WHY STOCKS TUMBLED

No Business Panic and No Prospect of One, Says Georg E. Roberts, Banker—Wartime Causes of Low Prices

By RICHARD BARRY.

A VISIT to the Street in the early part of last week was like a trip through No Man's Land, minus the danger, though just as depressing. The brokers and bankers lay inert in their trenches, paralyzed by the terrific barrage, weak and listless, hardly able to answer questions, and apparently with only one thought: "How long will it last?"

Each day prices had been forced down, down, down, not on speculative stocks alone, but on the sound listed securities, until they touched what seemed bottom prices, lower, in some instances, than they had been for a generation. Listed stocks of the most substantial nature, like steel and selected railroads, went down 3 to 6 points in a day, and gilt-edge bonds 1 to 2 points a day.

Wild rumors of closing the Stock Exchange passed around. Other rumors, promptly denied, credited the Board of Governors with contemplating establishing a scale of minimum prices, despite the fact that in the previous week J. Pierpoint Morgan had broken his wonted silence to make the public statement that it would not do to establish minimum prices.

It was a different Wall Street from the one we saw in April and May, confident in the prospect of war, buoyant with a national program at last solidified and strengthened.

Leading bankers and brokers were asked to elucidate the situation. The house of Morgan sat tight; there would be no panic, no closing of the Exchange, no minimum prices. Moreover, the militant head of the house intimated that the important thing just now was to win the war, not to bother about the prices of stocks; let them take care of themselves. He would not consent to be quoted, even to this extent, but it was gathered that he would not repudiate the expression if it were attributed to him.

Mr. Baker was not on deck. Mr. Vanderlip was in Washington, earning a dollar a year as a servant of the nation. Mr. Noble, President of the Stock Exchange, went to his bed with a severe cold after saying that nobody of importing house; not one single bank high or low even threatened with nasty rumors. It is a triumph of the new Federal organization."

The eminent banker would not even hazard a guess as to what brought the market down; the only thing of which he was sure, beyond the evident fact that Wall Street had suffered a panic in all but name, was that prices had touched the extreme bottom; that they could go down no further.

Grave matter. In many cases the amounts they have borrowed now exceed the value of the stocks at the present quoted prices, which any one must conclude are far below normal or reasonable values. In such cases the inevitable happens—the stocks are sold out to meet the indebtedness. Thus the borrowing investor loses not only his security, but any possible future rise in value.

"The prevalence of such cases as these disproves the ordinarily sound dictum that for every loss on the Exchange there is a gain. At such a moment as this, any one in these transactions, the banks are forced, reluctantly, to sell the securities, often at a loss, even if slight, while marginal trading is reduced to a minimum. There is so very little floating money."

"Why is there little floating money, when such vast sums, so many millions, are being spent on every side?"

"That is a question, 'Why is the market so low?' he replied. It can't be answered either off hand or completely. And any man's answer is only a guess. The obvious reasons are: (1) The demands of the Liberty Loan. Everyone has subscribed or pledged to subscribe about all the spare cash he can muster for the coming few months. (2) The collateral demands of the war, the Red Cross, the hundred and one charities which reach forth every hand to waylay the pocketbook. (3) The vast needs for new and quick industrial investment to meet the munition and supply demands of the war. (4) The uncertainty of the immediate future.

Those who have available cash hesitate to invest it in stocks or bonds, even at the p. esent ridiculously low prices. They would rather wait a bit and see what the Winter brings forth. "These four major reasons weld together a stream of money conservatism that is sluggish like a choked river. One would think this would offer a chance for the speculative broker to reap a har-
A Dull Hour in the Customers’ Room of a Wall Street Brokerage Firm.

A dull hour in the cold, gray, gloomy rooms that make up the interior of a Wall Street brokerage firm — a dull hour in the life of the man who sells stocks and securities to the public. The market is quiet; there is no excitement; the brokers are at their desks, waiting for something to happen. The atmosphere is heavy with the scent of tobacco and coffee. The windows are filled with the faces of the brokers, who are busy with their work. The sound of typewriters is heard in the background. The day is dreary, and the brokers seem to be waiting for something to happen. The market is quiet; there is no excitement; the brokers are at their desks, waiting for something to happen. The atmosphere is heavy with the scent of tobacco and coffee. The windows are filled with the faces of the brokers, who are busy with their work. The sound of typewriters is heard in the background. The day is dreary, and the brokers seem to be waiting for something to happen.

The Useless Scarecrow

PLOTTERS

SPIES

ANTI-AMERICANS

THE LOONY

THE YANK

PRISON PENALTY

MISCELLANEOUS

Uncle Sam: “I reckon it’s time to use the gun”