all, were only defending their land against what to them were terrorists and invaders.

Hang ‘Em High.

“After Blackjack Dropped” by Karl Lassiter (LT) is a humorous story about Blackjack Ketchum, who was not a very good train robber, and is today only remembered for his manner of dying. He was condemned by a hanging judge, and the town sheriff was ordered to dispatch Ketchum. The Old West was never as riotous

as some think it was. Neither the sheriff nor his deputy had any experience in that line of work. The hanging was bobbed (they made the rope too long), and instead of simply breaking the guilty man’s neck, he was decapitated. Thus far, the story is a true one, but from this point the author wonders what if? Such as attracting the interest of a phrenologist, who wants the head for scientific study, enough to steal it and lead the sheriff on a merry chase. The sheriff doesn’t particularly care about any indignities to the dead, but has heard the stories about headless ghosts wandering about trying to re-capitate themselves.

Ketchum reappears and is rehanged in the final story of the LT anthology, “Born To Be Hanged” by Elmer Kelton. The story was inspired by the numerous legends of outlaws allegedly dead and gone but living under assumed identities for years afterwards, much like Elvis Presley in our time. This story supposes that Ketchum survived his hanging, faked by a conspiracy, because a banker set it up so Ketchum could do a contract job for him under a false identity. It all goes wrong, and the second time Ketchum swings for real, baffling his lynchers with his final words “You can’t hang me again!”.

“Bear River Tom And The Mud Creek Massacre” by W.W. and J.A. Johnstone (LT) has Marshal Tom Smith, late of Bear River, being the only law in Abilene in the summer of 1870.

A fair young maiden complains to him

that a gang of cowboys stampeded the cattle through the crops and killed her brother. He rides out to investigate but finds a trap set by the town saloon and brothel keeper, who resents law and order cutting into his profits. But law and order will not be denied for long. The saloonkeeper decides to/is convinced by the Marshal to move his business down the line to the trailhead as soon as he recovers from his injuries. The Marshal doesn't hold with long eloquent arguments.

"Younger And Faster" by Mike Thompson (LT) is set in 1908 in a South Dakota town where Sheriff Bullock prefers the quiet life. Two men ride into town in a Ford, horses now being passe, and appear to be looking for trouble. Bullock is tired of dealing with shootists, especially young punks who don't get the idea that the day of the gunfighter is over. He deals with the problem his way.

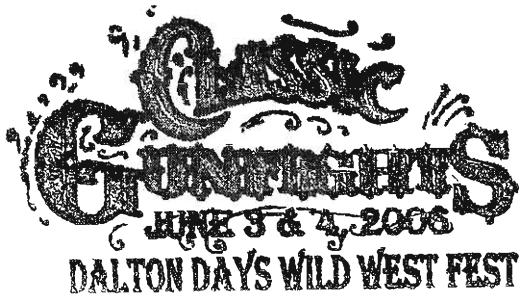
Reach For The Sky.

"The Tombstone Run" by John Helfers and Kerrie Hughes (LT) is about a female Pinkerton detective working undercover to solve a string of robberies on the Tombstone stagecoach run. She takes the coach, which is held up by a verbose gunman who talks the way Samuel Johnson wrote, confusing friend and foe alike in a land where plain speaking is preferred, not a Latinate dialect. There is a shootout, a runaway team of horses, and it turns out that the man riding shotgun on the coach was Wyatt Earp. All ends

well, and the stagecoach completes its run to Tombstone. The lady detective bids adieu. Wyatt, his brothers, and a friend named Doc walk off-stage, out of the story, and down the street to the OK Corral where a different and better known story begins.

"What Really Happened To Billy The Kid" by John Duncklee (LT) opens with the outlaw Billy the Kid being captured by Sheriff Pat Garrett. Instead of hanging him, Garrett decides to ship Bonney back east to a preparatory school in Vermont, so the Kid could learn himself good. Under his real name of Henry McCarty, he does indeed make good. From there, he wends his way through Yale University to a PhD, and as Dr. McCarty he returns west to a lecture tour on Shakespeare.

"Greetings From Purgatory!" by Steve Hockensmith (2009 February, ELLERY QUEEN MYSTERY MAGAZINE) is an Old West mystery story. Two drovers are taking the train from Point A to Point B when it is held up by masked bandits. The drovers are great fans of detective fiction, especially Sherlock Holmes. Using his methods they deduce the bandits are the locomotive crew itself, posing as a cowboy gang. They are exposed because of such details as the thieves wearing square-toed work boots, whereas cowboys wear pointy-toed boots to slide their feet into stirrups. The bandits also have dirty arms blackened by coal dust. Cowboys have dirty arms too, but never shovel coal.



June 3, 2006

Maize County
Historical Society

DALTON GANG HIDEOUT
STATION
MEACE, KANSAS
67834-9990

Pictorial postmark from Meace, Kansas

I Can't Stand Fences.

In the aftermath of the War Between The States, there were a lot of restless young men who couldn't adapt back to civilian life. It is not coincidence that most of the famous gunfighters and cowboy gangs of the Old West date to the aftermath of that war.

"To Shoe A Horse" by Don Coldsmith (LT) is said by the author to be based on a true story of a man who shod horses for Jesse James. The blacksmith was the youngest son of an Ohio farmer, and like so many other younger sons who would not be able to inherit the farm, went out west to seek his fortune. He settled in Kansas, still a place seething with resentments after the just-concluded war. He gets a reputation as a good hot-shod man (horseshoes fit better

if nailed on while still hot). One night some brothers come riding in with a horse to be shod. The blacksmith has a pretty good idea who the gang are, but doesn't want trouble. Neither do the James brothers. Jesse pays the blacksmith with a gold coin and moves on peacefully. More a vignette than a story but an excellent character study of how the people did and did not settle back into peacetime.

"The Ones He Never Mentioned" by Jeff Mariotte (LT) is a study in criminal psychology. The story jumps back and forth in the life of a Texas man, once an outlaw resentful about how the war turned out, but still a psychotic in his declining years. Today he would be incarcerated by court order and be required to take anger management counseling. The story would have been better written as a straightforward linear narrative rather than a chopped-up New Wave salad. The outlaw keeps crossing paths with a nemesis, and in the dim fastness of his psychosis he fears and expects the day of judgement.

Gower Gulch.

As the frontier closed off, signified by farmers putting up barbed-wire fences, the myth of the Wild West began to be developed by rodeos and William "Buffalo Bill" Cody, the inventor of the Wild West show in 1883. Hollywood was later to elaborate on this with movies and television series.

Official Tour de Kota Sta.
Garretson, SD 57030
June 13, 2006



Jesse James Jumped
Devil's Gulch
We Pedal!



Pictorial postmark which combines South Dakota's annual bicycle race with Jesse James. I'm sure there was a reason.

That area of Los Angeles where the film cowboys hung out was known as Gower Gulch. Rodeo cowboys and trick riders gravitated to California to earn good money as extras, stuntmen, and wranglers (animal handlers). Not a few were from back east, such as Tom Mix of Mix Run, Pennsylvania. Some, such as my favourite, Slim Pickens, were best known as cowboy jesters but

also branched out into non-genre productions.

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Last I heard, Gower Gulch was developed out of existence but Hollywood cowboys and wranglers still refer to themselves as being from Gower Gulch.

“Mark And Bill” by Loren Elstleman (LT) puts Mark Twain, Buffalo Bill, and Teddy Roosevelt together at the 1893 Chicago World’s Fair. The Fair administrators didn’t want Cody lowering the tone of their exhibition, so he got even by renting a vacant lot across the street and doing better with his show than theirs. In this short story, Twain and Cody get into a bet, with Roosevelt to hold the stakes. Cody stakes his marksmanship with a gun against Twain’s ability to get a laugh from the grimmest audience. The stakes are one week’s proceeds from Cody’s Wild West show against a month’s royalties from Twain’s books. There is a neat twist to the ending, and the story goes along well.

“The Cody War” by Johnny Boggs (LT) is about Buffalo Bill’s marital problems, with assorted flashbacks to Cody’s time in his Wild West show. Don’t read this story if you’re feeling depressed or it is a gloomy rainy day.

On a more humourous note about life in Gower Gulch is MR. ZIP, a novel by H. Allen Smith (1952). One of the main locales of this novel is a bar called The Short Cut, the headquarters of Hollywood cowboy actors.

Smith neatly skewers one of the clichés of movie Westerns: *“The Short Cut is a saloon and takes its name from one of the most common devices in cowboy movies, the hypotenuse of pursuit. It’s a rare Western picture in which someone, hero or villain, doesn’t know of a short cut to the canyon, the town, the pass, the abandoned mine, the line shack. Riders normally travel from Point A to Point B by a circuitous route; when the need arises to head someone off, there’s always a short cut.”*

Pause for digression. This reminds me of a scene in the Western parody movie *BLAZING SADDLES*, in which bad guy Harvey Korman irately shoots Slim Pickens in the foot for using that tired line “We’ll head ‘em off at the pass!”.

The chief protagonist of this novel is Zip LeBaron (nee Clifford Humphrey, from somewhere in the American Midwest), the great cowboy star from Blakenship Productions. Zip is a prude of the worst kind, far too naive for someone who lives in Hollywood, and yearning for an Old West that never existed. When he accidentally stumbles on the producer bedding the leading lady Miss Deborah Candy, he disgustedly walks off the movie set and decides to go on vacation somewhere in the West.

Zip and his sidekick Slant drive off into the east to get to the West. (If you go west from Hollywood to try to get to the West, you quickly end up treading water in the Pacific Ocean. Slim Pickens,

by the way, was from California.) The duo have a variety of road adventures along the way. They get tangled up in a feud between a County Sheriff and the Chief of Police of the county seat. The word “jurisdiction” is a fighting word out that way, and Zip must maintain a delicate balance depending on what side of the town limits he is on.

For additional spice, things ain’t going too well out at the Lazy Cream Separator ranch, whose owner originally intended calling it something else but got into a argument with the state brand inspector. There’s cattle rustlers in Rimfire Valley as well. They were actually looking for feral horses to ship to a pet food factory but couldn’t find any, so they settled for bovines.

Meanwhile, back at the movie studio, the producer is unhappy about his star walking off the set. Lawsuits are threatened, searches are launched, and assorted characters come and go. But after a gun battle in Rimfire Valley, during which many of the participants are reminded the hard way that real revolvers only fire five shots, unlike the movies, all ends well. (Anyone carrying a revolver in the Old West always left the first chamber empty to avoid accidentally shooting themselves.) A damsel in distress is rescued and Zip rides off into the sunset with his screenwriter, Miss Marybob. I have a number of H. Allen Smith’s books, both novels and humourous non-fiction.

He wrote with a dry wit.

ROWDY IN PARIS (2008) by Tim Sandlin is set in modern times and is a mildly humourous novel about a bull rider named Rowdy Talbot. A perpetual also-ran in competition, he finally gets lucky at a Colorado rodeo and wins a silver buckle for bull riding. (Silver buckles are the traditional trophy given to rodeo event winners.) Rowdy lives an also-ran life, struggling to keep up child support payments, and living on the road in 200 motels. Celebrating in a tavern after winning his buckle, he meets two French women, Giselle and Odette, and ends up in a threesome with them back at the motel.

The morning after the night before, Rowdy wakes up to find the women gone and his championship buckle with them. They mentioned they were philosophy students in Paris, so he uses some of his winnings to buy a ticket to France. From there it is a fish-out-of-water story, interspersed with data dumps about cowboy life (one of which I dispute based on my experiences back on the farm, but that is another essay) and how the French react to Americans in Paris. Rowdy finds the women; Odette is somewhat friendly but Giselle is a member of a terrorist group sworn to destroy all McDonald's franchises in France. After much trial and tribulation, Rowdy gets his buckle back, and the fast-food outlets are saved for truth, justice, and the American way of life.

by Dale Speirs

Introduction And Overture.

Years ago, in some book whose title is forgotten to me now, I read a remark by one of the few people to sell his stocks in early 1929 and sit out the Great Depression in relative comfort. He said he decided to sell when he overheard an elevator operator talking with a shop girl about which stocks were best to buy.

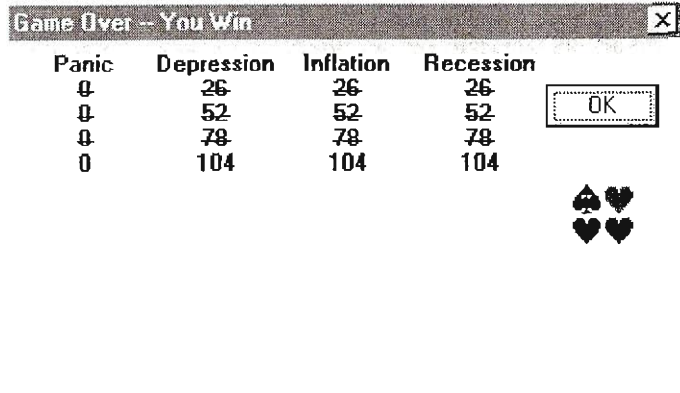
In 1981, at the height of the last oil boom, one of my seasonal labourers had bought shares of Dome Petroleum, a giant oil company that was too big to fail. In those days before cellphones, Bob had to wait until we were on coffee breaks to telephone his broker. He and I were both saving up down payments to buy a house, and each of us had about \$10,000. My money was in a boring but safe savings account and his was invested in Dome Petroleum on margin and was far outpacing my money in returns. But then Dome faltered, then declined, then slumped, and finally went into freefall. Bob hesitated to sell, fearing that it would just be a market hiccup. I still remember the day that Dome collapsed and Bob got a margin call from his broker. The rest of us eating our lunches in the canteen listened to his side of the conversation as he pleaded with his broker for more time. We didn't know where to look. It took him a decade to pay off his margin call,

plus interest. It was a recourse loan, meaning he couldn't walk away from it or declare bankruptcy, and to this day he does not own a house. I bought my house in 1982 at \$20,000 below list just after Calgary's economy had a heart attack and fell dead to the ground.

I paid off my mortgage in 1997 and suddenly had money to invest. At the time, I only put it into term deposits, and did not involve myself in the dot.com boom. At science fiction conventions in that decade I overheard conversations as video store clerks and baristas told each other "This time is different".

In 2002, I inherited mineral rights from my mother, devolving from the family homestead oil field. I became a bit more adventurous but did not invest in publicly traded stocks or derivatives, only private equity that provided steady income from conventional oil wells. Others around me bought shares of hot publicly traded junior petroleum companies. The junior petes loaded up on debt in the mad scramble to get as many wells drilled as possible, because \$147 oil meant that this time it was different.

Canada never had the toxic mortgages that the USA had, but there were lots of Canucks who thought they'd get rich quick by flipping houses. They're not making any more land, houses only go up in price, and this time it's different.



Turning And Turning In The Widening Gyre

I picked up a trade paperback by Robert Bruner and Sean Carr titled THE PANIC OF 1907. The original edition was published in 2006, and I have the later edition which is slightly updated to allow the authors to smirk and say "We told you so". The Panic of 1907 began when four speculators tried to corner the stock of a copper mine, using money borrowed from trust companies. They failed, and while the trust companies were fundamentally sound, that didn't reassure the depositors, who started a bank run that kept going and going and going.

Between 1814 and 1914, the USA experienced thirteen panics, short-lived economic collapses that seemed inevitable in hindsight but which occurred with lightning rapidity. Explanations by economic historians tend to fall into two camps. One extreme attributes everything in a given panic to a specific set of atomized causes that provide little in the way of advice for the future. The other group of historians attribute everything to one big idea, which oversimplifies matters. Bruner and Carr attribute the Panic of 1907 to seven factors: complexity of the financial system, buoyant growth, inadequate safety precautions, adverse leadership, a sudden economic shock, undue fear and greed, and failure to act. Remember that they wrote this book three years before the Panic of 2008, when everyone who mattered was saying that this time was different.

The Falcon Cannot Hear The Falconer.

In the run-up to the Panic of 1907, the American economy was booming, and foreign funds flowed into the country to buy stocks and bonds. It was also an era in which companies were becoming more and more concentrated into a few too-big-to-fail corporations. Standard Oil Trust was but one of many. The undisputed leader of Wall Street was J. Pierpont Morgan. Unlike many Wall Street financiers, he believed in staying with a corporation and building it up, not wrecking it by short-selling or other games, and felt his first responsibility was to the

shareholders, not to looting the company.

The immediate trigger for the panic was the great earthquake and fire in San Francisco in April 1906. Few insurance companies covered earthquakes but many had sold fire insurance, and it was the fire that did the most damage. In order to pay the claims, the insurance companies had to sell off stocks in their portfolios. A flow of money began from Europe and eastern USA to San Francisco, which bled so much money that European central banks had to raise interest rates to keep capital at home. This slowed down borrowing for home owners and business expansion, and businesses that lived on their line of credit had to cut back. Many insurers could not pay off, which caused the public to become jittery about financial institutions in general.

A contributing factor were Teddy Roosevelt's trust busters, who were breaking up monopolies and making it more difficult for them to throw their weight around. The demand for credit rose and fell erratically, sometimes up to 25% interest, but mostly in the 5% range. Investors couldn't borrow money because it had been sucked away to San Francisco. The stock market slowly declined in what people later referred to as a silent crash. During the summer of 1907, the Bank of England tightened loan requirements, and in the USA interest rates were 7%. Liquidity was drying up around the world, and the velocity of money slowed.

Things Fall Apart.

Over the first half of 1907, as economies slowed and the demand for natural resources fell, mining company stocks dropped 40% or more. Electricity was the Internet of that era, and copper had been booming. Fritz Heinze and Charles Morse wanted to build a banking empire. Heinze and his brothers had used shares of their copper company as collateral in buying bank stocks. As mining stocks fell in price, they and Morse became worried about a margin call on their bank stocks. To add fuel to the fire, one of the Heinze brothers discovered that their copper company was being short sold.

Short selling is when a speculator borrows stock and sells it, hoping to buy it back later at a lower price and make a profit after paying a fee to the original share owner. What the Heinze brothers had learned was that their own shares were being loaned out by the brokers to the speculators for short selling. The brothers had borrowed money on the shares, so they couldn't just demand them back and put a squeeze on the short sellers. First they had to repay their loans, then quietly buy up most of the other outstanding shares, and then demand actual physical delivery of the share certificates. This meant that the short sellers would have to buy shares of the company at any price to cover their loans. (Short squeezes still happen today; in 2008 Volkswagen briefly became the world's most valuable company when short sellers

were caught out by a takeover bid and had to bid shares up to \$130 each to cover their positions.)

The Heinze brothers borrowed what they thought was enough money from various banks and called in all the copper company shares. Tragically, it turned out they had miscalculated, and there were fewer short sellers than they thought. The massive influx of shares could not be paid for by the brothers. The share price dropped into the basement instead of soaring if short sellers had tried to cover their bets. Since the brothers could not pay, the brokers sold the shares at market price, and the brothers were still liable for the difference. Bankruptcy followed.

If that had been the whole story, there would have been a minor kerfluffle and the damage would have been minimal. But remember that the Heinzes were also buying into bank stocks. Not just one or two banks, but many of them. The brothers served as directors on a number of them, a fact quickly discovered by depositors.

The Centre Cannot Hold.

There was no bank deposit insurance in those days. Bank runs began as depositors rushed to get their money out from Heinze banks. The Federal Reserve did not exist then, and the closest thing to it was the New York Clearing House,

where banks settled up cheques and deposits with each other every night. The NYCH appointed a committee which audited the Heinze banks and issued a statement that all was well and business was fundamentally sound. They also forced a mass resignation of all the bank directors and executives. It didn't work. Not for the last time, depositors didn't believe the assertions and the bank runs continued.

In order to cover their deposits, the crippled banks had to call in loans from their customers, which then spread the agony into the business and personal sector. Due to the interlinked directorships between large corporations, with executives serving as directors in each other's companies, the guilt-by-association spread exponentially. On Monday, October 21, 1907, the general public learned that one of the closest associates of Morse and the Heinze brothers was Charles Barney, president of the up-until-then respectable Knickerbocker Trust Company. He was forced out of the company that day, and although the company seemed upstanding, the tar had splattered everywhere.

Other banks announced they would no longer clear cheques from the Knickerbocker. Bright and early the following morning there was a line of depositors at the doors of the Knickerbocker. As the day progressed, the bank run intensified, and police had to be called out to maintain order and keep Wall Street clear.

J.P. Morgan had been attending a church convention out of town, but was bombarded by telegrams and special-delivery letters from panicky bankers, including his own subordinates. He returned to Manhattan and held court in his library, receiving delegation after delegation while a mob of reporters and spectators surrounded the mansion. The Secretary of the U.S. Treasury, George Cortelyou, was summoned from Washington on an afternoon express train. On arrival, he met with Morgan and the others and promised them the government would deposit millions if necessary into the Wall Street companies to keep them going.

Knickerbocker was allowed to fail that Tuesday, October 22, by Morgan and the NYCH; they simply could not loan it enough money to cover redemptions. Other banks, fearing the same could happen to them or that their money elsewhere could be lost, began calling in loans. Banks outside New York withdrew reserves deposited on Wall Street. No one would loan money to anyone at any price for any reason. Speculators who had stocks on margin were forced to sell at any price to cover their debts, which in one day, on that Tuesday, drove the stock market down to levels not seen since 1900. Call money (loans to pay off margin calls) went to 70% interest rate in a few hours before vanishing altogether.

Over the next few days, Morgan had to deal with recalcitrant banks and trust companies who would not loan money to others

about to fail. By force of personality, he got most of them to loan money to save the ones undergoing a bank run. Several banks and trusts went under nonetheless. More critically, the Stock Exchange was frozen up because everyone was selling to meet margin calls and few were buying. Call money spiked to 150% interest when it could be had. Morgan got the solvent banks to loan money to brokers to keep them from going under. By now he was becoming a national hero, being the only one with the willpower to save the ones who should be saved and kill the others, to separate the sheep from the goats. When he appeared on Wall Street, he was cheered by mobs of depositors, who accompanied his carriage as if he were a conquering hero come home from the war.

By Saturday, the banks collectively were short \$12.9 million in cash (read 'billions' for today's equivalent). The problem was that the rest of the country was still drawing away money, especially San Francisco. One chilling statistic was that in Manhattan alone, depositors had rented 2,000 safe-deposit boxes since Monday morning. It was obvious that much of the gold, silver, and banknotes which should have been circulating were instead locked up in the boxes. The NYCH and other clearing houses around the USA issued clearing house certificates at 6% interest, which banks could use to settle up accounts between themselves and allow their cash to be used as depositor reserves instead.

Mere Anarchy Is Loosed Upon The World

The following Monday, October 28, matters seemed to be calming down. Bank runs had stopped, and the clearing house certificates had injected \$101 million into the financial system. Call money settled down to 6% interest. But there was no rest for Morgan. The City of New York had spent the last year in a state of perpetual budget crisis, and had now run out of money to pay its staff and contractors. Morgan loaned them \$30 million with an option for \$20 million more, on the condition that the City appoint a commission to straighten out its finances.

This was just the eye of the storm. Just as a hurricane hits a town twice with winds from opposite directions as the eye passes over, so it was that more banks and trusts were crumbling. Many of them owned stocks in their own right, but since the stocks had collapsed, their reserves had shrunk considerably. The State Banking Examiner did not release his weekly report because it was so bad. On Saturday, November 2, Morgan called in about 120 bank and trust executives to his famous library. In a room filled with cases displaying Gutenberg Bibles and illuminated manuscripts, Morgan forced the financiers to come up with another \$25 million to prop up their weaker brethren. To insure agreement, he had the library doors locked so no one could leave before a deal was reached.

To save one company which had only shaky Tennessee steel mill shares as a reserve, it was necessary to arrange a takeover of the mill by U.S. Steel. They were reluctant for fear that Teddy Roosevelt would come after them with his trust busters. A special train was hired which rushed through the night to Washington, where Roosevelt was interrupted at his breakfast to have the situation explained to him. He reluctantly agreed to look the other way in the interests of preventing the panic from reigniting.

The Blood-Dimmed Tide Is Loosed.

Morgan may have calmed down Wall Street, but the panic continued to spread across the USA. About \$350 million was withdrawn from banks and stashed in safe-deposit boxes or mattresses, slowing the velocity of money to near zero. So much gold, silver, and cash was locked away that banks resorted to issuing cashiers' cheques to customers withdrawing money, clearing houses issued \$250 million of certificates (14% of all currency circulating), and municipalities circulated scrip. Every safe-deposit box in the country was rented out. Several state governors declared statutory holidays in order to buy time for state banks.

Charles Barney, formerly of the Knickerbocker, committed suicide on November 14. The unemployment rate jumped from 2.8% to 8%. Commodity prices fell 21%, setting off further

economic declines in exporting countries around the world. By June 1908, the American economy started to recover. Congress began squabbling over what should be done to prevent a recurrence of another panic. Eventually the Federal Reserve system was born from the ashes of the Panic of 1907. Roosevelt went off to hunt lions in Africa, prompting Morgan to make his famous remark "America expects that every lion will do its duty".

The Best Lack All Conviction.

In the final section of this book, the authors discuss causes and cures of financial panics. They start with complexity; in 1907 there were 16,000 banks and trusts in the USA (about 8,400 in 2008). The complex interrelationships between them and the lack of information about which ones are teetering on the edge can trigger a chain reaction when a sudden shock such as the San Francisco earthquake is applied to the system. Panics are associated with a buoyant economy that suddenly slowed and exposed the sharp players. In 1907 it was speculators trying to corner the market, and in 2008 it was speculators betting on derivatives.

Safety buffers are inadequate when panics occur, there being none in 1907 and none again in 2008 because the ones put in place after the Great Depression had been removed by senators who said this

time was different. Adverse leadership among bankers gives lie to the claim that they are guardians of our money, and failure to maintain liquidity for the general public prolongs a panic. Fast collective action is important. In the Panic of 1907, the trust companies spent more time squabbling with each other than in dealing with the crisis, and it took strong-arming by Morgan to get them to cooperate. That indecision was not forgotten by Congress, and was the reason the Federal Reserve was created.

The authors conclude with a look at the subprime crisis that triggered the Panic of 2008, and resulted in the first modern bank run in a developed country, when Northern Rock went under in Britain. This book reads well, and is a genuine page-turner.

The Worst Are Full Of Passionate Intensity.

Modern readers will have no difficulty comparing the panics of 1907, 1929, and 2008, and seeing the similarities and sometimes exact correspondences. We learn nothing from history. Some rogue economists, beginning with Nicolas Kondratieff in the 1800s, have identified this as the three-generation cycle. The grandparents suffer from the mistakes, the parents learned the lesson, and the grandchildren say this time is different.

FICTION REVIEWS

by Dale Speirs

THE PRINTER'S DEVIL by Paul Bajoria (2005, hardcover) is about an orphan named Mog Winter, an apprentice in a printing shop that specializes in Wanted posters of criminals. The story is set in the Victorian-era slums of London, England. The lad gets mixed up in evil doings down at the dockyards, is mistaken for another boy named Nick, and ends up making himself a target for opium smugglers. Mog plays the amateur detective, working himself deeper and deeper into trouble with an increasing number of ruffians. He makes friends with Nick, a bosun's son who shares a remarkable physical resemblance. There is a MacGuffin everyone is chasing, a brass sculpture of a camel containing a certain white powder greatly in demand, and murder is done.

About two-thirds of the way into the novel, which has been narrated to this point solely by Mog, we are suddenly treated to the revelation that Mog is a girl. She has been masquerading as a boy because it was easier to get by in Victorian society. The narrative voice of the novel then starts to switch back and forth between characters. Everything wraps up with all the thieves disrupted and one of them hanged. Mog and Nick are revealed to be twin siblings separated at birth. Most of the loose threads are tied up in the denouement, with a few left over for the advertised sequel. An average read altogether.

INKED UP by Terri Thayer (2009, mass market paperback) is the second installment of the life of professional rubber stamper April Buchart. (The first novel in this series was STAMPED OUT, reviewed in OPUNTIA #67.1D.) She lives in rural Pennsylvania, where the economics are different and not only do she and a friend both earn their living from rubber stamping, but so does a third woman who has also shown up to rival them. I thought this strange even before the Panic of 2008, but economics are not a strong suit of Miss Marple village murder mysteries.

Murder is done during a Halloween festival when the body of a woman is found in a corn maze by April and her boyfriend Mitch. She has a full plate of activities, for not only is she annoying the local constabulary by roaming about investigating it herself, but she is feuding with her ex-husband, planning a wedding ceremony for her mother who is re-marrying, dealing with the rival stamper, and various other soap operas thrown in to pad out the novel. There is the obligatory second murder (the rival), and a sneaky Scotsman tries to abscond with charity funds raised from the Halloween festival. And you thought you had a busy life.

Rubber stamping scenes are worked into the plot with enough justification to keep it moving briskly along. A readable enough novel, not one of the great mystery stories of our era, but a good way to pass the time. Completist mail artists will want this one for certain.

SEEN IN THE LITERATURE

noticed by Dale Speirs

Lozier, J.D., P. Aniello, and M.J. Hickerson (2009) **Predicting the distribution of Sasquatch in western North America: anything goes with ecological niche modelling.** JOURNAL OF BIOGEOGRAPHY 36:1623-1627

*"A potential source of error in publicly available data that may affect the accuracy of ecological niche models (ENMs), and one that is difficult to correct for, is incorrect (or incomplete) taxonomy. Here we remind researchers of the need for careful evaluation of database records prior to use in modelling, especially when the presence of cryptic species is suspected or many records are based on indirect evidence. To draw attention to this potential problem, we construct ENMs for the North American Sasquatch (i.e. Bigfoot). Specifically, we use a large database of georeferenced putative sightings and footprints for Sasquatch in western North America, demonstrating how convincing environmentally predicted distributions of a taxon's potential range can be generated from questionable site-occurrence data. We compare the distribution of Bigfoot with an ENM for the black bear, *Ursus americanus*, and suggest that many sightings of this cryptozoid may be cases of mistaken identity."*