

**CAUSES AND FEATURES OF THE RECENT PANIC.**

For some time past there have been rumours afloat of operations being conducted on the New York Stock Exchange in connection with certain railways, the precise nature and significance of which were unknown outside a very small circle. Wall Street was pervaded by an indefinable feeling that something of considerable moment was likely to happen, just as for hours before a thunder storm it is felt that there is a superfluity of electricity in the air. As stocks generally had been rising, with brief periods of relapse, and prices over a wide field were advancing rapidly to points beyond the intrinsic value of stocks for investment, the more conservative operators and observers were becoming anxious from fear lest there should be a disastrous collapse, while those of more sanguine spirit were full of confidence in there being nothing to justify any alarm in the situation. The party of hope and confidence found in the unprecedented prosperity of the country, which was bringing excellent returns to all industrial and transportation enterprises, ample justification and support of their sanguine views. Those, on the other hand, who were apprehensive of there being danger ahead relied upon a long record of experiences which they regarded as indicating the certainty of a reaction following the advances in prices which had sent many stocks higher than the natural limit for investments. They feared, that the enormous sums of money pouring into New York from all parts of the country constituted an element of grave danger, as such monies were being placed by a large class of speculators who were liable to influences which breed panics. They also believed that there was a movement going on which they regarded as a sign that some enormous interests were preparing for a struggle, the conflict of which would disturb the whole stock market. Stocks are much like sheep, if two or three start on a run uphill or downhill the flock follows; if the bell-wether leads the procession there is apt to be a stampede and any lambs that are in their path are likely to be toppled over unceremoniously.

Such in general terms was the situation on the 4th inst.

On that day the bankers in New York took counsel together and decided that, as the financial barometer indicated a storm approaching from the wild speculation going on in Wall St., it was time to take in sail. A higher rate was fixed for call loans and borrowers were advised to be more cautious with their customers, and were informed that, their collaterals would be more closely scrutinised. Senator Hanna on the 4th inst., said: "There is not a cloud in the sky, I see nothing dangerous, or threatening."

On the same day. Mr. Russell Sage, a man of long experience, foreshadowed a "Black Friday" being near at hand, and Mr. J. S. Bache, a well-known New York financier, said: "I do not share the general idea that the market is in a dangerous position." The older heads considered, that the vast iron and steel combination recently organized, followed by the acquisition of the Leyland Line of steamers, both manipulated by the Morgan firm, were preliminary steps in a movement to secure control of a great continental railway. Saturday the 4th closed a week in which 15,403,776 shares, having a par value of \$1,508,222,000, had been sold at New York, being enormously in excess of any week on record. Amid such a vast mass of sales it was difficult to trace any stock as having had marked prominence, but Northern Pacific was evidently "a leader" as it continued to be on Monday the 6th, when a slight check was given by the bankers. Next day signs of trouble were evident. The demand for Northern Pacific sent it up to 143  $\frac{1}{2}$ , the lowest being 127  $\frac{3}{4}$ , on the 3rd the quotations being 110  $\frac{1}{2}$ , and 114  $\frac{1}{2}$ , and on the 4th, 108. It now became evident that a great battle had commenced for possession of a controlling interest in this railway. It has since then become also clear, that this fight was the main cause of the disturbance in the stock market. The calls for Northern Pacific sent speculators wild, all shares offered were taken up at advancing prices, so that large blocks were sold before they were owned, and a furore arose to get hold of this stock to make a profit while the demand was so active. The contagion, as usual, spread to other stocks which under the prevailing excitement ran up to high figures. Amongst others Canadian Pacific was rushed to a higher point than ever before, sales having been made in this market at 117  $\frac{1}{4}$  on the 7th inst., and very large ones at from 113 to 115, the advance since the 4th being over 17 points. On Wednesday, the 8th, a sensation was caused by Northern Pacific rising to 149  $\frac{3}{4}$ , being 22 points over the previous day. Block after block was posted up as sold, and money on call rose to 10 per cent. with high figures being offered for temporary loans of stock to the "shorts" who were unable to deliver what they had sold. Still the real cause of the advance was a secret, though shrewd guesses were ripe. On Thursday, the 9th, the storm cloud which had been gathering several days broke out in fury. One change followed another like successive thunder peals, creating a panic of unprecedented severity, which, most happily, was almost wholly confined to Wall street, though the disturbance was felt in London, Glasgow, Berlin and other points. Here, there was alarm and anxiety, but no disasters, while over the whole continent commercial interests