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INVESTORS AND THE SLUMP IN PRICES.

The recent renewal of heavy liquidation in New York, in London and the other great European centres, the drops in British consols to new low records have done much to draw attention to the problem of the money and stock markets. In the United States the nervousness of investors has been increased by the growth of what is called "corporation baiting," the most spectacular instance of which being the twenty-nine million dollars fine imposed on the Standard Oil Co., as a penalty for illegally accepting rebates of freight charges from railroads. Though most people dislike what are known as Standard Oil methods, and though they are not sorry to see the company thus brought up with a round turn, those of them who are investors are considerably disturbed by the animus that is being displayed in practically all the states against big corporations, sometimes apparently for no other reason that that they are big corporations.

The agitations and campaigns for railroad rate reductions constitute one of the forms of attack that savour of confiscation of property. These are commonly begun and carried on partly out of hostility and partly out of desire for popularity with the voters. A few months ago the legislature of New York State passed a bill making it obligatory upon all railroads operating within the state to sell passenger transportation at two cents a mile. Thanks to a just and courageous governor this bill was promptly vetoed. In vetoing it Governor Hughes said he did so because no steps had been taken to find out whether the railroads could provide transportation at two cents a mile at a profit. If they could not the effect of the bill on its becoming law would be to confiscate the property of railroad stockholders.

The struggle which the Southern Railroad has had to carry on has been particularly disturbing. Because of the railroad company's unwillingness to submit to a 2 1-2 cent fare law passed by the State of Alabama, the State proposed to deny the company the right to operate within its boundaries.

When they see occurrences like the above in many parts of the Union it is small wonder that the stock owning classes have become seriously troubled. They don't know where the thing is going to stop. Some of them fear that their properties may become nearly valueless and hasten to sell out.

With regard to the whole matter it should be remembered that our neighbors are addicted to spells or waves of enthusiasm. They take up one thing after another, rushing each to such extremes as to be ashamed of it afterwards. Then, everybody is agreed that there are plenty of abuses in present day corporation practice that will be the better cut away. For example some corporations have been managed and run with the purpose of furthering the private interests of parties in control rather than that of the general body of stockholders. It will surely be a gain for the stockholders in general if in future the corporations are more universally run in the interests of all. And that is unquestionably the way things are tending. For, though it is difficult to curb by law the power of a man who has control of a clear majority of stock in a corporation, public sentiment has become such that even the strongest man would hesitate now to do what he thought nothing of doing a few years ago. And, about the prosecution for granting rebates, that too is pretty certainly bound to have a beneficial effect on railroad earnings. If the enforcement of the law and the collection of fines makes things so that the railroads simply *dare not* grant secret rebates or cuts to big shippers like the Standard Oil Co. or the American Sugar Refining Co., then it means that these big shippers will have to pay the published rates, and that in turn can hardly have any other effect than to swell the profits of the ordinary railroad stockholder. Thus, it can be reasoned concerning the developments that are causing fright to investors that two important results are of a nature actually to improve the small stockholder's position and are therefore bull instead of bear points.

As a matter of fact European holders of American stocks are more apt to be frightened out than are investors on this side. Over here people have a better idea as to the limits within which popular agitations and movements work themselves out.

One of the chief causes of the slumps in prices is apprehension over the monetary outlook. Nervous persons anticipate a decided increase to the stringency during the period of the crop moving season now commencing. This is a factor to which too much importance can easily be given. Those who best understand the situation know quite well that there are two influences at work which must have a powerful effect in reducing the stringency. One of them is the moderate recession in business. It has not assumed large proportions but the slackening is quite apparent in several directions. And the wholesale liquidation in the stock markets, with the heavy declines in prices constitutes another factor of prime importance working for ease. It only needs a comparison with last August's happenings to show that, in one respect