

IN TIME OF PANIC



WHEN the hero of Frank Norris's novel, "The Pit," made his last desperate stand against the falling market that was crushing him, he met his best friend's remonstrance with a curse and a blow, and then, listless and pale, his eyes congested with blood, rushed into the midst of the traders, and bought, sought, bought, beyond the power of man to say for; until, at the sound of the gavel and the announcement of his broker's suspension, something snapped in his brain, and a faithful clerk led him dazed and uncomprehending, from the floor. He had been mad. And even if we do not hold, as some have argued, that speculation is itself insanity, we must admit that under the stress of excitement, especially under the strain of loss and failure, speculators do crazy things.

"Panic" is a pretty good name for a financial convulsion or a commercial crisis, since it both labels the event and describes the condition of most of the actors. Except to the initiated, the Stock Exchange is Bedlam at the best of times; but when fortunes are crumbling and no man feels safe, the scene suggests Bedlam, with the hospital at one side and the morgue looming on the other. Not even the big men, leaders who operate, ordinarily, through agents, can quite keep their balance. When things go very wrong, some gesticulate and swear and yell at their companions; others pace up and down, shaking their heads, snapping their fingers, and muttering to themselves; still others stand and stare at a spot on the floor, and seem to pay no heed to what goes on around them. It takes a physical explosion or a mental shock, or both, to set the man right side up again.

He Lost His Wits

JOHAN LAW, the Scotsman, who went over to France early in the eighteenth century to work financial magic that ended in ruin, began to reel beneath the pressure before the crash came. "Law's head is so heated that he does not sleep, and has terrible fits of frenzy," wrote a contemporary. "He gets out of bed and runs stark, staring mad about the room, making a terrible noise, sometimes singing and dancing, at other times swearing and stamping. Some nights ago, his wife, who had come into the room upon the noise he made, was forced to ring the bell for people to come to her assistance. The officer of Law's guard was the first who came, and found Law in his shirt. He had set two chairs in the middle of the room, and was dancing round them, quite out of his wits."

He had to work it off through the muscles, like a partner of J. R. Keene's, who repaid a treacherous action of Jay Gould's by seizing the wizard, collar and breeches, and dropping him down an areaway; or like that magnate who, in a meeting of the directors, when he saw the control of a great life insurance company's assets slipping away from him, stiffened in his chair, kicked out his feet, and yelled, "Wow, wow, wow!"

But these are heroic figures, compared to some. Norris says that, as his hero beheld more and more of the speculators he had broken, "a vast contempt for human nature grew within him. Some few were resolute enough, accepting defeat with grim carelessness, or with sphinxlike indifference, or even with airy jocularity. But for the most part their alert, eager deference, their tame subservience, the abject humility and debasement of their bent shoulders, drove Jadwin to the verge of self control." Probably it is true that the Almighty hates a quitter. Men do, at any rate.

Half pathetic and half ludicrous is the portrait we have of Uncle Dan'l Drew, who used to pray fervently when the market was going against him, and if his prayers failed of an answer would appeal to a different kind of spirits, and then close the windows, draw the shades, and burrow under a mountain of bed clothes. And A. T. Stewart, who, like every great merchant, took chances as freely as any Wall Street man, had a soft streak in his adamant, which showed when trouble came. People had told him, while his great store was building, that it was on the wrong side, the cheap side, of Broadway. Probably that worried him more or less, though he would not admit it. And on the morning of the day fixed for the opening, when he looked out and saw a dreary drizzle of rain, he went away alone

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and relieved himself, woman fashion, by a good cry. To that remedy Stewart often resorted, they say; but this did not prevent him from being a fighter, and there is a story of his earlier days which shows the other side of his nature. It was while he was in his first little twelve-foot-front shop, working as salesman, bookkeeper, porter, errand boy, the whole staff, and a note fell due which he couldn't pay. Times were dull, his friends were short, the banks wouldn't be bothered with him. He marked every article in his store at the wholesale price, and plastered New York with handbills telling what he had and how much he wanted for it. The selling out at cost scheme was a novelty then, and people gulped the contents of the handbills. They found real bargains at the shop too, and carried away everything Stewart had to sell. Not only did he pay his note, but he bought his new stock, a better one, for cash, and never afterward purchased anything on credit.

It took resourcefulness as well as sand to meet a crisis in this fashion. Somehow it recalls the splendid self possession of Dupuy, president of the French Chamber of Deputies, who, the moment after the Anarchist Vaillant had exploded a bomb in the chamber, quelled the terror and confusion with four words, "Gentlemen, the sitting continues!" And to go back some years, to one of our own people, it brings up Jacob Little, once the "Great Bear of Wall Street," who made nine fortunes and lost as many, but never lost his nerve. Walking up from the Stock Exchange one day with a friend, he passed through Union Square, where the richest New Yorkers then lived. Looking at the rows of fine houses, Little remarked, "I have lost money enough to-day to buy this whole square—yes, and half the people in it." Little was spiritually akin to Marshall Field and Levi Z. Leiter, who, while the Chicago fire still raged northward, had rented an old street car barn at State and Twentieth-sts., and were doing business.

Escaped a Lamp Post

THESE were all "good losers," as the gamblers' phrase puts it, which means that they did not howl when they were hurt. Perhaps it may as well be admitted that the average man is not a good loser, and therefore is the more readily overawed by assurance and a show of force. Following the great fire of 1836 in New York, the banks knew they ought to suspend specie payments; but they would never have done it without the support of the militia, which lined up in front of Trinity church and warned peaceable citizens to go home. Whether Jay Gould would ever have been heard of, after Black Friday, but for the deputy sheriffs who gave him a chance to run, is problematical. Speculators who had suffered were hot after him and his partners, and, as Henry Clews has pictured the situation, "had any of the gentlemen appeared outside the chances were that the lamp post near by would have very soon been decorated with a breathless body."

Could personal magnetism have saved them? It is much to be doubted; and there was none of it in that gang, anyhow. Those wonderful black eyes of Gould's had hypnotic power, but they could control only one man at a time; and though Jim Fisk, the Prince of Erie, was a very potentate of bluff, nobody can imagine him swaying a maddened crowd. If one of the conspirators had been a Charles H. Schwab, however, and if he could have had time to

"get next" to the victims, there might have been less need to run. Probably it is no exaggeration to say that Schwab tackled and smoothed out the most panicky situation any American manager of men has faced in fifty years. It was on the bloody battle ground of Homestead. Strikers were sullen, strike breakers were stupid, the great plant was a turmoil of hate and bitterness, yet within six months the "Come on, boys!" method turned anarchy into order and loss into profit. It is fashionable and proper to speak respectfully of the "following" of certain Wall Street leaders; but if any man on the Stock Exchange could organize such devotion as Schwab commanded at Homestead, financiers who now bulk large would look in comparison like small boys pitching pennies.

But Schwab is now out of it? True. That is the ultimate fate of all men, or most, especially financiers. There was a time when John Law, driving the streets of Paris, was hailed with shouts of "Vive le Roi et M. Law!" And there was another time, not many months later, when he did not dare to drive in the streets, and when it used to be hopefully asked every day in the Chamber of Deputies if Law had been killed yet. I mention the men in one breath, not because of a resemblance, but to suggest the change in conditions. When Law failed, not quite two centuries ago, he embarrassed a nation, and the failure was the end of him. If Schwab, resuming his position of conspicuous leadership, should engage the attention of Wall Street and the nation for several years, and then come to grief, he would simply repolish his smile and start in to make another fortune. He would pay his debts too. There was once a broker who failed twelve times; but in the end nobody lost money by him; and in spite of all the evil things that country clergymen say about the Stock Exchange, its habit of paying a hundred cents on the dollar might be recommended to some gentlemen who deal in necessities on week days, and on Sundays sit in the Amen Corner.

Misguided Clerks

ALONG with this pride in personal integrity there flourishes in the financial district a habit of helpfulness—easy to illustrate by a hundred incidents, if it was fair to mention names. Once at least when his chance of profit lay in the direction of panic, old Commodore Vanderbilt went to a bank president who was tightening the market and, placing a large sum in his hands, said, "Here, take this and let out your money; let the boys have it." One can easily gather serio-comic tales too of friends and employees who wanted to help, but did not quite know how, like those clerks of one of the Street's former great men, who, in his absence from the city, a stringency developing and loans being called in, shoveled on the market all of his securities that they could lay hands on, and thereby caused a panic, so that when the master came home he found himself bankrupt.

But of course a man who enters Wall Street should have brains and balance to start with, not resembling that customer of whom Clews tells an absurd true story. This man came to the broker and ordered the purchase of one thousand shares of Erie, at the market. It was bought at ninety-four. Then the stock went down; but the customer, coming in a little later, ordered it sold. It brought ninety-two and a half. In less than an hour he had it bought back again, that time at ninety-five, and before the market closed he ordered it sold once more, realizing ninety. Then he returned a fifth time, and confided in Clews. "First," he said, "I saw a man who told me to buy, and then I met another who advised me to sell. I understand one of them is called a bull, and the other is a bear. I don't know about those names; but I know now that I am a jackass."

Perhaps the strangest feature of this episode was that the victim did not blame the man who bought and sold the stock for him. A broker, said old Trollope, "is one who steppeth in between two men making a bargain, and plundereth both," and a good many thousand losers since his day have tried to put the burden of failure on somebody who was merely following orders. Sound advice is seldom so popular, anyway, as the other kind. It is wonderful, amazing, how people will rush and crowd to get into a hole, especially if at the bottom of that hole there is a glistening mystery. Mrs. Howe of the Woman's Bank in Boston, "520-Per Cent."