

The Monetary Times

Absorbed the INTERCOLONIAL JOURNAL OF COMMERCE, 1869;
the TRADE REVIEW, Montreal, 1870; and the JOURNAL OF
COMMERCE, Toronto.

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The Monetary Times

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FOLLOWING THE LEADER.

After the effect comes a search for the cause. Wall Street, which has a habit of making records, has excelled itself. The low figures reached this week are sorrowful testimony to the somewhat weak backbone of the New York financial centre. Since March, when liquidation was heaviest, and the spirit of panic reigned supreme, the stock market has resembled a storm-tossed derelict.

On Monday again it became utterly demoralized. The Hill & Harriman stocks tumbled in a cascade, both in number and declining price. Then the wiseacres, many of whom, perhaps, could tell the real cause of the present fiasco, stood upon their publicity platforms, and, through a megaphone of self-importance, gave some reasons for the decline—reasons which the investor is asked to swallow, as he usually does most Wall Street stories.

Standard Oil stock abruptly declined twenty-five points on the "curb." This is the lowest price since 1899. The reason given for this unique break is that Mr. Rockefeller's giant corporation has been fined a little more than twenty-nine million dollars. The Press are divided in their opinion of this historic fine. Very few journals consider seriously the decision of Judge Landis. They discuss the amount of the fine with a big "If." "If the Standard Oil Company pays, the oil consumer may look for higher prices." Surely no thinking man imagines that even a hundred million dollar fine would hurt the operations of the Standard Oil Company. Yet the stock market and the public refuse to use logic. For explanation, any old reason will do.

"Investors believe that securities, cheap as they are, are scarcely worth purchasing at the present level." That is another explanation for the slump. Judging by intrinsic value, and allowing for the money stringency and the extraordinary demand for capital, this is rather a weak reason for the shyness of the investor. The hostile acts of State Legislatures doubtless has had some effect on prices.

But the fact remains that Wall Street is over-sensitive. Any excuse is better than none. A "bull" or a "bear" attack can be engineered at will. Men can be made to buy when manipulators so desire. They can be squeezed out at the moment the unscrupulous stock operator nods. London is beginning to become scared of New York's crazy financial panics. Toronto and Montreal can look upon Wall Street with a certain degree of equanimity.

When there comes news from over the border of a serious market upset there is no mad excitement on the Canadian exchanges. Canada has been bitten; it is cautious. It naturally has to suffer, as one of the links in the chain of the world's stock markets. When the strain comes particularly on the New York link, there is a pulling at all. The necessity for depending on New York to any great extent is unfortunate. The stranger has to assist in bearing the brunt of its freaks. Wall Street is a hotbed of manipulation. It is time our other financial centres became more moderate in their leaning for assistance in that quarter.

We have seen extremes in corporation mismanagement. Unfortunately we are likely to observe extremes in State Legislature. Evils which have existed for fifty years cannot be eradicated in a few months. There are weeds which require pulling from the gardens of stocks and finance. But the roots cannot be destroyed ruthlessly and carelessly without hurting the growth of desirable occupants of the monetary soil.

Investors have little to fear from exposures of corporation methods. They need not become alarmed at reforms, being and to be proposed, concerning the operations of big companies. Such steps must ultimately accrue some benefits to the investor. They may bring to the United States an era of clean finance. But it is to be hoped that the vigour of the legal departments of the various States will be tinged with the proper amount of commonsense and patience. They cannot undo in a day what brainy men and millions of dollars have up-built in years.