

STORM AND STRESS IN NEW YORK.**A Resume of Critical Events During the Present Week of Financial Strain.**

In the light of this week's events in New York, special interest attaches to the British premonition cabled on Saturday by the London correspondent of the New York Evening Post. "We have never doubted," he stated, "the reality of American prosperity, but were always apprehensive of what might happen as a result of reckless financing." And on Saturday last, to the man on the street the New York financial sky seemed clearing. The bank statement showed an increase in surplus reserves that amounted to \$6,527,000—which was looked upon as putting matters in better shape than for weeks past.

Monday, too, of this week appeared to bring increased confidence in the banking situation—a state of sentiment reflected in the condition of the money market and prices on the Stock Exchange. Leading bankers expressed the opinion that by eliminating the Morse, the Thomas and the Heinze interests from the banking situation the Clearing House Association was in a fair way to fulfilling the assurances of its members that "the situation would be made secure." A development of importance was the attitude adopted by the Associated Banks towards institutions asking for assistance—the requirement being that before any bank could receive help it must first do what it could to reduce its loan account. The Clearing House during the day had again to help the Mercantile National Bank pay its indebtedness, amounting in this case to \$1,903,000.

On Tuesday, however, the apparent bettering of the general situation received an abrupt shock in the suspension of the Knickerbocker Trust Company after a series of runs upon its funds by excited depositors. As deposits with the company totalled over \$60,000,000, the effects of the suspension were widespread and severe. Demoralization bordering on panic prevailed in Wall Street, Mayer & Company assigning with liabilities amounting to \$6,000,000. Though supporting orders from banking interests caused a rally in the last half hour, closing prices of important stocks were from 3 to 10 points lower than those of Monday afternoon. At one time call money advanced to 70 p.c., though only \$200,000 was loaned at that figure.

The immediate cause of the Knickerbocker trouble appears to have been the locking up of \$45,000,000 in time loans and implication in too varied outside interests. In the opinion of so well informed an observer as the New York Evening Post the banking difficulty is an outcome of a too general, and hazardous, practice whereby speculative financiers obtained control of moderate-sized New York banks through stock holdings on mere margins. The boards were, of course, packed with subservient directors, who furthered the speculative interests of the prime movers. While well known, the evil was difficult of remedy. But the Clearing House Committee was at length able to take practical action when last week's attempted corner in copper stocks brought certain institutions to the point of seeking aid from it. Succor was

refused by the committee until untrustworthy directors were retired—a step that was promptly enough taken, and aid given. But the help that has been extended to straitened National Banks was refused to the Knickerbocker Company. The Associated Banks could scarcely be expected to unduly strain themselves in helping out a formidable trust company rival. Probably their opinion is about that expressed by Mr. E. S. Clouston, vice-president of the Bank of Montreal, who remarked in this connection: "New York trust companies have not been doing as they ought to, and now it will be possible for the banks to drill them." Of late years the trust companies have been doing an aggressive banking business, and certainly without as adequate regulation and resources as the national banks. Regarding the latter, Comptroller of the Currency Ridgely announced on Tuesday that there was no cause for alarm, the general position being strong. Secretary of the Treasury Cortelyou left Washington for New York on Tuesday, in order better to decide upon the necessary distribution of Government funds among the banks.

The incidents of Wednesday included the application at Pittsburg for a receivership for the Westinghouse Electric & Manufacturing Company, the Westinghouse Machine Company, and the Nernst Lamp Company. There was also another trust company run in New York—the Trust Company of America being the institution concerned. It was, however, able to meet all demands, through assistance from similar concerns. A trust company committee of five was formed during the day at the offices of Messrs. J. P. Morgan & Co., to superintend relief measures. As the committee is strongly backed by Morgan interests and includes the presidents of the most conservative of the "old line" trust companies, its appointment has done much to foster confidence.

Wednesday's money market situation was aided by the deposit in the bank of further Government funds, and by the lending of large sums by Rockefeller and other strong interests. Although call money ran as high as 90 p.c. at one time, the situation was eased by the liberal lending of funds during the day by the First National and other important banks. Many loans, however, were made at as high a rate as 40 to 50 p.c. Still, the stock market showed signs of cheerfulness. The announcement that Mr. Morgan and his associates had practically taken over the command of New York's financial circles, of course, accounted for this in large measure.

Then, too, Mr. James G. Cannon, vice-president of the Fourth National Bank and a member of the Clearing House committee appointed to examine the national banks which have been under criticism, was able to announce during the day that the condition of the banks as shown at the Clearing House was first class. Although a few of them might have to be assisted, he said that conditions were fast becoming normal.

Yesterday was, however, to prove another anxious day for Wall Street. Despite the support of strong banking interests the market experienced some severe declines, stock brokers finding it next