A Half Century of Fat Years and Lean.

THERE are panics and panics—and the most spectacular are not always the most important. In fact the word panic has been so overworked in its particular application to stock exchange happenings, that the term crisis is perhaps better adapted to describing periods of serious financial and commercial stress. In the matter sheer excitement, the panic following the Northern Pacific corner of 1901, would be hard to outdo, if the effects on Wall Street were alone considered. But the incident is insignificent in comparison with the widespread financial and commercial depression of such a year as 1893. Such conditions as those of 1893 are always accompanied—if not preceded—by serious stock exchange disturbances; but the latter are symptoms, not prime causes. Wall Street is often spoken of as the country's financial barometer. But promptly accurate readings are always hard to make, since professional manipulation may force the level up or down with scant regard to actual conditions. However, over a series of months—if not day by day—the signs of the times are pretty accurately reflected in stock exchange developments. Such has been notably the case this year, the "silent panic" that visited Wall Street in March last, having predicted recent developments.

Just fifty years ago last May, came one of the great 'symptom panics" of history. Since then there have been at least two other outstanding commercial crises in the United States—those of 1873 and 1893. Going back into the first-half of the 19th century, there were similar times of extreme financial difficulty in 1837 and in 1814-15. It will be noticed, therefore, that from the beginning to the end of what was practically a period of eighty years, there were five great crises—an average of one every twenty years. This exact twenty-year interval occurring more than once has suggested to some a law of periodicity. Those holding to this twenty-year-cycle theory offer the explanation that such a period practically comprises a business generation, and that something like twenty years is the normal interval in which, rising from the collapse of one industrial crisis, the business community slowly regains courage; accumulates capital; speculates, at first timidly and at length recklessly, on the basis of the capital accumulated; "finally surpasses all moderation, forgets all warnings and precedents of the past, and subjects credit to such a strain that when the breaking point is reached the whole structure has to come to earth." It is claimed, too, that midway in each twenty-year period occurs a secondary crisis—or at least a setback of some severity. During the past half century the following primary and (bracketed) secondary crises are detailed in support of this theory: 1857, (1866), 1873 (1884), 1893 (1903). Such a schedule would point to the year 1913 being the next occasion of important crisis. Elsewhere in these columns is discussed the applicability, or otherwise, of this theory to actual conditions.

There are those who differently estimate the relative importance of the crises designated as primary and secondary. Prof. Flux, for example, appears to consider the strain in 1857 as no more severe than that in 1847, while he characterizes the business crash of 1866 as "perhaps the greatest of modern times.

Occasion of a Crisis is Seldom Real Cause.

Youthful Disraeli, in his "Vivian Grey," written soon after the panic of 1825-26, cleverly burlesqued the circumstances attendant upon a financial crisis. It is narrated that a gambling diplomatist had mysteriously disappeared from Ems where Fitzloom, an English millionaire, was taking the waters. "There must be something in the wind—a general war"—so reasoned the magnate. "England must interfere, either to defeat the ambition of France, or to curb the rapacity of Russia, or to check the arrogance of Austria, or to redeem Greece, or to shield the Brazils, or to uphold the Bible Societies, or to disseminate the principles of free trade, or to keep up her high character, or to keep up the price of corn, England must interfere." Thus convinced, Fitzloom sent immediate orders to his broker in England to sell two millions of consols. The sale was effected, the example was followed, stocks fell ten per cent., exchange turned, money became scarce. "The public funds of all Europe experienced a great decline, smash went the country banks, consequent runs on London, a dozen baronets failed in one morning, all the new American States refused to pay their dividends, manufactories deserted, the revenue in a decline, Orders in Council, meetings of Parliament, change of Ministry, and new loan. Such were the terrific consequences if a diplomatist turned blackleg!"

Very probably there have been financial panics precipitated by events almost as trivial as that given by the youthful cynic just quoted. But it is to be borne in mind that occasion is not always, nor usually, equivalent to cause. The foolhardy shouting of an Alpine climber may hasten an impending avalanche—it can scarcely be said to originate it. And it would be equally as absurd to explain New York's recent panic by a mere reference to trust company troubles. As remarked a week ago, while trust company methods may be held in large measure responsible for the suddeness and acuteness of the recent financial difficulty, they cannot be looked upon as the essential and underlying cause.