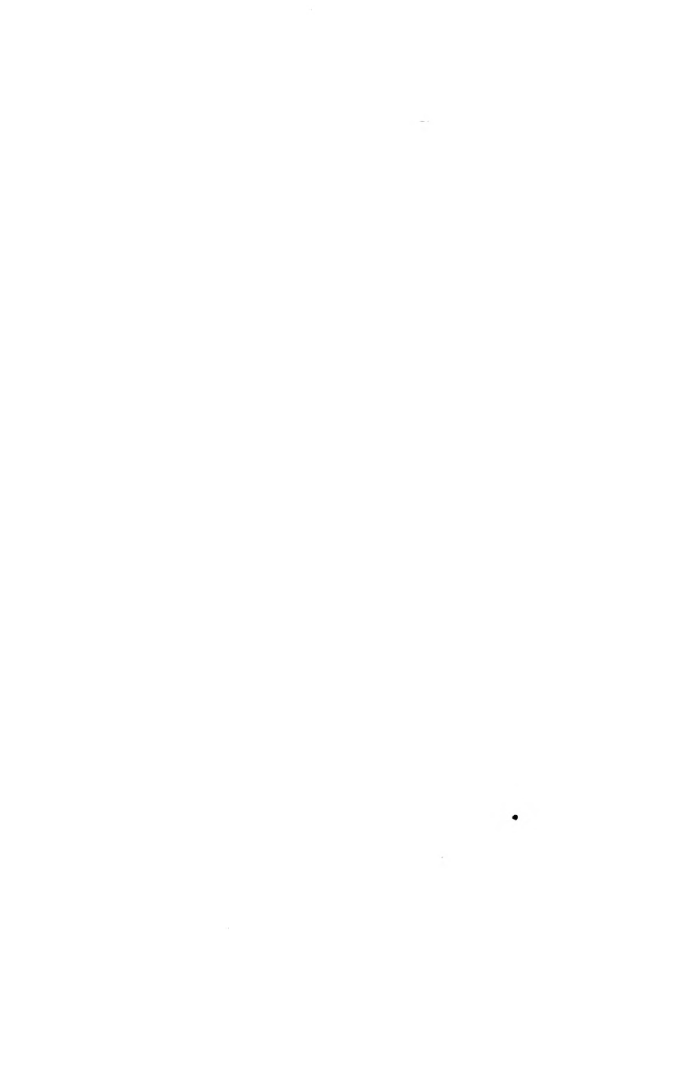
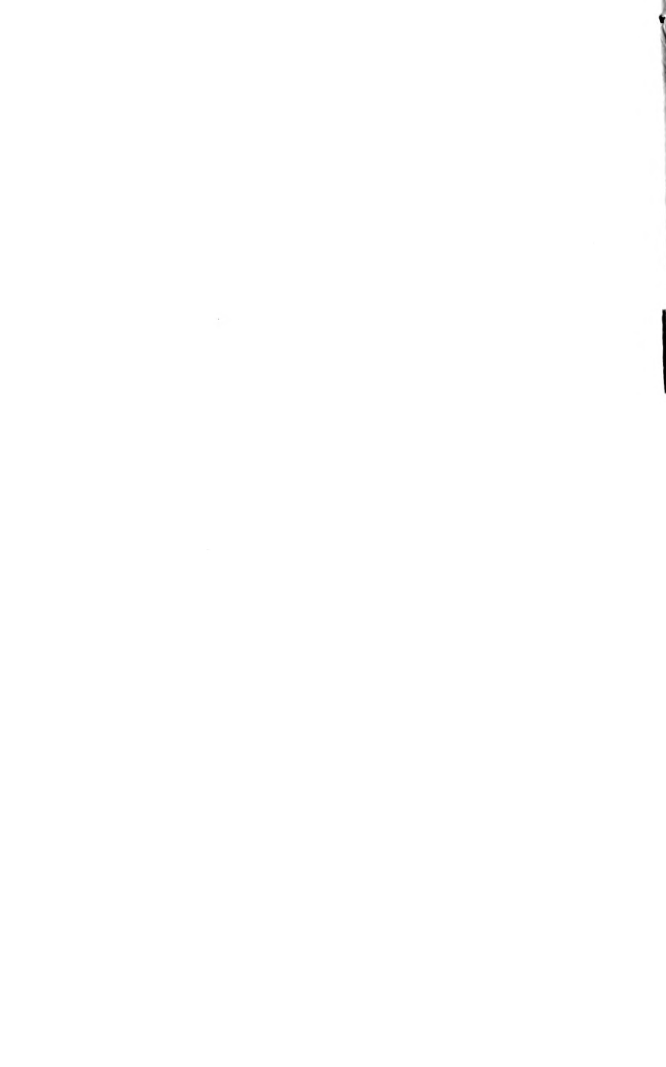


ILLINOIS HISTORICAL SURVEY









Board of Trade Building.

HISTORY
OF THE
OF THE
CITY OF CHICAGO

EDITED BY

IN THREE VOLUMES
Illustrated

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CHAPTER VIII

From the Resumption of Specie Payment to the Columbian Exposition.

1880

THE record of the trade, commerce and manufacturers of Chicago for the year 1880 showed a marked increase in nearly all departments over that of its predecessor. Another big stride was taken in the development of its varied industries. The statistics show that there was a gain of $23\frac{1}{2}$ per cent in the cash value of the produce marketed, nearly 16 per cent in the money received for goods sold at wholesale, and 15 per cent in the value of the material turned out by manufacturers. The average increase of 17.8 per cent in the grand total of the year's work was all the more surprising, as it was widely supposed that business was overdone in 1879. The tremendous spasm of commercial activity and speculative excitement which set in during 1879 carried prices up to an unusually high point, and stimulated speculation to such an extent that both appeared to be strained to a higher pitch than they would bear. The general average of prices was higher than in 1879, though in many departments the top quotations of that year were not repeated. The prices of breadstuffs ruled nearly 12 per cent higher, and of live stock about 11 per cent higher.

The year was a very active one in produce circles, much more so than 1879, the volume of receipts and shipments being much larger. The largest increase was in corn. The receipts of that cereal alone were nearly equal to those of all kinds of grain for the biggest year preceding 1878. The live stock traffic over-topped all former records. The tendency of prices was on the whole in favor of the producer, and probably averaged higher than in any previous twelve months, if reckoned on a specie basis. A marked feature of the produce business was the augmented amount of capital commanded by the trade. There had been an abundance of money, but, in 1880, it was increased to a plethora. Another marked change was in the relations with Europe. The produce was consigned not only direct across the Atlantic, without help from the seaboard cities, except for the labor of transfer, but was distributed to ports on the continent without help from the English merchant. Corn, lard, meats and alcohol were shipped on through freight rates to ports in Holland, France, Spain, Portugal, Italy, etc., as well as to Great Britain and Ireland.

A marked feature of the year was that while speculation was

as large, if not larger, it was more in the control of large moneyed interests. The wheat market was influenced throughout by the Keene syndicate, while Armour was the chief factor in the provision market. On January 1 it was reported that the Chicago banks held \$3,000,000 to pay for wheat deliverable on the first of the month to New York purchasers, and it was held that this meant that monied men had confidence enough in future values to be willing to buy and hold until Europe made up its mind to pay American prices. The clearings, January 2, were \$12,300,000, the largest known up to that time. The provision trade was largely hampered the first of the year by the strike of the Butchers' Union. The various packing houses employed strike breakers and gradually resumed work by the employment of green hands. The men, poorly organized and without financial resources, were soon reduced to want and were compelled to make the best terms possible, the result being that by the middle of the month they had returned to work, the packers winning practically a complete victory, although this was not accomplished without some rioting.

The annual election held January 5 was a tame affair compared to the spirited contest of 1879. There were two tickets in the field, each styled "regular." John H. Dwight for President and R. W. Dunham for Second Vice-President headed one ticket, and William Dickinson and Charles Counselman headed the other. Besides these tickets there were numerous alleged "regular" tickets made up of all possible combinations. The vote cast was 1,050, of which Dwight received 533 and Dickinson 517, for President, while for Second Vice-President Dunham received 691 and Counselman 346. The new Directors were S. H. Scribner, S. H. Larmanie, John T. Lester, L. C. Huck and F. A. Howe. The annual meeting was held a week later. The Directors reported that the assets at the beginning of 1879 were \$173,912.21; the ordinary receipts \$61,676.96, to which were added \$9,487.50, received from the sale of 100 shares of Chicago & Alton Railroad stock. This, with the cash on hand, making the total receipts \$71,605.23. The total disbursements were \$67,574.36, and the assets in January, 1880, were \$172,502.31, showing a net loss of a trifle over \$1,400. The Directors blamed this largely upon the cancellation of clerks' tickets, which caused a loss of some \$8,600. The assessment was fixed at \$20, and the membership was given as 1,797, but there were 267 transfers of membership during the year. Concerning important matters accomplished or still pending before the Board the report of the Directors said:

"During the past your Board of Directors have endeavored to effect some needed improvement in the matter of handling grain received by railroads, especially in respect to the large portion of these receipts that are sold to be transferred to eastbound railroads. The manner of determining the contents of cars so transferred has been exceedingly unsatisfactory to both seller and buyer, and it

is to be regretted that the railway managers have not seemed to appreciate this difficulty to an extent that has secured their hearty co-operation in efforts to reform the evils complained of. The Board is not without hope that continued efforts in the direction of securing a more satisfactory arrangement than now exists for the proper care of this species of property may not be unavailing.

"At the present time we find the business of the city confronted with a prospect of an early blockade in the movement of grain by the absorption of all the ordinary storage facilities, resulting from the unusually large stocks now in the elevators. The necessities of the case are such that action for relief seems to be imperatively demanded, and with this view the Board of Directors have sought a conference with the railway managers, and elevator proprietors most in interest, for the purpose of devising some suitable measures of such relief as will enable the ordinary course of business to be carried forward for the coming months until the grain now in store shall be moved in the channels to final consumption. It is believed this can be accomplished without serious embarrassment to the trade, and that within a few days the grain movement may be again resumed without restriction from this cause.

"The largely increased volume of business transacted on the floor of the Exchange within the past few years renders the accommodation, deemed ample a few years since, quite inadequate to the present and prospective needs of the Board. The best and most feasible manner of securing the needed additional accommodation has been a source of earnest thought on the part of the Directors, and doubtless of many members of the Board. The arrangement made in 1864, with the Chamber of Commerce, and substantially renewed in 1871, whereby the Board has bound itself for a long series of years to the agreed rental of the premises now occupied, is in some sense a hindrance to as free an action as would be desirable. That lease could doubtless be cancelled upon equitable terms, but its abandonment would necessarily be attended with great pecuniary loss to the Board, your Directors not for a moment entertaining the thought that the membership of the Board would desire a release from their obligations to the Chamber of Commerce upon any other than terms of honorable and fair dealing. The Board has considered the question in all its bearing very carefully, but has not as yet been able to arrive at any conclusions that they feel like basing a specific recommendation upon, but commend the subject to the careful consideration of the incoming Board of Directors."

President Dow made a happy speech in closing his year's work, and Mr. Dwight, the new President, then made a brief speech, thanking the members for the honor conferred upon him. Second Vice-President Dunham was called for and also made an enthusiastic talk.

Carrying on the history of the internal economy of the Board for the year it may be noted that in February a petition was largely signed on 'Change asking of Congress the repeal of the tax on deposits in National banks. In the latter part of this same month

Parnell and Dillon, the great Irish patriots, visited Chicago and were guests of the Exchange. They were accorded a rousing reception and were introduced by President Dwight. They both addressed the Exchange, and other speakers were Governor Cullom and Mayor Harrison. The matter of transportation was a vital one with the members of the Board. They resented the discrimination by which corn was transported from the Mississippi River to New York at cut rates, these being in some cases even lower than from Chicago, and in March they were again aroused by the report that the railroads were attempting to control lake traffic, and in connection with this possibly, a petition was circulated urging the opening of the Erie Canal by April 10, if possible. The crusade against trading out of hours began in February, when it was announced that the rules against such trading would be enforced in the case of provisions as well as grain, and throughout the year President Dwight made every effort to enforce these rules, with good results. There was also an effort to curtail the hours of trading, and in May it was decided to abolish the afternoon session during June, July and August. Later, in August, it was decided to close the sessions of the Board at 1 p. m. on Saturdays and at 2:30 p. m. on other week days. The matter of new quarters urged for consideration by the Directors in their report the first of the year was much discussed by the members, but did not come to a head until July, when a resolution was presented to the effect that whereas the present accommodations were wholly inadequate and not susceptible of enlargement, the Directors were requested and authorized to make arrangements for new quarters, not remote from the then location, and with the Exchange room near the ground. This resolution was defeated by a vote of 628 to 284. There was a general desire for a new location, but many saw in the move nothing but a real estate speculation and therefore opposed it. The Scott property between Jackson and Van Buren street was the one favored by the majority of those who wished to move. This vote was not considered decisive and within three days a resolution proposed by J. R. Bensley was adopted instructing the Directors to investigate and report to a called meeting plans for furnishing better accommodations. This report was made, but it was not until the close of the year, December 30, that the proposition came to a vote, at which time it was decided by a vote of 936 to 193 to erect a new building to cost from \$700,000 to \$900,000 on the property bounded by Jackson, Van Buren and Sherman streets and Pacific avenue. While never a political organization, it seems that a very large majority of the members were actively interested in the Presidential campaign in which James A. Garfield was the Republican candidate and Gen. W. S. Hancock the candidate of the Democracy. The Board of Trade largely favored the Garfield candidacy, and upon his election the Board of Trade took a prominent and almost

official part in the celebration. The list of those having the Board of Trade contingent in charge contained the names of most of those prominent in the Board's affairs. The Chicago celebration was postponed in fact in order that the members of the Board might complete their arrangements, and when the parade finally took place there were more than 1,000 members in line. I. P. Rumsey was marshal-in-chief of the Board of Trade section, and his assistants were P. P. Oldershaw, W. A. Ray, B. F. Stauffer, N. B. Ream, Ben Underwood, J. P. Sherwin, D. W. Irwin, John Robertson, E. B. Stevens, R. C. Meldrum, J. E. Huntoon and Moses Jones. Marshall Rumsey headed the line and the Lyon & Healey band furnished the music. There were 350 Board members mounted, calcium lights displayed the transparencies, and the great feature of the whole parade was a mammoth rooster, 21 feet high and costing more than \$100. The Board of Trade also had in line a wagon with cartoons, another wagon with fireworks and more than 500 torch bearers.

The inspection problem was still a serious one. In June a committee of the Grain Receivers' Association, consisting of E. B. Baldwin, A. M. Wright and C. C. Warren made an exhaustive report covering the whole inspection system. Objection was made to state inspection, because it applied only to Chicago, because it increased the cost above that in other cities, and above that which obtained when under control of the Board; because it was a tax on the grain of other states, and because the service was used as a means of political patronage. It was claimed that there was no improvement under the state inspection; that the expenses exceeded the income and that the expense was less in other cities; that, of Chicago grain receipts, 41 per cent were from Illinois and 59 per cent from other states, and the right of Illinois to impose regulations upon this outside grain was questioned. As to the expense, it was cited that the first chief inspector, W. F. Tompkins, received \$1,666.98 more than he was entitled to; that W. H. Harper, the second chief inspector, still owed the department \$23,415.96; that the fourth chief inspector was behind more than \$6,000 when he retired, although all but \$229 of this had been paid, and that the present chief inspector, although of good character, had no knowledge of the grain business and was simply a political appointee. It was urged that he received \$3,500 per annum as chief grain inspector, \$1,500 as Secretary of the State Agricultural Society, and \$5,000 as Secretary of the Exposition Association, to which latter he gave the bulk of his time. In conclusion it was urged that the inspection service be returned to the control of the Board of Trade. The Grain Receivers' Association also took action concerning the grading of barley. The committee reported favoring such a change that a much larger proportion of the crop would be included in the grade No. 2. This was to be accomplished by admitting into that grade such barley as might be slightly stained,

provided it had the other qualifications requisite to make No. 2. They recommended that the grade known as "feed" be changed to No. 5; the grades of barley to be Nos. 1, 2, 3, 4 and 5. No change was recommended as to the grading of wheat, but it was asked that the term "mixed wheat" be dropped except the grade known as "No. 2 mixed." The Warehouse Commissioners, in July, accepted these recommendations and established the grades as asked. In November the rule regarding the weight of boxed meat was changed, the net weight to be between 450 and 525 pounds, and the average weight 500 pounds, instead of 450.

An important change in the rules was made in April, when commission merchants were authorized to substitute a new principal on trades made for account of others, in cases where the original trade could be settled by offset. This was by way of legalizing what was known as "ringing up." The rules were also amended to require that provisions deliverable on contracts should be stored under cover and in places suitable for the preservation of the property. Both of these changes in the rules were adopted by large majorities.

The matter of storage presented one of the most serious problems confronting the Board in 1880. Large receipts and the holding of vast quantities of wheat by the Keene combination caused the elevators to be filled to overflowing at the beginning of the year. So serious was the situation that the directors held a conference in January with warehouse and railroad men. The directors were favorable to the plan of declaring "regular" such grain as might be stored in cribs by regular warehousemen during the winter. The warehousemen themselves opposed this, for as one of them said, "The grain might inspect in all right, but how would it inspect out?" The railroads professed to be worried concerning the grain blockade, but on the other hand, it was charged that the high freight rates to the East were largely responsible. To relieve the congestion Munger, Wheeler & Company put the Imperial Mill into commission as an elevator, and it was declared "regular" by the Board on January 11. At this time it was stated that the total storage capacity of Chicago was 17,650,000 bushels, and the amount actually in store was over 15,000,000 bushels. This had increased by the end of January, and the amount in store and afloat reached 16,600,000 bushels. In February the Imperial Elevator burst under the pressure of the more than 127,000 bushels of grain it contained. This elevator stood just east of the C., B. & Q. Ry. crossing, near the corner of Sixteenth and Dearborn streets. It was a new structure and had cost between \$90,000 and \$100,000. The great mass of wheat was dumped on the railroad tracks and blocked traffic for nearly a day. Fortunately the weather was good and by vigorous efforts nearly all the grain was saved. Munger, Wheeler & Company were the responsible parties, as receipts were

issued through their City elevator, but, except for the expense of handling, their loss was confined to a few thousand bushels. Much grain was loaded on boats in the harbor, but this failed to relieve the situation and, in February, it was asserted that the warehousemen refused storage for wheat, but accepted corn. By the latter part of February grain in store had increased to 16,000,000, with more than 2,000,000 bushels additional afloat, and in March a petition was circulated asking that receipts issued by Milwaukee elevators be made "regular" on the Chicago Board. The statement of a Dubuque shipper that the railroads refused wheat shipments, but accepted other grains, aroused much comment, and it was reported that all available vessel room had been taken and loaded with grain. Keene was said to control the western situation and to own all the spot wheat at Chicago and Milwaukee. Higher prices of wheat, in May, at Chicago caused a shipment of 400,000 bushels from Milwaukee, which was at first refused storage by Chicago elevators, but was later accommodated. By the latter part of May it was stated that there were hundreds of cars on track unable to unload on account of lack of storage capacity. The opening of navigation and market changes relieved this situation somewhat, but again, in November, the elevators were reported full not only in Chicago but elsewhere, Baltimore warehousemen raising storage rates, in order to force shipments. This could not be done in Chicago on account of the state law. By the end of November a freight blockade was said to exist, and the Chicago situation was only slightly relieved by the completion of the Iowa Elevator, with a capacity of 1,500,000 bushels, and the making "regular" of the St. Paul Elevator—1,000,000 bushels capacity—the latter part of December.

The course of the market in reference to each branch of the trade is considered later in this chapter, and it is here intended only to give the general market trend and those incidents which attracted the attention of the Board as a whole. The Keene deal was the chief market factor at the beginning of the year, but about the middle of January there was a general break and it was reported that the Keene crowd was at outs, and that a portion of them were making sales, and by the 25th the wheat deal engineered from New York was said to have collapsed, wheat fell from 7 to 8½ cents during the week, and many small speculators were heavy losers. There was also a bad break in the pork market, and, in February, Gath in his New York letter to the Cincinnati "Enquirer" stated that it was believed in New York that Keene had lost at least \$2,500,000 in wheat. Through February and March this general decline continued. In April fears were expressed that there might be a "squeeze" in May wheat and before the end of the month it was admitted that Keene was still in control of the market and prices reacted somewhat. Pork in the meantime had suffered badly in the

decline, mess pork seller May touching \$9.25, and it was about this time that Armour took hold of the market in order, as he said, to restore the packing business to a paying basis. Towards the end of the month rumors were current that J. R. Keene had failed. W. T. Baker & Company, representing the Keene interests, brought charges against C. W. Daniels, W. S. Linn and C. Schwartz, alleging uncommercial conduct in spreading or aiding to spread these reports. The Directors investigated and the charges were dismissed for lack of evidence, but a resolution of censure concerning such rumors was passed and a warning issued. The May wheat deal closed without great disturbance, but the receipts for the month were very heavy and the clique was forced to buy large quantities. The special committee appointed to settle these deals fixed the market price at \$1.13½, and in the case of Rumsey Bros. & Company against D. W. Irwin & Company, ordered settlement at that price, together with damages of \$356.25 and costs. Late in June it was reported that the Keene combination had tired of holding up the wheat market and would ship their wheat and buy no more. From that time until September the wheat market was comparatively uninteresting and provisions became the sensational market feature. The first pork "squeeze" came in July and shorts were obliged to fill their contracts at a heavy loss. The fear of further pork corners brought about a petition to make summer packed pork deliverable on contracts, and a few days later it was reported that the pork trade was paralyzed by the cornering operations. The summer pork question came before the Board informally August 13, and there was a tie vote on the proposition. President Dwight voted in the negative, thus defeating it, but it was announced that another vote would be taken. More than one hundred members of the Board signed a protest against the recognition of summer pork as "regular" pork, but according to Asa Dow, in an interview in the "Tribune," such large operators as B. P. Hutchinson, S. A. Kent, H. Botsford and others favored the proposition. On a formal consideration of the question August 16, however, it was rejected by a vote of 591 to 259. Following this decision both mess pork and lard were excited and higher.

It was during this August flurry that the poet laureate of the Board was moved to the following effusion:

It's the voice of the pork short,
I heard him complain,
"You have 'called' me too soon,
Must I put up again?
With summer pork regular,
My woes would be o'er,
Refuse this concession,
I buy pork no more."

Thus groaning and swearing,
His time passes away,
No use his declaring,
He can't nor won't pay.
His plight is deplorable,
And mournful his lay,
But Phi's inexorable,
And won't be said nay.

One of the victims of the pork corner was Asa Dow, President of the Board in 1879. His liabilities were placed at \$127,000 and

the assets at \$50,000. J. B. Lyon & Company were appointed to close his deals, although some of the small creditors objected. It was announced that Mr. Dow would be able to pay from 45 cents to 50 cents on the dollar. Fear of a European war was given as an excuse for a higher range of prices in September, and there were corners both in oats and pork. About 75,000 bushels were defaulted in the oats deal, the losers being chiefly country operators, the settlement price being 34½ cents. There was more difficulty in the pork settlement, some refusing to settle at current quotations, but the September pork deal was closed at \$18.50. Continued anxiety about the possibility of war kept the market, especially in wheat, excited and higher in October. The great pork deal ended with the last of October, and no mercy was shown the losers. The deal was said to have involved not less than 1,100,000 barrels of pork and the profits were probably not less than \$2,250,000. Produce continued higher during November, but fell rapidly in December, except barley, in which there were signs of a corner. The rapid decline in wheat and corn caused a number of failures, not only in Chicago, but in St. Louis and New York, and the year ended with lower prices in nearly all lines.

Whether, because they had become more commonplace, or because they were less active, comparatively little was said in the press of the city concerning the bucket shops in 1880. One new feature, however, was the establishment of a "Ladies' Grain Exchange," in Room 60, 126 Washington street. The owners were a Colonel and Mrs. Bond of Niles, Michigan, and it was said to be very popular with its patrons, who were women, exclusively. In November the bucket shop known as the Chicago Grain & Provision Exchange, of which Charles T. Doxey was President, failed with liabilities of \$50,000 and practically no assets. The Garden City bucket shop also went under at this time.

Two minor events of the year, which are nevertheless worth recording, were the practical supplanting of horse power by steam on the Erie Canal, by which its capacity was largely increased, as the capacity of the Illinois and Michigan Canal had been increased by the same means some years earlier and the establishment of an English edition of the Chicago "Drovers' Journal" at Liverpool, this being done to correct the erroneous notions held in England concerning American live stock.

Provisions.—The market for hog products was very irregular. The first half of the year was marked by depression; the last half by the longest sustained and most successful corner ever known in the history of the trade. The market was flat in January, 1880, with a suspension of packing operations during a part of the month. The boom of the latter part of 1879 was regarded with suspicion by consumers, who believed that an extra run of summer hogs would bring prices down to nearly the figures of the previous August,

when pork sold at \$7.80. The March statement showed 280,000 barrels on hand. On the 20th of April there was almost a panic, pork selling down to \$9.25, as stated above. At this point the prominent shorts stepped in and covered; Mr. Armour, who had lost rather heavily by being long on the down turn, took hold, laying the foundations for the great pork corner. In company with one or two others he bought all the way up to \$13 in July. Those with him sold out, but Mr. Armour concluded that he could not do it without loss and bought largely up to \$14. It became evident that August pork was cornered and the wiser ones filled in at \$15 to \$16. Others were obliged to settle at \$17 at the end of the month. These losers sought to get whole by selling short for September, but by the time they had sold all they wanted to, it was found that Armour had bought it, and they were obliged to settle at \$18. This was repeated in October at the price of \$19. The new product came in in November, but prices kept up until December, when the market broke in sympathy with wheat and corn.

Wheat.—The wheat market was very active and very irregular. There was a greater volume of trading than in 1879, though the movement of actual wheat was much smaller. The receipts aggregated 23,541,607 bushels, against 34,106,109 bushels in 1879, and the shipments were 22,796,288 bushels, against 31,006,789 bushels the previous year. James Keene controlled the market the first five months of the year. He took hold of it in October, 1879, at 90 and 95 cents. Under the belief that the market was being cornered the price rose December 29, 1879, to \$1.33 $\frac{3}{4}$, at which time Keene sold nearly all of his holdings, clearing fully \$1,000,000. There was a break and the price reached \$1.14 on January 24, when Keene again took hold. The result was another upturn, the market ranging near \$1.25 the last week in February. About this time the failure of the Grand Rapids, Michigan, Syndicate, which lost about \$500,000, occurred. The market remained steady until March, when there was a decline. Keene and his followers changed a great deal of their wheat from April to May, causing a break of 4 cents in April, and a 2 cent premium for May. In April the price of May wheat declined to \$1.06 $\frac{1}{2}$ and the clique bought very large quantities at about \$1.07, following the market up to \$1.12. It went up to \$1.19 in May and the clique sold all the way down from that point to \$1.14. They sold 20,000,000 bushels on the down turn, and closed the month with no future wheat on the books, but with the ownership of nearly all the spot wheat in sight. About 2,250,000 bushels came in during the month, nearly 500,000 bushels from Milwaukee and Racine. The Keene syndicate closed the entire deal with a small profit. From June to September 30 spot wheat averaged about 92 cents, after which there was a general increase in price and the market touched \$1 October 15 and \$1.12 November 26,

after which it gradually fell, and there was a sharp break in December. On the 24th, February wheat sold at 94 $\frac{3}{4}$ cents.

Corn ruled higher and there was a great increase in receipts, which aggregated 97,272,844 bushels, against 64,339,321 bushels in 1879; shipments were 93,572,934 bushels, against 61,299,376 bushels in 1879. In spite of the great crop it held its own in price and was even steadier than other grains. The price declined only 17 per cent from the top figure in January to the low point in June, while wheat and oats declined 35 per cent. There was a large consumptive demand all through the year, owing to a general revival of industry and a failure of the eastern hay and oat crops. There was a corn syndicate which practically controlled the market and shipped about five-eighths of all the corn leaving the city. The market was weak for the first three months of the year; navigation opened early and the corn was taken out so fast that a great deal more was received into store than had been expected. There was a deal in May which did not prove profitable. During the remainder of the year the price of corn followed very closely the fluctuations on wheat. The high price for the year was reached in November at 44 $\frac{1}{4}$ cents, and the low price in April at 31 $\frac{1}{2}$ cents. The crop of 1880 was poor in Indiana, Missouri, Southern and Central Illinois and Kansas, but the yield in Iowa and Northern Illinois was good. The foreign demand showed a great increase.

Oats.—The movement of oats was very large, receipts being 23,490,915 bushels, against 16,660,428 bushels in 1879. Shipments were 20,649,427 bushels, against 13,514,020 bushels the previous year. The market averaged higher and the range of prices was less than in 1879. There was a large speculative demand the first of the year, but, in March, holders grew tired of their load and sold out. There was another upturn in May, but in June and July the market declined to 23 cents. The new crop opened at a low price, but benefited by reports that drought was causing injury to corn. This created a speculative demand and the price rose to 35 cents in September as the result of a corner. The remainder of the year the market was comparatively steady. Receipts during September and October were the largest Chicago had known. The crop for 1880 was estimated at 355,000,000 bushels.

Rye.—The market for rye was active, with a smaller volume. Receipts were 1,869,218 bushels, against 2,497,340 bushels in 1879, and the shipments were 1,365,165 bushels, against 2,234,363 bushels. The year started with a booming market followed by a gradual decline the first three months. July rye sold in May at 65 cents and touched 59 cents in June. There was a sharp upturn due to bad weather and shorts were obliged to settle at 73@75 cents at the close of July. There was a speculative deal in September, which ran the price up to 88 $\frac{1}{2}$ cents. During the latter part of the

year the price was governed by that of wheat, reaching 91½ cents the last of November and selling at 82 cents the last of the year. The low price for spot rye was in July at 63½ cents and the high price in November at 91½ cents.

Barley.—Barley was active and higher; receipts 5,211,536 bushels, against 4,936,562 bushels in 1879; shipments 3,110,985 bushels, against 3,566,401 bushels. There was little speculation, the grain passing quickly into the hands of consumers. The market advanced in October, in sympathy with other grain, as well as because of a miniature corner. November closed at \$1.07. The price was highest in December, as the supply was in the hands of one or two parties, but the last of the year the market declined in sympathy with other cereals, and closed 10 or 12 cents below the maximum figure reached some two weeks before.

Live Stock.—Eighteen hundred and eighty showed a large increase in the live stock market as stated above, the grand total for the year being 8,787,782 head. November was the banner month, the receipts being the largest of any month in Chicago history up to that time. The largest single week's receipts also occurred in November. In 1880, the Chicago and Indiana State Line Railroad was built, being a double track line, five miles in length, connecting the stockyards with all the railroads entering the city. Despite the unjust restrictions imposed by the English government the export trade increased. The receipts of live hogs were 7,059,355 against 6,448,300 for 1879, the shipments were 1,394,990. The number of hogs packed from March 1, 1879, to March 1, 1880, was 4,680,637. Prices ruled higher than for 1879, averaging nearly \$1 more per hundred pounds. The year opened at \$4.40 to \$4.80, remaining at this price and lower until June, when the bottom price of \$4 to \$4.25 was reached. The upward movement began in July and was aided by the great corner in pork, and, by September 15, the price had risen to \$4.90 to \$6. After this there was a decline in October to \$4.25 to \$4.60, the year closing at \$4.50 to \$5.05.

Seeds.—The trade in flax seed was a growing branch of the Board of Trade activity, as was evidenced by the fact that in 1877, for the first time, flax seed was reported by the Secretary under a separate heading from that of seeds in general. Great as had been the increase in the receipts of this product in 1879, the year 1880 far surpassed it, the receipts being 191,957,659 pounds, an increase of more than 50 per cent. Shipments were 150,911,505 pounds. The price was high at the beginning of the year, touching \$1.70 in January and February, but the new crop brought much less, per bushel, than in 1879. Inspection of flax seed was established early in the year, thus giving the trade a better standing in other markets. The American crop was so large that imports from East India fell off fully fifty per cent. The trade in other seeds was also large, the receipts exceeding those of 1879 by about 5,500,000 pounds. Tim-

othy ranged from \$2.95 in January to \$1.95 in August, and clover from \$3.50 in April to \$5.30 in September.

Transportation.—Two new railway lines entered Chicago in 1880, the Chicago and Grand Trunk and the Wabash, the former, especially, being destined to cut a large figure in the rate wars of succeeding years.

Freight rates, by sail to Buffalo and thence by Erie Canal, on wheat per bushel to New York, were $13\frac{1}{2}@14\frac{3}{4}$ cents at the opening of navigation, falling to $9\frac{1}{2}$ cents in May, reaching $16\frac{1}{4}$ cents in June and $14\frac{1}{2}$ cents in October. For the major part of the season, however, they were between $11\frac{1}{2}$ and 13 cents. Corresponding lake (steam) and rail rates were $17@18$ cents in April, touched 12 cents in midsummer and rose to the April level in November. All rail freights on grain per 100 pounds to New York were maintained on a higher level than in the years preceding, 40 cents being the highest rate, in January and February, and a 30-cent rate prevailing during the season of navigation.

1881

The year 1881 was a great one for the Board of Trade of Chicago in many ways. Speculation rose to a great height in 1879, relaxed in 1880, owing, possibly, to the presidential election, and again became active in 1881. This activity was so marked that, in the Secretary's report covering the year, it was stated that the rush of orders was so great at times that brokers and commission merchants were obliged to turn business away on account of the lack of clerical force. Naturally, with this year of great speculation, there were many sensational features, and a number of failures as well as triumphs. During this year, also, the Board seemed to realize the full extent of its possibilities and its future. By wise and timely legislation the value of its memberships was largely increased, and its assets were nearly doubled. Preparations were made during this year also for the erection of a new building, and in many ways 1881 may be noted as one of the great years of the Board's history. The annual election, held on January 3, was more in the nature of a love-feast than had been the elections of the previous years. There was no lineup of factions and, for the minor offices, the members voted for about whom they pleased, so that five hours were required to count the ballots. Henry W. Rogers, Jr., who had been first vice-president and who was president of the Grain Receivers' Association, was elevated to the Presidency. R. W. Dunham became First Vice President, and W. E. McHenry was elected Second Vice President. The new directors were W. B. Walker, A. W. Green, S. A. Kent, W. H. Goodnow and George H. Sidwell. Mr. Goodnow declined to serve and, at a special election, E. Nelson Blake was chosen. In June S. A. Kent resigned as a Director and Ira S. Younglove was elected in his stead. President

Dwight was unable to be present at the annual meeting held January 10, and First Vice President Dunham presided. The report of the Directors made a better showing than had those of the years immediately preceding. The receipts were \$62,689.34 and the disbursements \$60,472.87; the assets were \$174,497.85; the membership was 1,793. There were no new memberships taken out, but 201 memberships had changed hands. Perhaps the most important paragraphs of the Directors' report were those relating to the building proposition, and read as follows:

"The growing dissatisfaction with present accommodations for conducting business by the members of the Board on account of the crowded condition of the Exchange Hall, claimed the early consideration of the Board of Directors, and steps were taken soon after the last annual meeting to devise some means of relief in this respect. These have finally culminated in the proposition recently submitted to the members for their expression. The decision of the Board on this subject being so emphatic in its approval of the action already taken, it is hoped no serious obstacles will be found in the way of successfully carrying out the contemplated acquisition of quarters that shall be ample for all the purposes of the Board. It has been a source of profound regret that it seemed to be necessary, in order to secure such accommodations as are deemed essential, that some disturbance of the hitherto center of the business of the members must occur. In case the suggested arrangement should be carried to a successful accomplishment, it is not believed by careful students of the past, and the probabilities of the future, that, at most, anything more than a temporary depression is likely to result to the property in the immediate vicinity of this building. In the event of the desire of the Board as now expressed being defeated, it is difficult to see where other suitable accommodations can be secured, except at so great an expense as to render it wholly impracticable, without entirely abandoning LaSalle Street, and this the Board would not probably desire to consider favorably upon the consideration of absolute necessity."

The problem of inspection again confronted the Board and the fight was carried to the legislature. Complaints had been so numerous that, in January, the Senate passed a resolution for a complete investigation of the acts of the Railroad and Warehouse Commission. At the first of the year Inspector Reynolds had made his report giving a most favorable view of the inspection service. The force comprised the Chief Inspector, a first assistant, nine second assistants, twenty-four third assistants, twelve helpers and the Committee of Appeals consisting of three members selected from the membership of the Board of Trade. There were thirty-eight grades for grain, ten for winter wheat, seven for spring wheat, nine for corn, four for oats, three for rye and five for barley. The general charges against the commission, which brought about the appointment of the Senate Committee, and, later, of a similar commit-

tee in the House, were neglect to bring suits for railroad discriminations and failure to exercise proper supervision over the warehouses and over grain inspection. The Grain Receivers' Association was actively interested and passed a resolution asking that the Senate withhold confirmation of the commission until testimony had been taken before the investigating committee, and this was followed by a resolution asking that the President and Directors of the Board of Trade appoint a committee to present a bill for the transfer of inspection from State authority to that of the Board of Trade. This resolution met the approval of the officials of the Board, but was not pleasing to all the members. A petition of remonstrance was signed by many and it was urged that the Board had no right to spend the money of the Association for a committee to go to Springfield in the interests of the grain receivers only. Early in February the Board of Trade committee, of which E. B. Baldwin was chairman, formulated its charges against the commission. Charges of malfeasance and bribery were made on the following grounds: First, permitting certain railroads to impose arbitrary terminal charges, causing an estimated loss to the grain interests of the State of \$200,000 annually; second, the grading of grain without inspection; third, that some inspectors had received bribes for making improper inspections, and fourth, that a clerk had received a large salary during his six months' absence from the State. Thirty-two prominent members of the Board were listed as witnesses, whom it was desired to have appear before the investigating committee. A few days later M. A. Armstrong, a private inspector, filed additional complaints stating that from July 26 to August 6, 1880, 1,019 cars had been graded on the Rock Island road without the cars being entered by inspectors. Investigation at Springfield opened the middle of February, A. M. Wright and George M. How acting as prosecutors on behalf of the Grain Receivers' Association. Among the witnesses were E. B. Baldwin, W. H. Beebe, John West, S. D. Foss, M. A. Armstrong, A. C. McCloud, J. M. Wanzer, and J. G. Smyth. The defense was conducted by Commissioner Bogue and Chief Grain Inspector Reynolds. Mr. Bogue was charged directly with unfitness, neglect of duty and having received money from George Armour, of the firm of Armour, Dole & Co. Commissioners Bogue and W. M. Smith were charged jointly with permitting railroads to make illegal track service charges and with neglect as to inspection service. Inspector Reynolds was charged with neglect of duty, assigning his duties to assistants and giving no further attention to his work, changing grades without legal notice, retaining subordinates against whom charges of disreputable and corrupt official conduct had been filed, retaining an employee previously discharged by the former Board of Railroad and Warehouse Commissioners for the registration of spurious warehouse receipts; and for paying B. F. Culver for several

months' unperformed services. The investigation lasted for several days and while there was much direct evidence and many testified as to the general incompetency of the state service, there were others, of the Board of Trade, who defended it, among the witnesses for the defense being such men as S. H. McCrea, P. W. Dater, William T. Baker, J. B. Lyon and Murry Nelson. The case of the prosecution was strengthened by charges against the inspectors filed by shippers of Peoria. A marked feature of the investigation was the frank admission by General Freight Agent Ripley that the railroads were in the habit of making preferential rates and giving rebates, and that railroad pools existed. The report of the Senate Investigating Committee, made in March, was looked upon by the Board of Trade as being in the nature of a "whitewash." The committee found that the charge that Bogue received money improperly from George Armour was not sustained and it absolved the commission from neglect in not prosecuting the railroads more vigorously for arbitrary charges. The charges that the inspection service was generally incompetent were not sustained, although it was recommended that the Chief Inspector should be a grain expert. The Peoria charges were likewise set aside, and the commission, as a whole, was approved. Recommendations were made, however, that the commission pursue a more radical policy, that the terms be extended to six years, and that the members be required to give their entire time to the work. No reference to the Board of Trade charges as to incapacity was made in the minority report which accused the commission of non-action and failure to enforce the law, and alleged that excessive rates were charged. A committee of the House which likewise investigated the inspection service did not report until May. Its findings were much the same as those of the Senate committee, with the exception that it found the arbitration rules of the Board of Railroad and Warehouse Commissioners "an open door to fraud."

There were numerous changes in the rules and by-laws of the Association during the year 1881, but these had more to do with the organization and membership than with the rules of trade. It was felt desirable to increase the assets in preparation for the contemplated building and to make the memberships more valuable. As early as January there was much discussion of the plan of limiting the number of members to 2,000. This was followed by the announcement that the directors would submit a proposition to raise the initiation fee from \$1,000 to \$2,500, and this announcement sufficed to bring in many applications before the proposition was adopted, on February 8. The report of the Directors, made at the close of the year, shows that 74 members were admitted at the \$1,000 rate. In October the proposition was offered to raise the initiation fee to \$5,000 and this was done, but, pending action, 69 members were admitted at the \$2,500 rate. The income from ini-

tiation fees during the year amounted to \$246,500. This placed the association in excellent financial condition, and, by November 1, seats were selling for between \$3,500 and \$3,600. Among the other important changes and rulings may be noted the following: In March the Directors, by a vote of 11 to 2, decided that the Board could not discipline members for failure to pay outside indebtedness; in April, new rules of flour inspection were adopted abolishing the grading instituted the year previous, as it was said that dealers were selling almost entirely by sample. In July an effort was made to change the rules which recognized Northern grown winter wheat as regular for delivery on contracts. It was said that Northern winter wheat had demoralized the trade in Southern wheat, and that shippers would not buy red winter wheat for future delivery, knowing that the sale could be filled by the delivery of wheat which they did not want. Hence, it was said, the shipping business in winter wheat was restricted to a "spot" basis. In September the directors served notice that members trading out of hours would be suspended, not fined, but this announcement had a pronounced effect. During this month several new rules were proposed, the most important of which was for the election of a Board of Real Estate managers to consist of the President and four members, two to be elected annually, the first election to be held September 29, and they were to receive \$2,500 per year during the erection of the new building. Growing out of the crowded condition of the elevators, the Directors passed a resolution making grain stored in boats and outside warehouses regular, whenever the regular elevators were filled, and placed the matter before the Board for final action. At a meeting of the Board held October 6 an amendment to Rule 15 was adopted making the commission on trades for future delivery as follows: Grain, in lots of 5,000 bushels or more, one-quarter of 1 cent per bushel; lard, 250 tierces or more, 10 cents per tierce; mess pork, 250 barrels or more, 5 cents per barrel; other meats, 50,000 pounds or more, one-half of 1 per cent. These were minimum rates to new members and did not include interest, storage, insurance, etc. The rule as to rebates was made very strict and provided that the directors might suspend for this offense for not less than one month, and for a second offense might expel a member. A reward of \$500 was authorized for information as to rebates. A proposed rule admitting non-residents to membership was defeated, but the rule as to trading out of hours was adopted. At this session the amendment providing for real estate managers was passed and also that relative to making added warehouses regular in case of emergency. Another rule regarding deliveries on contracts was adopted, compelling deliveries between 1:30 and 2:15 p. m. to be made in the Exchange hall. On October 29 a reversal was made and it was decided to admit non-resident members who had permanent business connections in Chicago. At

this time also a new schedule of commissions for selling consignments was adopted. The rates were: For selling wheat, corn or rye, 1 cent per bushel; barley, in store, 1 cent per bushel; barley, by sample, $1\frac{1}{2}$ cents per bushel; oats, $\frac{1}{2}$ cent per bushel; flaxseed, in bulk, 1 cent per bushel; sacked, $1\frac{1}{2}$ cents per bushel; clover seed, in carlots, 1 per cent; less than car lots, $1\frac{1}{2}$ per cent; timothy, $1\frac{1}{2}$ per cent. Later the commission on corn was reduced to $\frac{1}{2}$ cent per bushel in store.

The Board was determined to carry out its plans for a new building, if possible, on the La Salle Street site. The opposition was just as determined, however, and placed every possible obstacle in the way. In January, discontented property owners and members of the Board of Trade set up the claim that La Salle Street could not rightfully be vacated, or, if vacated, the sum of money taken from property owners when the street was first opened must be repaid. In 1866, the two blocks which it was sought to unite were owned by the Rock Island Railway Company. When the passenger depot, destroyed in the fire of 1871, was completed, in 1866, the company asked for an extension of La Salle Street from Jackson to Van Buren. The ordinance was adopted, and damages of \$25,700 were paid while other property was assessed for benefits to be received. It was thought that the property in the vicinity of La Salle Street would rise in value, but this was not the case for the two shallow blocks between Sherman and La Salle, and La Salle and Pacific Avenue, were found not to be of great value. Discussing the question, the Tribune said, at this time, that Clark Street in this vicinity was "not good," and that Fifth Avenue was but little better. It was urged that the Board of Trade Building would greatly increase values, that the Board must move and that if it left La Salle Street, that thoroughfare would be "killed." The friends of the La Salle Street location were not idle and John D. Parker secured the signatures of all the property owners on La Salle Street as far north as Madison, and of a few between Madison and the river, to a petition urging the desired vacation. Other sites discussed at the time were on Wabash Avenue between Van Buren and Harrison; on State and Van Buren, at the former location of the St. James Hotel; and on the block bounded by Jackson, Van Buren, and Third and Fourth Avenues. That the proposed removal of the Board to a new location on La Salle Street had an effect on real estate values is shown by the placing of an upset price on a lot opposite the proposed location of \$800 per front foot at the Real Estate Call Board. The matter came before the City Council in February, and President Rogers attended to represent the interests of the Board. The opposition was strong, the railroads insisting, in case of vacation, Sherman and Pacific Avenues should be widened to about 70 feet each. The ordinance followed the usual tortuous course, and it was not until the latter part of June that

the order widening Sherman and Pacific Avenues, and vacating La Salle Street, between Jackson and Van Buren Streets, was passed. The Tribune commented: "Nothing stays the march of progress in Chicago, and the removal of the Board of Trade four blocks south of its present location hardly anticipates, but rather follows, the necessary enlargement of the business district of the city." It was stated that the action of the Council would be followed by litigation to prevent the vacation and that action would be taken by owners of banking and office property adjoining the old location of the Board. This opposition developed and, in July, the Union Building Association applied to Judge Tuley, who issued a temporary injunction restraining the city and others from vacating La Salle Street between Jackson and Van Buren. It was then that Messrs. Bensley and Kent, who had the matter in charge for the Board, showed the metal of which they were made. During the night wagons brought sections of fences which were stretched from sidewalk to sidewalk, and by early morning a large number of laborers began tearing up stone pavements and walks. It happened that Mr. Beasley and Mr. Kent were on the ground at the time. Mr. Kent said he "presumed" the vacation ordinance was valid, and "supposed" that property owners had taken possession. Mr. Bensley, also, had little to say, but the work continued. The mayor was interviewed, but said he saw no occasion for police interference with the work, and remarked that the Board being in possession, it would probably require a large bond if the work was to be enjoined. It was by this "coup de main" that the opponents of the move were cleverly outwitted, and the building assured. To John R. Bensley belongs a large amount of credit for the success of this building movement from its incipiency to its completion. He was one of the first advocates of a new building, and of what was known as the "Scott" location, and, more than once, it was his zeal and sagacity which saved the day. After the proposal had been made opponents of the removal endeavored to checkmate it by secretly purchasing from Scott, the owner, the ground chosen for the site. By agreement, Mr. Scott notified Mr. Bensley of the offer and Bensley, S. A. Kent and P. D. Armour purchased the site in order to save it for the Board. They bought the entire block, taking their chances on the vacation ordinance being held legal. By July 20, feeling assured that the ordinance would be declared valid, the Board bought the desired site for \$40,000, this being much less than its real value. As an aftermath of the passage of the ordinance came the sensational demand of Alderman Purcell for his share of "that La Salle Street money," which he alleged Mr. Cullerton was to pay him. Alderman Cullerton denied any knowledge of such a fund, and no more was heard of the demand. Another matter which seriously impeded building operations was the fact that the charter of the Board of Trade limited the

amount of property which it might own at any one time to \$200,000. It was proposed to erect a building to cost between \$800,000 and \$1,000,000. The Board wished to own this building and a number of plans were suggested by which the provisions of the charter might be circumvented. A committee was appointed to consider this difficulty, and, in August, the majority of the committee, consisting of R. W. Dunham, George Clark and G. H. Sidwell, recommended that the Board put \$100,000 and the land into the project, that bonds be sold for \$500,000 and the whole deeded to trustees. The minority report favored the organization of a stock company with capital of \$750,000, the shares to be offered to members of the Association before others were permitted to subscribe. The majority report was adopted by a close vote of 414 to 357, but the Directors feared that this proposition would not stand the test of the courts and declared that the matter would again be submitted. On September 7 the Directors held a special meeting, and W. J. Pope, R. W. Dunham, and J. J. McDermid were appointed to formulate a method of proceeding under the bond plan. The amendment relative to the real estate managers, as finally passed, provided that this Board should consist of the President of the Board of Trade and four other members, two to be elected annually for a term of two years, the first election to be held October 11, 1881. At this time J. R. Bensley and W. Dickinson were elected for the long term, and C. Counselman and D. W. Irwin for the short term, with President Rogers as an *ex officio* member. Mr. Bensley was the chairman of the committee, and the Directors turned over to it the sum of \$140,000—\$40,000 for the site, and \$100,000 as the basis of a building fund. These amounts, the Directors stated, "may with propriety be considered as not now held by the corporation, they having been practically covered by a deed of trust to the Merchants' Loan & Trust Company." The committee went to work immediately and, by the first part of December, plans were submitted and were exhibited on the floor of the Exchange for the criticism of the members. This display was a large one, so many designs being offered that it was with difficulty that they were displayed. The committee had full power, but wished to give all members an opportunity to judge and the many plans submitted formed the chief topic of discussion on 'Change for several days. The managers considered the plans carefully and it was not until 1882 that the decision was made. Nevertheless, during 1881, much progress had been made, legal difficulties had been overcome, financial arrangements made, an excellent Board of Managers selected and competitive plans submitted.

During May occurred the death of Charles Hitchcock, for a number of years the able attorney of the Board of Trade, and, on June 13, George Armour, former President of the Board, died at Brighton, England. He was born in Campbelltown, Argyleshire,

Scotland, in 1811. On coming to this country he was first engaged as a contractor and built one section of the Illinois and Michigan Canal. He came to Chicago in the '50s, and, in 1855, in partnership with Wesley Munger, built the first modern elevator in the city, and he was for many years the leading warehouseman of Chicago. He was prominent politically, and, in 1876, was one of the Presidential electors on the Republican ticket. His action at the time of the Munn & Scott failure, when he bought all outstanding warehouse receipts at full value, thus losing nearly \$430,000, but preserving his integrity, made him one of the memorable figures of the Board of Trade.

On July 2nd, the nation was dumbfounded and stricken with the deepest grief over the news of the attempted assassination of President Garfield. The tragedy occurred on Saturday, and the Board had adjourned until the following Tuesday, on account of the celebration of the Fourth of July. It was, therefore, not until the 5th of July that the formal announcement was made on 'Change. There was a general hope and belief that the President would recover and during all the weeks of that summer season the nation stood at his bedside, now hoping and now despairing, but ever praying that his life might be spared. On September 6th, following a proclamation by Gov. Cullom, the Board held no session, in order that members might join in the "Day of Prayer" for the President's recovery. The gallant fight which the President made for life is history, but on September 20th, the end came and it was the sad duty of President Rogers to make the announcement that the assassin's bullet had at last proved fatal. On motion of R. W. Dunham, the Board suspended business, and a committee of five was appointed to report suitable resolutions at noon of that day. When the hour came, more than 1,000 members of the Board were present, and the following resolutions were adopted: "This Board of Trade stands with the people of the entire nation in the shadow of a great calamity, and realizes that in the death of our beloved and honored President, the people have suffered an affliction that bows the heart of every American.

"In the death of President Garfield we recognize the loss to our common country of a statesman of the highest order, a man of unsullied personal character, and one around whom had centered our highest expectation of an intelligent, honorable and successful administration of our national affairs. We mourn his decease as a national calamity. In the life of James A. Garfield, now rounded into history, we recognize the possibilities of personal achievement under the institutions bequeathed to us by our fathers, showing, as it does, that even from the humblest walks of life, with a purpose fixed on high aims of honor to one's self and of usefulness to mankind, the citizen may reach the highest pinnacle of fame and honor among men and nations. His noble character will

ever be cherished as a bright example to present and future generations. Words fail to express our deep sympathy with the bereaved widow of the President in this sad and trying moment. We have watched her untiring devotion with feelings of the highest admiration, realizing fully how, under the straining heartstrings, she has borne up and encouraged and cheered her patient and heroic husband, and only lifting the veil which obscured from our view his intense suffering to let in a sufficient ray of light to teach us the beauty of the home life within, and the instructive lessons of patience and hope which were therein displayed. To the children, and especially to the aged mother who gave to the world the statesman, patriot, and soldier for whose death the nation grieves, we tender our sincerest sympathy. And we would point all to the high and enduring monument they have in the life and exalted character of him whom they now mourn and whose memory will still live in all our hearts."

These resolutions were quietly, but unanimously, adopted, and an immediate adjournment was taken, the account stating that "the members quietly left the hall, many of them shedding tears." The Call Board, with J. R. Bensley as President, and the Open Board took similar action. The decoration of the Board of Trade Building was assigned to a committee and the decorations were beautiful and very elaborate.

September 26th, the day of the funeral services, when the martyred President was laid to rest at his Ohio home, was observed throughout the nation, and Chicago showed its grief by solemn and appropriate services. A special train carried leading citizens of Illinois to Cleveland, and representatives of the Board of Trade occupied one car of this train. The Board of Trade delegation consisted of President H. W. Rogers, Vice President R. W. Dunham, W. N. Brainard, I. P. Rumsey, Charles A. Rogers, D. W. Irwin, Charles Counselman, J. H. French, W. S. Crosby, G. A. Wheeler, C. L. Hutchinson, A. N. Young, E. F. Lawrence, George Sidway, N. W. Gould and P. B. Weare.

While not pertinent, perhaps, to the history of the Board of Trade, it is worthy of note that 1881 was the year of the installation of the first electric arc lighting plant in Chicago. This was installed in the store of Willoughby, Hill & Company, and attracted vast crowds. It was stated that a suburbanite wished to borrow one of the arc lights for an evening lawn social, and was entirely distrustful of the statement that it would be necessary to borrow the entire plant. In September destructive forest fires raged through several counties of Eastern Michigan, and the Board, with its wonted generosity, appointed a committee to solicit and a substantial sum was forwarded for the relief of the sufferers. In November the Board was the scene of a notable event when the distinguished French general, Boulanger, was accorded an enthu-

siastic reception. In December, it was reported that Secretary Randolph wished to retire. He had been the Secretary of the Board since 1869, and although at times he had been severely criticized, as is the lot of every active man, he had contributed greatly to the growth and development of the Board of Trade, and to the establishment of its high code of commercial honor. That this fact was recognized by the Board was shown by the action of the Directors granting Mr. Randolph six months vacation at full pay.

There were many outstanding features in the markets of 1881. The winter of 1880-81 was one of unusual severity and duration, interfering with transportation, preventing the proper preparation of the soil, delaying planting and imposing many hardships upon the people of the rural districts. Coal was scarce in the outlying states, and thousands of bushels of corn were used as fuel. These conditions not only had an effect on the market during the winter months, but, later, through fears of a short crop. Transportation conditions were likewise bad at the first of the year. The railroads had pooled their interests and were able to do much as they pleased. The rates established discriminated against Chicago in many instances, and, in April the grain trade was severely injured by the raising of rates without any previous notice. This imposed a considerable loss on those who had traded on the basis of the established rate and found it changed over night. This arbitrary action caused violent protests from many sources. By May, however, the pool was disrupted, the railroads began to fight for business and freight rates were greatly reduced. Grain was carried to New York, in some instances, at less than cost, and the war extended to passenger traffic. These freight reductions benefited shippers temporarily; nevertheless, the uncertainty as to rates added to the complexity of the market situation.

The Graeco-Turkish war rumors gave strength to the market at the beginning of the year, but this was soon offset in the provision trade by the determined fight against American pork products in the great European markets. The alleged existence of trichinae in the American product was the basis of this propaganda, which had risen to serious proportions the previous year. It was insisted in this country that this was simply an effort of the agrarians to arouse prejudice in favor of the home product and that American pork was no more dangerous than that of other countries. In February France prohibited the importation of American pork and in England the campaign was waged against the American product by means of terror-inspiring placards, and through the press. In March, Austria issued a prohibitory decree, but this had little effect on prices as shipments of pork to that country were light. The action of Austria was followed by a similar decree on the part of Spain, and thus, either through government action or through popular prejudice, the European market for American pork

was practically closed. While the effect was to depress the American market, it also raised the price of meats to Europeans and this was the cause of much discontent and agitation to have the restrictions removed. The following extract from a French journal shows the existence of this opposition and gives an idea of the measures taken to restrict the use of the American product. The French newspaper said: "The government is continuing in all possible ways its system of warfare against American salted meats. We believe it is worth while to indicate them to our readers. At Havre a thousand obstacles are thrown in the way of passing meat through the custom house. As soon as one difficulty is disposed of, another appears as if by enchantment. The famous dispatch of the English consul putting his government on guard against 700,000 hogs that have died of cholera has been taken back by its author, who stated that he was deceived. The cases of trichinosis, recently said to have occurred in Spain, have also been contradicted. The Academy of Medicine has stated that the danger is enormously exaggerated. The English and Belgium governments have stated publicly that nothing would justify their taking measures similar to those which the French government has taken. Finally no trace of trichinosis has been pointed out in France as due to the use of American meats."

This publication was after it had been reported that France was to "ameliorate" the prohibitory enactments. This report reached 'Change early in April, and the Tribune said, in comment: "It was reported on 'Change today that the French decree excluding American pork had been 'ameliorated.' This is a very expressive word, but it scarcely describes the condition of those who filled in short pork yesterday at nearly \$1 advance. There is, however, reason to suppose that the prohibition will be changed into a protective tariff. The latter would probably permit a revival of the packing industry here. It has been flat recently. One house now employing about 500 pairs of hands would have 2,000 constantly at work but for the trichinae scarce which so seriously curtailed consumption in England and France. Other houses are working only about one-half the force employed at this time last year." In June the American State Department closed an investigation, vindicating American pork and denouncing foreign restrictions. With these uncertain conditions it was no wonder that the provision market was subject to sharp fluctuations and the object of much speculation. It was reported, late in April, that Armour had intended to control the market, but lost confidence when the French prohibitory order was issued, and sold about all of the immense stock which he held at that time. The offerings were taken by McGeogh, for himself and others, and at the close of April they received and paid for about all the pork and short ribs in the city, while the Anglo-American Company took the lard.

Scarcely a month of the year 1881 was free from cornering operations in some branch of the trade. In January there was the beginning of a big wheat deal by Wall Street parties. In February Armour began operations in pork as above stated, causing a sudden rise in prices. In March there was additional excitement in the wheat pit. In April a shortage developed in rye which sent the price of No. 2 rye ten or fifteen cents above No. 2 spring wheat, and which caused rye to be shipped to Chicago from the Lake Ontario region. Towards the end of the month of June there were advances both in wheat and corn, with Armour coming into control of the wheat market. In July began the great battle of the speculative giants, both in corn and wheat, which was to bring both success and ruin in its train. The month closed with one of the biggest corners in oats the market had ever known. The price touched was the highest since the famous Chandler corner, and the settlement price was fixed at 45 cents, while "rejected" at the close of July sold at 27 cents. Large settlements were made the last of the month, and there was a considerable amount defaulted, Wall Street operators defaulting on 1,000,000 bushels. It was in July, also, that the "Cincinnati clique" laid the foundation for the great corner in August wheat. The excitement in the wheat pit increased with every day during August. By the 20th there was an excited bull market, and it was stated that the galleries of the Exchange were thronged with visitors and that there had never been a week in the history of the Board of Trade when speculation was so enormous. The volume of business was so great that the settling clerks struck for a 100 per cent advance, and got it, and they were said to be making from \$10 to \$25 per day. A false rumor of the death of the President caused momentary depression, but the bull movement could not be stopped and by August 25th the Cincinnati clique had forced the price of No. 2 wheat up to \$1.36, and had commenced buying September and October wheat. Rumors of hot wheat sent September and October prices down, September falling 5 cents August 29, and the Cincinnati crowd selling large quantities. A special committee of the Board was appointed to investigate the warehouse conditions. The Committee found most of the wheat in good condition. The bears sustained severe losses in the August wheat deal and the profits of the Cincinnati people were reported at \$3,000,000. They were so jubilant that they gave lavish presents to attaches, Mr. Handy giving his broker a valuable house and lot in Chicago. These great profits entailed equally great losses, and it was at this time that the well-known firm of John W. Rumsey & Co. was forced to suspend. Later, to the credit of the firm, he it said, its accounts were settled at 100 cents on the dollar. J. W. Preston & Co., Sibley, French & Co., and W. E. McHenry were the brokers through whom the main part of the Cincinnati clique's business was transacted. The volume

of business was so great that when it came to delivery day on September contracts the machinery of the Exchange broke down during the strain. There was a scene of the greatest excitement and confusion, receipts for tens of thousands of bushels went astray, and it was seriously proposed to adjourn the sessions of the Board until some order should be brought out of chaos. A committee to devise some plan of simplifying deliveries, consisting of C. H. Adams, W. S. Crosby, W. J. Pope, F. J. Oertel and H. C. Avery, was appointed. Mr. Bensley proposed a plan, which was to some extent the basis for that finally adopted.

In this August wheat deal the Cincinnati parties were said to have handled over 25,000,000 bushels and they delivered out 3,500,000 bushels on first of September. The bank clearances for that day were \$30,500,000, sixty per cent larger than for any previous day, and they would have been much larger still but for the confusion in settling. Speaking of this day and its turmoil, a financial writer at this time said: "The settling clerks had a busy day. They were flying about from early morning until half past two, when the big bell struck, indicating that the time for making deliveries had ceased. The boys attracted a good deal of attention on La Salle Street, and as the end of the delivery day approached they occupied nearly all of the thoroughfare opposite the Chamber of Commerce. About 300 of them astonished the bystanders by their curious antics. They ran up and down the stairs in the adjacent office buildings with frightful velocity, tumbled over dogs and old women in their haste to make deliveries, fell down and cracked their shins, panted for breath and perspired freely. When the fatal bell struck, the late boys, who had run themselves nearly to death, only to find they had not been quick enough, were greeted by their comrades with shouts which were calculated to raise the roof of the Board of Trade building. Settling clerks rushed from one office to another and chucked in receipts which were immediately passed to another firm—sometimes through ten or even twenty-five firms—without any memoranda. The result was great confusion. Some houses received receipts in fulfillment of contracts they had never made, and in the absence of anything to indicate where the receipts came from, they did not know what to do with them; while on the other hand receipts were missing and as a result several firms actually checked for property delivered to them and stood waiting for money for the receipts they supposed they had turned over to others, who naturally refused to pay until the stuff got round to them. Lard receipts were delivered for wheat, and it was agreed that it was owing to lack of facilities and that "it was high time to act." The clearing house project was objected to because people would have opportunity to see where property went. The Bensley plan provided for a custodian of warehouse receipts whose duty it should be to take charge of receipts from members and issue

certificates which would pass current, the original receipts to be surrendered upon the presentation of the certificates properly endorsed. The committee plan, which was adopted, was as follows: "All deliveries of grain and provisions after 11 a. m. shall be made in the Exchange Hall between 1:30 and 2:15 p. m., by notice in writing, which shall state the office of the party issuing it. This notice shall state in detail the warehouse receipts, the contract price, and the net cash value of the property at that price. This notice may pass from one to another till 2 p. m., the seller endorsing thereon the name of the party receiving it, the contract price and the time delivery is made. The first delivery of this notice shall be before 1:40 p. m., and anyone who holds it longer than five minutes shall not be permitted to deliver it. All these notices are to be consecutively numbered by the parties issuing them. Notices of the readiness to deliver property, and all subsequent transfers of such, shall be considered a sufficient tender of the property under the rules of the Board, provided the stuff is actually delivered or is shown to have been ready for delivery. The party holding the notice at 2:15 shall present it at the office of the issuer before 2:45 p. m. of the same day and pay the net amount due on it as shown by the price last endorsed. All differences are to be paid upon the basis of a full delivery. Each person receiving notice shall be responsible to the seller for the difference, and the seller is made responsible when the difference favors the buyer. The differences are payable on the delivery and payment for the actual property. In case the property represented by the notice is not called and paid for, as provided by the rule, it may be held by the issuer at the expense of the party whom it may concern, for storage, interest, etc., until 12 o'clock the next business day, at which time it shall be sold in open market, or it may be sold between 9:30 a. m. and 12 o'clock of the next business day. Notice of the default is to be given those who had received the delivery notice. A member giving notice that he is ready to deliver property which he did not have, or refusing to deliver the property when demanded, shall be deemed guilty of fraud and may be suspended or expelled." With this was combined a new storage rule which did not work satisfactorily and was soon repealed. The new delivery system did not go into effect until the middle of October, when Messrs. Adams, Bensley, Pope and Rogers gave the boys a preliminary drill. They were gathered in the Exchange Hall, all the boys working for firms beginning with "B," etc., at one table, and then the delivery began. There was much confusion at the end, but in a little while the boys got used to the new system and it proved satisfactory.

Referring again to the August wheat deal, it was said that Third Street, Cincinnati, made huge sums and many Chicago brokers profited largely. It was said that, in commissions, Sibley,

French & Co. made \$60,000; "Billy" McHenry, \$120,000; Kenyon & Co., \$125,000; J. W. Preston & Co., \$150,000; Walter Hough, \$40,000, and a number of others more than \$10,000. "Who lost?" inquires the financial editor, and answers his question, "Everybody." T. B. Handy and others dropped out of the market, content with their winnings for the time, but others of the Cincinnati crowd stayed on the market with the idea that when the corner ended the price would collapse with it. The ubiquitous Board of Trade poet was inspired by the occasion to the following:

A man named Handy from Cincinnati came
 To give the boys a little brace game.
 For aids he took McHenry, Daniels and "Nance,"
 And swore he would give the bears a dance.
 Now Daniels was made the captain of the gang,
 And when he said "Toot" the rest came "alang."
 At a dollar fourteen McHenry and Nance had a waltz around;
 At ten it looked like the corner had run in the ground.
 Then Daniels to the rescue came
 And had the bucket shops bulled in his name.
 He offered Erskine his velvet to bet
 And take all the shoestring help he could get.
 To the shoestring bulge Handy tailed on;
 Only for that the clique would have gone.
 But cheer up, boys, a better day will come,
 When Handy, like others, will have to walk "hum."

One can hardly admire the meter or the rhyme, but the verses were prophetic so far as the Cincinnati people were concerned, for the winnings of August were more than lost in September and the commission merchants, so happy with their August earnings, were forced to suspend when the Cincinnati men failed to put up the margins to cover their September losses.

In the latter part of August the Hatley packing house burned with a loss of nearly one million dollars. McGeogh, Everingham & Co. had stored there some 4,200,000 pounds of meats, and 16,000 to 17,000 barrels of pork, and other firms owner 2,250 tierces of lard. It was all well insured. The Hatley packing house was the fourth largest in Chicago and had a capacity of 2,500 hogs per day. This fire had an effect upon the provision market in that it lessened the stock on hand and also because it lessened production temporarily. The packers were much alarmed over the lack of fire protection and they appointed a committee, of which P. D. Armour was chairman, to provide better protection, and water was cut off from the parks for a few days.

In September a large amount of wheat was declared out of condition and this lowered the market for a short time. The death of President Garfield was anticipated and it was felt that this would also have a depressing effect and these conditions led the Cincinnati people and others to sell short for large amounts. The markets continued to rise, however, and at the end of September there was

a Waterloo for the Cincinnati speculators. In Chicago, Hough & Co. was the first firm to suspend, and then it was reported that the well-known firm of Preston & McHenry was in difficulty. Mr. Preston refused to believe that the Cincinnati speculators would desert him, and he made a hurried trip to that city in order to secure the necessary margin money. Later Mr. McHenry went on a like mission, and, although a part of the money was obtained, it was not sufficient, and the firm was forced to suspend. Mr. Preston was a former President of the Board, and Mr. McHenry was the First Vice President at this time, and there was much sympathy for them in their trouble. A pool was formed to help them but it proved unavailing, and after a record of twenty years of success and square dealing Mr. Preston was forced to succumb.

The next was a threatened corner in October corn. Elevators were full and there was fear of a grain blockade. The Directors fixed the marginal price of corn at 62 cents, which greatly dissatisfied the bulls. The Directors also adopted a resolution to be submitted to the full Board for approval, vesting the Directory with authority to make grain stored in boats and outside warehouses "regular," and this had a dampening effect on the cornerers. J. B. Lyon & Co. were near victims of the corn manipulators and the panic in the corn market was charged to the marginal price fixed by the Directors. Mr. Hobbs, who was the head of this manipulation, charged that seven of the Directors were short on corn and that this had influenced their decision. On October 6th the Keene crowd was reported to be selling and there was a great rush of selling orders from all sides which sent the markets down, corn falling 3@4 cents. There was another bad break on the 13th of the month, when the elevators were reported full and several railroads stopped shipments to Chicago. In November Mr. Bensley, receiver for J. W. Preston & Co., was discharged, having paid out more than \$150,000 for the firm, which meant 75 cents on the dollar and which left Mr. Preston a poor man. The year ended with a corner in barley.

Despite all the ups and down of the year the members were not to be cheated out of the annual "Bear Dance," and this took place just before Christmas. It was said that "Billy" Lane and Gus Edwards were the ringleaders in this and that "the first sample bag hit 'Old Hutch' in the neck and his ample form was obscured in a cloud of flour." After this the engagement became general and bags of wheat, corn, oats and flour caused disaster to silk hats and fine clothes. The account added: "Old Hutch's stentorian tones rose above the confusion like the trumpeting of a wounded elephant, but his protest was shut off by a shower of samples that landed around him in the wheat pit. George Higgins was hit, and the Lynn boys and Charles Daniels formed a barricade, but were driven out by a cross fire. President Rogers tried to stop the commotion,

but was compelled to retreat. The fire of the provision men was returned from the wheat pit and G. A. Rhodes had the breath knocked out of him." Mr. Hutchinson was very angry, denounced the scene as riotous and disgraceful and offered to sell his membership for \$2,500, but he soon recovered his equanimity, and the Board went on, all the better, perhaps, for this display of spirit and fun and vigorous life, and better prepared for the fate that 1882 might have in store.

The three principal corners of the year have been already referred to, and it only remains to give a general view of market conditions in the different branches of trade, and (perhaps at the risk of some repetition) additional facts and gossip about the great "deals" which were the absorbing topics of discussion during the last half of the year.

Receipts of wheat were much smaller than in 1880, but this was compensated by increased receipts of flour, while prices ruled higher, and the extent of trading was without parallel. The receipts of the year aggregated 14,824,990 bushels against 23,541,607 bushels in 1880, and the shipments were 17,127,540 against 22,796,288 bushels the previous year.

The receipts of flour during 1881 were, however, about 1,600,000 barrels more than for the preceding twelve months. This equaled nearly 7,200,000 bushels of wheat, so that the aggregate receipts of wheat and flour for the crops were not very unequal. The market ruled higher than the specie average of any former year. The lowest price was 9 cents above, and the highest price was 11 cents above the corresponding points for 1880. During the first four months the market ranged below \$1.00, but the average was below \$1.00 only in the two months, January and February. Prices were above the dollar mark during the last eight months. It was known early in the year that a large acreage had been seeded to winter wheat, and there was a numerous crop of bears who freely predicted that the next crop would sell at 75@80 cents, and were only prevented by the fear of manipulation from selling the market down to the neighborhood of those figures. They remembered how Keene had forced the bears to pay for their whistle, though at a loss to himself, and they forbore. But as the winter wore on it became more and more evident that the season was one of extraordinary severity, and grave fears were entertained for the safety of the winter-wheat crop. It was also remembered that the frosts came on so early as to give but little opportunity for fall plowing in the spring wheat districts. The spring opened late and then it became evident that much of the winter wheat was a total loss, while the season was exceedingly inauspicious for the spring sowing.

The market turned upward during May, and advanced to \$1.13 on the 28th. Certain men in Cincinnati dipped in moderately during June, and gathering confidence, they decided on an organized deal,

which was conducted by Mr. T. B. Handy. Their first purchase as an organization was 1,500,000 bushels, for August, at about \$1.13½. This was made July 1, the day before President Garfield was shot. The market broke as a consequence of the general uncertainty which followed that tragedy, but the clique kept on buying. They bought till the market turned up, chiefly as a consequence of their operations, and then tried to unload when the market was about \$1.20. But they found that they could not do it without a break in quotations, and decided to carry the deal further, especially as the weather here turned bad and a wet spell began in England, which eventually cut down by one-half the promise of 50 per cent increase over the crop of 1880. The clique received and paid for 3,865,000 bushels on the first of August, this being 5,000 bushels more than was supposed to be in store. They shipped about 1,400,000 bushels of it, netting a fair profit on the average cost to them, though that included about 200,000 bushels of wheat out of condition, and which would have been posted as hot if they had not removed it in time. They received 406,100 bushels by lake, most of it being from Milwaukee, and that city also sent some by rail. The total quantity of wheat received in August was 2,650,000 bushels, of which about 2,000,000 bushels was No. 2. The clique sold in this city all the wheat that they did not ship, and closed out the deal between August 20 and the end of that month, except defaults. The quantity left unsettled was, however, a large one, about 300,000 bushels, besides that involved in the (New York) Baker deal, which was appealed to the courts. The latter amounted to about 300,000 bushels, the sum in dispute being in the neighborhood of \$90,000. The market advanced to \$1.40 at the close of August, and the settling price on defaulted contracts was afterwards fixed at \$1.38. The combination was broken up with the close of the August deal, but most of its members had already committed themselves as individuals to the bear side on longer futures. They thought they had forced the market up by dint of pecuniary power to about as high a point as it would bear, and that the same money power would force the market down. It was understood that they took the bear side chiefly because they knew the wheat to be in shaky condition and calculated that its poor quality would help them in forcing it down. They were wrong on both hypotheses. Ten times as much cash and courage could not have put up prices had not Providence been on the bull side as well as they, and Providence kept on that side after they had turned over to the other. By the time they had gone short about 5,000,000 bushels, the Minnesota crop was reported to be very short, the Northwest was deluged with rain, fears were entertained in regard to preparations for the next crop, and the Britishers found themselves stranded for want of wheat, their own crop being so much damaged by rain as to make it unfit for use before October, besides lessening the yield. English buyers became

active. Flour dealers all over the country sent in orders for flour, and people became wild with the idea that there would not be wheat enough to go around.

A long line of seller-the-year wheat, about 12,000,000 bushels of which had been picked up by four leading operators at low prices in the spring, was covered during the excitement. About all the wheat in the elevators the first half of September was delivered on these contracts, and finally sold out by the longs at a handsome profit on the original purchase. It was this seller-the-year deal that caused the suspension of an old-established house which had been short to the tune of about 2,000,000 bushels.

As September wore on, the market grew more and more feverish and unsettled. The high prices still attracted buyers from outside, chiefly from among the class who had not speculated much previously. But there were also plenty of sellers, and these were mostly men in the trade who had watched the situation closely, saw that the English flour buyers were relaxing, as their own wheat was getting read to use, and that of Russia was also beginning to move. They saw that a break could not be delayed much longer, but they were scarcely prepared for the collapse in the shape in which it came. On Monday, October 3, the top was reached, November selling up to \$1.47. On the 5th it became known that the Cincinnati men, who had scooped up so much money on the August deal, had omitted to respond to calls for margins, though they were asked, altogether, for little more than half as much as they had previously pocketed out of Chicago. At first the cash was promised "as soon as it could be arranged for at the banks," and two or three days of waiting elapsed, during which "Cincinnati faith" became more and more of a by-word and the market sank as traders lost hope. Some of the money was ultimately recovered, and about the middle of November the liabilities of J. W. Preston & Company were settled at 75 cents on the dollar. Those of the other firms were arranged on terms less favorable to the creditors. The market declined to \$1.38 for October on Wednesday, as one after another lost confidence and influenced also by the break in corn. It weakened badly during the next two days, and then settled down slowly to \$1.30 for "spot" on the 13th. At the close of the year January wheat was quoted \$1.27½@1.28¾.

Corn. The marked decrease in the volume of corn moving through this city was one of the most salient points in the history of the produce trade. The receipts aggregated 78,393,315 bushels against 97,272,844 bushels in 1880, and the shipments were 75,463,213 bushels against 93,572,934 bushels the previous year. A decrease of some 20 per cent in the movement could scarcely be wondered at, seeing that the receipts of 1880 showed an increase of a little more than 50 per cent over those of the previous year, while the record of 1879 was much the largest up to that time. The plentifulness of

corn during 1880 was simply phenomenal and one could scarcely expect to see it repeated from the condition of an ordinary crop year. The market was much more active and much less regular. There was large trading in corn, and the violent fluctuations in prices were especially sharp in contrast with the steady course in quotations in 1880. The range of 1881 was $40\frac{5}{8}$ cents or nearly 114 per cent on $35\frac{3}{4}$ cents, which was the lowest point of the year. At one time the grain could be moved out for much less than nothing, as carriers were willing to take it to Buffalo for $\frac{1}{2}$ cent per bushel and the warehousemen rebated about $\frac{1}{2}$ cent on their charges to parties who would take it out of store.

The conditions militated against large receipts during a considerable part of the year. The winter of 1880-81 began very early, and a great deal of corn was left in the fields that would otherwise have been gathered. No small part of this was spoiled in a commercial sense by the soggy character of the spring. It was difficult to handle the corn during the cold months, and as it grew warm, the snows that had beaten copiously into the cribs soaked into the cobs and spoiled many, while they retarded the curing of the rest. The little old corn that was left over kept up receipts for a while, but it was soon found in the spring that the new corn would not grade. It was so damp that most of it graded rejected, and this fact laid the foundation for a big speculative movement that was subsequently developed. It also paved the way for another transparent failure of the "Mississippi route," as the corn sent to St. Louis, for fear it would not pass muster here, was mere mush when it arrived at Liverpool. Parties who had cribbed corn in the country during the winter, and sold it here for May delivery, found it a losing game. Nearly two-thirds of what they sent in would not pass as No. 2, and they were obliged to fill their contracts for regular corn on the open market. Then they decided to hold back, buying for May and selling for June. The conditions was still poor and the process of turning over was repeated, month after month, all through the summer. September arrived before the corn was deemed dry enough to grade, and then there was a pressure to send it in. Scarcely one-tenth as many cars were furnished as wanted, and in some sections the pressure to deliver from first hands was so great as to absorb all the transportation facilities of the railroads, leaving the cribs untouched, with the full load of the previous winter. During this time the speculative fever had taken hold of corn in this market, and rushed it above the point at which shippers could operate without loss. Soon the elevators were so full that some of them shut down on the receivers, and this gave another setback to the influx of corn. Scarcely had this phase of the difficulty been smoothed down than another wet spell set in, making the country roads miry, and the inspection poor on what did arrive. During all this time other points were bidding up for corn, and taking it around Chicago

by virtue of cut rates. It view of all these facts the wonder is that Chicago got so much as it did.

The consumptive demand was very good during about the first two-thirds of the year. Europe took freely up to the point of 55 cents here, bought more sparingly up to 65 cents, and then withdrew while corn was in the 70s. The European demand revived some after the break, but was not so good as previously. The great trouble with the West was in getting corn that could be depended upon to bear the ocean voyage. The inspection here was stringent enough to make No. 2 trustworthy for export, and past experience made British buyers chary of taking corn that would not pass Chicago inspection unless the shipper would guarantee good condition on arrival. The market was controlled by speculation more than ever before. Vast amounts of money were risked on the deal, and while the great bulk of the trading was done by a few firms, they were acting on orders received from a great many people, and there was good reason to believe that even the "Hobbs deal" was mostly a big lot of trading for several men who were not acting in concert, except as each was in turn influenced by the actions of the others. The speculative excitement was really set in motion, though unwittingly, by the regular trade. There was not much confidence in the article during the first three months of the year, though it was believed that consumption on the farm was largely increased by the bitter weather. There was some buying from the outside, but the local trade was disposed to be bearish, in view of the rather large quantities of corn of the crop of 1879, supposed to be still in farmers' hands. Along in April it was found that the snows of winter had drifted into the cribs in such profusion and was drying out so slowly that there was great danger the corn would not fill May sales. Some receivers took the alarm and changed over into future months. The first extensive buying was done by parties in the Southwest, in the neighborhood of St. Louis. May came, the corn did not grade, those who had sent it lost heavily, being obliged to fill at least half their sales by purchases on the Chicago market, the corn was held back, and some receivers turned over two or three months ahead. Speculation in wheat was rather brisk, and the fever surged over into corn. Many believed that the corn would not grade at all, however long it might be kept back. Others thought that the smallness of receipts proved scarcity, the corn having been consumed during the hard winter, and others went in on the general principle that whatever is rising in value must be good property to buy. Of this latter class were parties in Wall Street, who sent in orders to buy by the million. The selling was partly done by those who still held crib corn in the country, and partly by local operators who went short in full confidence that the market would be beared by large receipts as soon as the weather permitted the grain to dry out. The latter would probably have carried the day, but they soon had too much

dry weather. The corn cured rapidly enough, but the cry of "drouth" was raised, followed by another buying furor, which carried the market up on August 18 to 65 cents for October. About this time the Hobbs deal began to loom up into grand proportions, it being found that a great part of the corn for October centered in that house. The principal parties represented by J. B. Hobbs & Company tried to sell, but the trade found out that such a movement was on foot, and it soon became impossible for them to sell. The offers were withdrawn and then the market reacted strongly upward, under fresh buying orders from outside. The principal longs again tried to unload, and again found the trade on the alert for a break. They then resolved to carry it through, and bought about 4,000,000 bushels more at 65@65½ cents for October, which was their last purchase. The trade now took care of itself, so far as they were concerned. The drouth continued, but still the corn did not grade so well as had been expected. Then the receivers began to fill their contracts on the speculative market, and the movement was responded to by another buying rush from Wall Street and St. Louis that carried the market off its feet, taking it from 60½ cents up to 74 cents the last half of September. The selling during this period was done by the smaller longs, and by those who were already largely short, the latter hoping that the scare would soon be over. The rapid rise took the breath out of shippers, and freights declined for lack of business. September 28, corn was taken to Buffalo at 1 cent per bushel, with a storage rebate at that. The next day ½ cent was accepted for the service, and October 1 a cargo was taken through to Glasgow at 12 cents per bushel. The apathy on the part of shippers, to which the above figures are a key, combined with the increasing receipts, augmented stocks at the rate of about a million and a quarter bushels per week. Some storehouses were nearly full, two railroads announced that "for the present" its agents would receive no more corn consigned to Chicago, and then the cry was raised that the New York clique intended to corner the market for October on the fact of full elevators. Meanwhile the market was very feverish, and was scarcely relieved when it became pretty well known, late in the month, that Hobbs & Company had made arrangements to take in, on the 1st, all their corn. The firm had arranged for the use of \$1,500,000 of New York funds, but almost at the last moment the New York financial kings made money scarce on the seaboard and it was deemed best to borrow the necessary cash in Chicago. This was easily done, and they received and paid for 5,500,000 bushels on the first delivery day, and the next two days raised the total received to over 9,000,000 bushels. It had been decided to ship some 4,000,000 bushels east, but the prospect of so much to do induced vessel agents to advance their asking rate to 4 cents and it was then decided to sell the corn in Chicago. It was sold all the way down

from 76 cents to 60 cents, and the whole deal was closed out and wound up early in November. It was reported on good authority that the one firm above referred to handled contracts for about 60,000,000 bushels of corn for October alone, to say nothing of other months, making it by far the biggest operation ever conducted in grain in the West up to that time. About one-third of the quantity was said to have been on account of parties in Wall Street.

The heavy decline while realizing was chiefly due to pressure from without. On Monday, October 3, the leading short firm (J. B. Lyon & Company) suspended, but the fact was not generally known that afternoon, as he had simply declined to post additional margins, though without authorizing anyone to close out their deals with him. The same evening the Directors of the Board of Trade decided on 62 cents as a basis for calling margins on November contracts. This fact was not known outside either, but Hobbs & Company suspected some such result, and began to unload on Tuesday morning, selling about 1,250,000 bushels from 76 $\frac{3}{8}$ cents down to 69 $\frac{3}{4}$ cents, amid a confusion such as is not often witnessed, and during which the action of the Directors was officially reported on 'Change.

Corn declined to 60 cents on the 8th, and seller November touched bottom at 59 $\frac{3}{4}$ cents on the 13th, having declined 16 $\frac{5}{8}$ or 21 $\frac{3}{4}$ per cent in ten days. During the remainder of the month the price of No. 2 corn averaged not far from 62 cents, the marginal figure fixed by the Directors. Meanwhile the receipts fell off, partly because of the disinclination of some roads to take corn signed to store here, and there was a better demand for shipment, while the fear of storage pressure was partly removed by a vote of the Board, on the 19th, giving the Directors the power to recognize as regular grain stored in vessels or elsewhere outside the elevators, should circumstances require it. The market ruled weak during November, touching 57 $\frac{3}{4}$ cents for January on the 22d, and the year closed with a moderate reaction to 61 $\frac{3}{4}$ cents for that delivery.

Oats—The movement was a very large one, exhibiting an increase over 1880. The receipts were 24,861,538 bushels against 23,490,915 bushels in 1880; and the shipments were 23,250,297 bushels against 20,649,427 bushels the previous year. The market averaged higher than ever before, on a specie basis, except in 1874 and 1875. The range of the market was a little greater than in 1880, being nearly one-half of the lowest, or one-third of the highest price. There was little speculation during the first two months and the market ruled steady. In March two or three local capitalists invested heavily for May, but receipts were heavier than expected and this encouraged the bears so that the deal closed with a loss. The May contracts were transferred into June and met with a similar fate though corn and wheat were higher. Another transfer was made into July and the hold was deepened. The result was

the discomfiture of the shorts, but it was a dearly bought victory for the longs. The high prices brought out all the oats in the country, sweeping the farmers' bins bare. How closely this was done may be inferred from the fact that for two or three weeks after the close of July these oats were being shipped back into the country nearly as fast as they had previously come in. Aided by the rise in wheat and corn, the price advanced to 45 cents by the end of July, with about 5,000,000 bushels that had either to be bought from the longs or defaulted on. About 1,000,000 bushels was defaulted and settled on the basis of 45 cents, which price was officially declared August 11. There was a strong pressure in December oats, and they were run up to about May prices. The cause was an unusual demand to fill shorts for seller-the-year, which had been put out to the extent of several million bushels at 30 cents and under, early in the season. The higher prices brought in oats so freely that daily receipts in December nearly equaled those of corn, exceeding them on two or three days.

Rye—The rye market ruled moderately active and relatively steady, except in the spring. It then took a high range and averaged much higher than 1880. There was a smaller movement of rye than in any other year since 1875. The receipts were 1,363,552 bushels against 1,869,218 bushels in 1880; and the shipments were 1,104,452 bushels against 1,365,165 bushels the previous year. There was a fair stock of rye on hand the first of the year, but it was moved out during the earlier months, and the market was higher in April, owing to a pressure to fill May shorts. This culminated in the May deal, which carried the price of that month to \$1.22, and there was one sale of "choice white" at \$1.25, the highest figure of the year. About 20,000 bushels were left outstanding and settled at \$1.18. In June No. 2 opened at 80 cents for seller August or September, and sold off to 75 cents, which was the lowest point. Trading in futures became active, and the market gradually worked up until October 3, when \$1.18 was paid for December delivery and \$1.16 for November. The fixing of 62 cents as a marginal price for corn sent rye down to \$1.12, and it gradually shrunk to 94 cents for December. It then reacted to \$1.01 for that month, and settled to a little below \$1.00, where it remained for the remainder of the year. Practically no rye was shipped by water during 1881, nearly all shipments going by rail to Ohio and Kentucky distillers.

Barley—Prices of barley jumped up and down during the year, but the range was not a wide one. The greatest variation on the leading grades was only 35 cents, or a little less than 34 per cent of the highest price of the year. The movement was the largest since 1878, the receipts being 5,695,358 bushels against 5,211,536 bushels in 1880; and the shipments were 3,113,251 bushels against 3,110,985 bushels the previous year. The year opened with moderate stocks—about 290,000 bushels of all grades—but the maltsters

were generally well supplied, but there was not much demand. The market gradually stiffened until April, and then fell back, touching the lowest point of the year in August. It reacted with the general advance in leading cereals. Speculation in the new crop opened about two months before harvest. There was heavy buying for October delivery, the highest price being \$1.17 for No. 2. At the close of the year, the market for No. 2 barley was \$1.04@1.06.

Live Stock—While there was a marked falling off in receipts of hogs, there was a substantial gain in other descriptions of live stock. The falling off of hog receipts was due to shortage in the crop in the territory tributary to Chicago, which was estimated at about 1,000,000 head. During the year \$250,000 were expended for improvements at the stockyards as follows: railroad tracks, \$100,000; pens and sheds, \$60,000; addition to Exchange Building, \$29,000; viaducts for the transfer of hogs from the yards to the packing houses, \$15,000, and for water works, \$12,000. The business of exporting live stock and meats continued to show a healthy growth, in spite of the discrimination by the British government. The canning industry increased, and while there were two canneries in operation in 1878, there were five in 1881. The receipts of cattle were 1,498,550 head against 1,382,477 head in 1880. The year opened at \$3.00@5.50 for common to choice, and at \$6.00@6.50 for extra. Prices gradually worked down until the latter part of February, when \$3.00@6.00 was the range. A reaction in March continued until early in April, when prices had worked back to \$3.50@6.50. There was not much further change until August, when there was an upward movement which culminated about the middle of September as high as \$6.50@6.90. In December there were sales of Christmas beeves as high as \$7.50@7.75.

Hogs—Chicago receipts of live hogs aggregated 6,474,844 against 7,059,435 for 1880. The year was more than ordinarily profitable to hog growers. In comparison with 1880, which was a year of good prices, an average advance of from \$1.25@1.50 per 100 pounds was made. During most of the year the market was healthily active, and for the first nine months, the market advanced from \$4.40@5.00 on January 1 to \$6.50@7.50 at the close of September. The only considerable period of depression was during October and the first ten days of November, when, by united action, the packers succeeded in breaking prices fully 70@75 cents within a space of six weeks. The remainder of the year the market was steady with prices ranging from \$5.50@6.75 for heavy hogs.

In provisions the speculative excitement of 1880 gave way to lower prices, in the winter of 1880-81. Leading packers thought there would be too much stuff to permit high prices, although a smaller crop of hogs was expected. European buyers took hold freely at lower prices, and encouraged heavy investment on the long side of the deal. The parties who had made so much money

on the long side the previous autumn were short, and it became evident that there would be a great struggle. In February immense quantities of stuff were bought, partly to fill shorts, but mostly to strengthen the other side, and everything seemed to promise the biggest deal in the history of the trade. But the cry of "hog cholera" was started, supposedly in the bear interest. The news traveled over to Europe. The reported deaths of young pigs during the cold weather were misunderstood in England, the word "pig," unfortunately, meaning about the same thing there that "hog" means here. The French government took summary measures already referred to, and other European governments followed. In November a change in the French government was announced to involve a removal of the restriction; and considerable quantities of meat were ordered for France, but it was soon discovered that the new officials insisted on what they deemed an efficient system of inspection in America before admitting our meats. Early in July there was much excitement over the alleged adulteration of lard with tallow, and some parties refused to receive lard supposed to be so doctored. A committee was appointed to examine into the matter, and reported to the effect that they could see no reason why the lard should not be received on contracts. The highest point of the year was reached September 13, when spot pork touched \$20, October \$19.90, and January \$21.10. The market then fell back and again "touched top" on the 3rd and 4th of October. Later the market declined, pork averaging \$16.30½ in November and \$16.60 in December, the last quotation of the year being \$16.45.

1882

The year 1882 was one of comparative standstill in the country at large, though the second half was more prosperous than the first; and Chicago made smaller progress than in the two or three years preceding. The surroundings really favored retrogression; the benumbing influence of short crops following a period of prosperity that was then unexampled. The produce markets were very active with few exceptions, and mostly at a high average of prices. The wheat market ruled slow for the last two or three months, in reaction from previous excitements, and barley was tame the greater part of the year. Otherwise the speculative trading was much the largest the Board had had, while the volume of receipts generally exceeded that of 1881, except in corn, hogs, and some animal products. It could not reasonably be expected that, with badly diminished crops in 1881, in the country surrounding Chicago should come up to the record of 1880 in any description of produce that fell so short in yield. Chicago, however, handled quite a large percentage of the total, and in some cases increased its business at the expense of other cities in the West.

The history of the Board of Trade is thickly strewn with

corners. In addition to several speculative squeezes which were submitted to without a murmur, there were so many appeals to the governing powers that 1882 may be long remembered as the great "committee" year. There were not less than four sets of defaulted contracts on wheat—namely: in April, June, July and September—and another in oats for July, all of which were passed upon by committees. Besides these, committees were called on corn for August, lard for September, and short ribs for October, but the difficulties were adjusted between the parties before it was time for the committees to sit. There were two or three corners in oats besides those above referred to. The flaxseed department went through the cloud, but it turned out to be only a mist; and there was a relic of trouble in barley at the beginning of the year.

The year may, possibly, be best described as a year of great contention. From being the skirmish ground for men of thousands, the Board of Trade of Chicago had become the battlefield for men of millions. These interests were great and formidable and were disposed to stand upon their rights until the last resource of money and brains and legal machinery had been exhausted. The features of the year were the great number of resorts to the decision of committees, the legal controversies in which the Board and its members were involved, the progress of the new building and the beginning of the first real battle against the "bucket shop" evil. This spirit of contest was shown at the very opening of the year when no less than four tickets were placed in the field for the annual election. At a caucus held on January 5th, H. W. Rogers was renominated for President and J. B. Hobbs for Second Vice-President. Mr. Rogers declined, as did J. H. Dwight, who was then nominated. Z. P. Brosseau was proposed as the candidate of the opposition. Mr. Hobbs declined the nomination for Vice-President, and was afterwards nominated for the Presidency. When the day of election came, it found the following in the field: for President, J. B. Hobbs, R. W. Dunham, C. H. Adams and G. M. How; for Second Vice-President, J. H. French and C. D. Hamill. The How ticket was the one called "regular," but the fight centered between Dunham and Hobbs. On the day of the election the Adams ticket was withdrawn, and out of the 1,213 votes cast Dunham received 619, Hobbs 443 and How 141. For Second Vice-President J. H. French received 626 votes and C. D. Hamill 579. The Directors elected were N. B. Ream, G. C. Eldredge, G. D. Baldwin, Sr., J. B. Robertson and S. D. Foss. So close was the vote on Directors that a recount was demanded, but this did not change the result, although it was found that E. A. Driver came within four votes of election. There was much talk of the possible resignation of Mr. Randolph as Secretary, for he had grown old in the service of the Board, and H. C. Ranney, T. T. Gurney, A. C. Thomas and A. J. Richards were all suggested for his position. For the first time in its history the

Board found itself overburdened with wealth. Nearly a quarter of a million dollars had been received from new members and the assets were far above the amount allowed by the charter. It was proposed by some that a dividend be declared, payable in the bonds of the new building. At the annual meeting the financial statement showed the receipts of the preceding year to have been \$319,419, including \$246,500 from initiation fees. The current expenses were \$59,057 and \$40,000 had been expended for real estate and \$100,000 placed in the hands of the Real Estate Managers. The assets, not including the \$140,000 above, were \$290,859; nearly \$100,000 in excess of the charter limitation. The membership was 1,936 and the real estate managers reported expenditures of \$5,315 for legal expenses, plans, etc.

Delegates to the National Board of Trade, which was to convene at Washington, were W. T. Baker, W. J. Pope, A. J. Marble, J. J. McDermid, C. L. Hutchinson, W. S. Crosby and G. M. How. When the Directors met Mr. Randolph was re-elected Secretary, his salary increased from \$6,000 to \$8,000, and it was voted to give him a vacation of six months with full pay. The kindly feeling for this faithful servitor of the Board was increased some weeks later when his son met a tragic death by suffocation. Mr. Randolph left, the latter part of April, for a vacation visit to Europe, but sickness, on the part of himself and of his family, shortened his stay and he returned in the fall with health and spirits unimproved by the long-planned rest. During his absence Alexander Gunn acted as Secretary. At this Directors' meeting B. L. Smith was elected Treasurer of the Board. Little of note was done during the year concerning the internal economy of the Board, except that the membership fee was raised from \$5,000 to \$10,000. This did not bring in any new members at the time of the change, however, as transfers of membership could be bought for about \$4,000 throughout the year.

Building operations had been brought to a standstill by the injunction proceedings against the vacation of La Salle Street. This came before the Supreme Court of the State, in January, but the real estate managers were so confident of victory that they went ahead, viewing plans and trying to come to an agreement as to which to adopt. In March the Supreme Court handed down a decision declaring the vacation ordinance valid. The announcement was made on 'Change by J. R. Bensley and was received with a "grand shout." President Dunham, Mr. Bensley and Mr. Counselman made brief speeches and it was announced that the building would be rushed as quickly as possible. On the 30th of March the work of excavation was begun and in a few days men and teams were at work and it was stated that the granite paving blocks had been sold for almost enough to pay the legal expenses up to that time. But this was not to be the end of the legal difficulties, for, early in April, quo warranto proceedings were started by Washing-

ton Hesing in behalf of property owners opposed to the change of location. Judge Gardner soon denied the motion made by Hesing, but an appeal was taken and the case again traveled on to the Supreme Court. In the meantime much opposition had developed to the plans favored by the committee, and this opposition made such headway that the managers thought best to display the plans upon the floor of the Exchange. The chief objection was to the plan for a circular Exchange Hall as presented by Architect Jenison. The committee was divided, two for this plan, two for Burnham & Root's plan, and one undecided. A protest against a circular hall was circulated on 'Change and signed by 155 members. The managers were asked to defer their choice for two weeks in order that all these objections might be weighed. The Chicago Tribune editorially urged a referendum to decide the important question, while some of the managers took umbrage at the objections offered and stated that they had been given full power to act and should decide as they thought best. Finally, however, a compromise was effected, both of the plans first favored were thrown out and plans drawn by W. W. Boyington, with a rectangular hall, were adopted. The architect's estimate of the cost of this building is \$786,000, being \$300,000 less than the experts figured as the cost of the two plans the committee spent so much time over. The Board members were well pleased with the new plans and congratulated the Managers upon the compromise. Work was rapidly pushed as soon as the plans were decided upon, the Managers secured room in the basement of the Grand Pacific Hotel, so as to be near the work, and the building bonds went to a premium of 1½ to 2 per cent. Bids for the masonry were received, but were rejected by the managers, and it was at first decided to have the basement done by day's work. At this time, in August, the elevation of the new building was displayed on 'Change and it was said, "You can put Marshall Field's retail store into the hall and it wouldn't touch the sides or top," which goes to show that Chicago retail stores have expanded some since 1882. Later it was decided, although more expensive, to build the walls of granite. The Managers visited quarries in the East and finally contracted for granite construction. It was not until the last of September that the Hesing appeal was dismissed by the Supreme Court, and by this time the building was well under way. December found things in readiness for the ceremony of laying the corner stone, and preparations were made to celebrate the event in true Board of Trade style. General Joseph Stockton was appointed Chief Marshal of the parade, with Captain I. P. Rumsey, P. P. Oldershaw and J. W. Rumsey as aides; the marching column was to consist of a platoon of police, the First Regiment band, Company K, First Infantry (the old Board of Trade company), the President and Directors of the Board of Trade; the Board of Real Estate Managers; the Mayor and city officials; and

the members of the Board of Trade. The ceremony took place December 13, 1882, and was somewhat interfered with by inclement weather. Ticker coils were used by the spectators and the streets were soon festooned by the paper comets thrown at the marchers, and when the cornerstone was being put in place the jubilant traders shouted in unison with the "thump, thump" on the stone. The lobbies of the Grand Pacific Hotel were offered for the ceremonies, but the crowd was much too large and the exercises, though curtailed, were held in the open air. Among the distinguished guests was Gurdon S. Hubbard, who was a director when the Board was organized in 1848. Bishop Charles E. Cheney mounted the cornerstone as it swung into place, and offered prayer; President Dunham and Architect Boyington directed the laying of the stone, and at 1:12 p. m. the great three-ton block of polished granite was in position.

Mayor Harrison and Secretary Randolph were the orators of the day, although the remarks of the venerable secretary were cut short by the inclement weather. The cornerstone box, of thick copper plate, 15x21 inches and seven inches deep, contained the following: latest copy of the Rules and Regulations of the Board of Trade, with the latest reports, bound in one volume; a bond of the Board, issued in 1882; a certificate of membership of the Board; members' and visitors' tickets; a program of the exercises at the dedication of Board of Trade hall, October 9, 1872; rules and regulations of the Provision, Grain and Stock Board; also a member's certificate of the same; rules and regulations of the Chicago Open Board; constitution and by-laws of the Chicago Produce Exchange, and of the Commercial Exchange; bound volumes of Cowles and Dunkleys market reports for the years 1866 and 1867 and from 1882 to date; Howard White & Crowell's bound market report for 1871, this having been saved from the great fire; also their market report for December 12, 1882; a statement of the pork packing of Chicago for the years 1881-82; a report of the packing of the West for the year ending March, 1882; the prices of produce in the Chicago markets for the fifteen years preceding; a copy of the Chicago Tribune of December 31, 1881, containing the annual review of trade; a statement of the organization of the Board of Real Estate Managers and of the work of building to that date; the city directory, copies of the Chicago papers, a Bible, report of the Relief and Aid Association of Chicago for 1871, and photographs of the foundations of the new building. A report of the Chicago Historical Society was received too late to be inclosed in the box, but it was deposited in the cavity of the cornerstone.

For the first time in the Board's history a determined effort was made to check the bucket shop evil and for the first time the idea was advanced that the bucket shop could be killed by cutting off the Board of Trade market quotations. In January, the bucket

shop evil was brought before the grand jury and a large number of the prominent members of the Board, including Randolph, Preston, Bensley, Fairbank, Hobbs, How and Dunham, were called upon to testify. Eight bucket shops were reported to the grand jury and the bucket shop committee of the Board of Trade took under consideration the matter of stopping reports. Judge Barnum instructed the grand jury that dealing in futures was legitimate, but drew a distinction between these transactions and those where no delivery was contemplated. The Board of Trade, in February, asked the Western Union Telegraph Company to consider the propriety of ceasing to furnish quotations to the bucket shops. While many understood the distinction as outlined by Judge Barnum, the general public did not.

In March, Judge Moran, in the case of Foote vs. Hooker, rendered an opinion that trades which were agreed beforehand to be for differences only and not for actual delivery of property were gambling contracts and void under the law. It was pointed out that the rules of the Board of Trade were against such illegitimate transactions. The Board now made formal request of the telegraph companies to cease furnishing market quotations collected on 'Change to the bucket shops. This was done to a limited extent, but the bucket shops remained open and at first claimed that the absence of blackboard quotations did not hurt their business. This claim was refuted by the many devices employed by the bucket shops to obtain the market reports. It was stated that the bucket shops had stationed two men in the alley—one at the end in sight of the Exchange building, and the other at the entrance to the bucket shop. From the window of an office in the Exchange building, the proprietor of which received the quotations and was evidently in sympathy with the bucket shops, a board was hung and this, on the upward movement of the market, was raised a little, and on a downward movement, was lowered. This board was closely watched by the man at the end of the alley who raised or lowered his hand in sympathy with the fluctuations, and the man at the door of the bucket shop, watching him, went through a like performance and thus the bucket shop was kept posted as to the trend of the market. The embargo on Board of Trade quotations seems to have been but temporary and ineffective, as a few days later it was reported that the bucket shops were receiving quotations, but were not allowed to post them, and the investigations by the grand jury came to nothing. That the efforts to steal the quotations by means of signals was a thing which could be worked both ways was shown by the report during the summer that a number of bucket shops were being victimized by a like scheme, signals being given from the Board of Trade to confederates who signaled in turn to men in the alley who were thus able to beat the quotations and make their investments on a sure thing, for,

as John Hargreaves, the distinguished visitor who was the guest of the Board of Trade, in October, suggested:

"If any man knew
When things would be dear
He need be a merchant
Only one year."

Injunctions were asked and granted in favor of the bucket shops and gradually they resumed operations. It was not until the end of the year that determined action was taken and the Board of Trade insisted that the telegraph companies remove their instruments from the bucket shops, exception being made, however in favor of the Open Board.

Relative to this action, the Tribune, on December 31, 1882, said:

"For some time past it has been an open secret that the telegraph companies which have offices on the Board of Trade floor, would, under pressure from certain members of the Board, refuse to give any further market quotations after the first of January to the numerous "bucket-shops," as they are called. The "Open Board" was also at first included, as being in principle indistinguishable from its humble rivals, but, Friday, the "big board" gave consent, it is said, to have the telegraph companies furnish quotations to it. In pursuance of this determination a raid was made about noon yesterday on the bucket-shops and the "tickers" taken out by the employes of the telegraph companies. This meant business, and late in the afternoon seven bills were filed by the Public Grain & Stock Exchange of No. 131 La Salle Street, the Cosmopolitan Grain Exchange, and the Metropolitan Grain Exchange, both located in the alley in the rear of the Exchange Building, and run by H. B. Peabody, and the Grain & Stock Exchange, run by J. W. Pratt. Some of the parties filed two bills, one against the Mutual Union, or the Baltimore & Ohio, or the Western Union Telegraph Company, and the Board of Trade, according to the special lines used, the Board of Trade, however, being one of the defendants in each case.

"The bills were all very similar and almost identical, in fact, the charges being the same. The Metropolitan Grain & Stock Exchange bill, for instance, sets out that it is a corporation organized under the laws of Illinois and engaged in the legitimate business of buying and selling grain, provisions and other merchandise at the market price as furnished by the Mutual Union Telegraph Company. The latter company had for years past been doing a general telegraphic business and is a common carrier of messages, news, and information and with reference thereto occupies the same position to the public that railroad and express companies do with reference to the carrying of freight and merchandise. As such common carrier it is the duty of the telegraph company to treat all persons and corporations constituting the public their customers, in the same manner, and not to discriminate in favor of one to the detriment of another. The company is in the habit of erecting at

the request of any proprietor or occupant of a hotel, office, exchange, Board of Trade, bank or other place in most of the cities of the Union, and especially in Chicago, for the accommodation of such owner, occupant or proprietor, wires from the other lines of the company and placing telegraph instruments in such offices, etc., furnishing thereby, for a fixed sum, information as to the general state of the market, the price of grain, provisions, etc., at different cities throughout the world.

"The Board of Trade is a corporation as is charged, composed of members who are engaged in the same line of business as complainant, but in opposition to and competition with it. Among the objects of the Board one is to 'acquire and disseminate valuable commercial and economic information,' and for this purpose the Board has had telegraphic instruments and operators on its floor to send instantly all information as to markets and to 'disseminate' such information throughout the country as public information. Every person or corporation being a part of the public has, it is claimed, a right to such information as a part of the market reports, and no person or corporation, not even the Board of Trade, has the right under the law to delay or interfere with the transmission or dissemination of such information.

"The Board of Trade, however, being a large, powerful, and wealthy corporation, and being able to make immense profits by continuing a monopoly in the grain and provision trade, has 'become dictatorial, and without authority of law has assumed the right to dictate what persons shall be allowed to enter or continue a legitimate business in opposition to or in competition with it,' and has assumed the right to ruin complainant's business by depriving it of the market quotations. Such assumed right, complainant insists is against the law, dangerous to the public welfare, and directly opposed to the good of the people. The Board of Trade has given notice to the telegraph companies to cease giving quotations to complainant and other places of the same kind, claiming the right to discriminate as it pleased, between different individuals and corporations, and benefit one at the expense of another. This the complainant denies as just or right, and if it is carried out will result in inestimable damage, and it therefore asks that the defendants, the Board of Trade and Mutual Union Telegraph Company, may be enjoined from cutting its wires or communications, or removing the telegraph instruments, or withholding any market quotations as to the market value of grain, provisions, etc., such as it has heretofore had and as is sent to other parties throughout the country.

"Messrs. Leonard, Swett and A. B. Jenks appeared as solicitors for the complainants in all the cases, and, on filing the bills, immediately made application to Judge Moran for temporary injunctions, which were granted on the certificate of H. L. Wait, Master in Chancery, recommending the issuance of such orders. The writs were served late last night. The bonds in each case were \$1,000.

"While the injunction writs were being drawn by the Clerk, Mr. Peabody, the manager of the Metropolitan Grain Exchange, was interrogated as to the suits he was beginning. He said that as

near as he could estimate the various grain exchanges contributed to the telegraph companies about \$125,000 a year, that including the telegrams which were sent in by country customers. The 'Metropolitan' and 'Public' were the only ones that transacted business for country customers, and they paid the bulk of the above amount. He considered, of course, his place the fairest of any board which transacts business, as trades could be made and closed on any quotation, which could not be done on the big board. The members of the Board of Trade had given out that the telegraph companies would not lose anything, as their increased business would compensate for the loss of the bucket-shop business, but such was not the case. The average of each trade in his place was 4,000 bushels of grain, which was smaller than the least amount that could be bought and sold on the regular board. Besides customers could trade on smaller margins with him. He found it was better to let all his customers do as they liked, whether he was likely to lose or not, because in the long run he had more trade. The opposition to the bucket-shops came from a few men on the regular board, only five or six, prominent among whom was McHenry, the vice-president. He considered his bill unanswerable, and thought the telegraph companies would be compelled to put the instruments back. The Board had no right to say the Open Board could run—as they had just done—and cut off the other places which were just as good. There were two or three suits of the same kind filed about a year ago against the Board of Trade, when there was a virtuous spurt against the shops, and injunctions were granted which were still in force, and under which Mr. Peabody thought the defendants could be punished for contempt in taking the telegraph instruments out yesterday."

The year opened with lower markets, wheat falling off two cents, and the barley market being demoralized by the effects of a December corner in which thirty thousand bushels were defaulted. A little later the wheat market was excited by the report of a clique in which both Sturges and Armour were said to be interested. Still later in January it was reported that Hobbs was at the head of the bulls in the wheat pit, but the month closed with depression due to financial disturbance in Paris. Again in the early part of February there was a panic in the wheat pit which caused numerous failures in St. Louis and some minor failures in Chicago. On the fifteenth of February, the failure of Kenyon & Company sent the price of wheat down 4 cents and created excited markets both in produce and provisions. The liabilities of Kenyon & Company were placed at \$512,000.00, of which \$323,000.00 were owing on Board of Trade deals. The nominal assets were \$320,000.00, but these were not valued at over \$100,000.00 and the creditors received 25 cents on the dollar. This suspension was followed by that of the firm of Henry Milward & Company. The founder of this firm, the well-known statistician of the packing industry, had been dead for several years, but the business was still conducted

under the old firm name. A bill introduced in the French Chamber of Deputies to revoke the prohibition on American pork helped the market somewhat, but the proposed measure was accompanied by severe restrictions as to inspection which minimized its effect. The first of the great market contentions of the year arose, in March, when the traders who were short in April wheat asked the directors to fix a marginal price and this was named at \$1.22. It was at this time that McGeogh of Milwaukee began his large operations for the year. This wheat corner was intensely unpopular with the general public and there was talk of an indictment of the cornerers, while the New York Commercial Advertiser called the Chicago cornerers "Commercial Brigands." On the Board also there was much feeling and A. M. Wright fathered a resolution providing for a new rule for the expulsion of officers who did not enforce the rules according to their spirit, and for their trial upon charges filed by twenty-five members. In March, there was a market sensation when it was found that corn at Danville and National Elevators was affected with weevil. Corn fell off 3@3½ cents and a committee of the Board of Trade was appointed to investigate. A few days later 400,000 bushels of corn at the Danville Elevator were posted as weevily and heating. By this time McGeogh had complete control of April wheat and many shorts settled at \$1.36, knowing that the price could have been run up to \$1.50. In April, the trading in corn became so active that an exchange was made between the corn and wheat pits and this excitement in the corn market was augmented, April 11th, when 307,000 bushels of No. 2 corn were posted in the National Elevator as heating and affected with weevil, and two days later a late spring frost sent the market booming and corn reached a higher price than it had attained since 1874. The corner in April wheat was the cause of the introduction of a new rule which provided that the arbitration committee should not fix a settlement price to exceed 10 per cent above the lowest average price for the three days immediately preceding the maturity of the contracts, for like property for delivery during any of the succeeding four months. This proposed rule was urged by such men as Spruance, Nelson, How, Egan, Rumsey, Wright and others, but it was defeated when it came to a vote early in May. As the April wheat deal drew near to a close, the market excitement increased. A rule was proposed making winter wheat of the same or higher grade a proper tender on spring wheat contracts, and it was stated that the object was to invite winter wheat to the Chicago market. On April 27th, April wheat had gone up to \$1.40, and on the 30th, it was stated that this was one of the most successful of corners, and was aided by the light receipts, only about 160,000 bushels of No. 2 spring wheat having been received during April. The defaults were placed at less than 400,000 bushels and the deal was said to have involved trades in 30,000,000 bushels. A com-

mittee was asked for early in May to fix a price for the settlement of defaulted contracts for April wheat, and President Dunham appointed A. M. Wright, C. E. Culver, Henry A. Towner, W. F. Blair and George Smith. By a vote of 3 to 7 the Directors rejected the three first named gentlemen, who were said to oppose corners. President Dunham was incensed at this action and objected so strenuously that the committee was confirmed. The appointment of this committee, which was considered partisan, stirred up the strife relative to making winter wheat legal tender on contracts, and when the vote was taken on this rule there developed one of the closest and most exciting contests the Board has ever known. The total vote cast was 1,116—for the rule 556, against it 560, and it was thus defeated by a majority of only 4. Hacks were kept running all the morning bringing invalid members to the polls and members were rushed down from Milwaukee to vote on the proposition. It was even stated that large operators used threats of loss of business to force brokers to vote against this rule. Immediately upon its defeat a second amendment was brought up to the effect that the speculative grade should be understood to be "No. 2 wheat," and that "No. 2 winter," or "No. 2 spring," or a higher grade of either should be a proper tender. This rule was adopted by a large majority on May 24th. It was not until May 26th that the committee reported fixing the settlement price of April wheat at \$1.31. This affected about 360,000 bushels. This price was considered very low, the bears were greatly rejoiced and the bulls equally angered. It was thought to be a hard blow at corners, and a big market break resulted. McGeogh and Handy were especially enraged, and for a time, McGeogh refused to settle at the price fixed. The report of this committee was printed June 7th and it created so much adverse criticism that by a vote of 8 to 5 the Board ordered the testimony printed as well. In the meantime, the corner in July wheat was progressing and settlements, netting the clique nearly \$250,000.00, were made by June 26th at \$1.35. A corner in oats also culminated with the end of June at 56 cents, the shorts having covered about 2,000,000 bushels during the last week of the month, and from fifty to sixty thousand bushels being in default. There was agitation for the repeal of all rules against corners and the action of the April committee encouraged traders to await the action of a committee rather than to settle at the price demanded by the manipulators. Armour and Dunham, who were at the head of the June wheat deal, demanded \$1.34½ as a settlement price while the shorts offered to settle at \$1.25. The printed testimony of the April committee showed that the manipulators had themselves confessed that they purposely bid the market up the last few days and this entirely exonerated the committee from the charge of favoritism. The settlement price of June oats was fixed at 56 cents and of June wheat at \$1.33, these findings being largely

in favor of the bulls. Later in July the Directors fixed the marginal price of No. 2 spring wheat delivery at \$1.10. In spite of the feeling concerning these rulings, the proposal to repeal the rules as to corners was defeated by a vote of 593 to 183. Under the new rule concerning winter wheat, the July wheat shorts tendered No. 2 winter wheat on No. 2 spring wheat contracts. These offerings were refused and some of the shorts immediately brought suit to compel their acceptance. The July wheat deal closed with a great deal of bitter feeling. Mr. Armour was at the head of the corner and fixed his settlement price at \$1.36. President Dunham was also interested in this operation and when the appointment of committees was demanded on wheat and oats, he left the appointments to be made by the First Vice-President. At the first session of the wheat committee, A. M. Wright filed exceptions both to the manner of the appointment of the committee and to its membership. At the same time an amendment was proposed that Directors should not be allowed to act on a committee for the trial of matters in which they had been interested as partners, brokers, or employees within two months of the time when the cases are called up for consideration, and this amendment was adopted by a vote of 299 to 197. The fight before the wheat committee was led by Mr. Brine for the bull interests and by Mr. Wright for the bears. The testimony was voluminous, a large number of witnesses were called and the sessions were extended over a number of days. The proceedings were fully reported in the daily press and created widespread interest throughout the nation. The shorts anticipated that the ruling of the committee would be averse to them and proposed carrying the matter to the courts; but, fearing expulsion, should they take such a course, they proposed a rule providing for discipline of officers guilty of malfeasance, and there was to be no verdict of expulsion without a ballot. The death of S. A. Ricker occurred August 28th. He was a heavy holder of corn at the time of his death, and the fear that the holdings of his estate, estimated at 2,500,000 bushels, would be at once thrown on the market, caused a depression in prices which continued all through the first days of September. The settlement of August deals was held up pending the report of the committee on July wheat and this committee reported September 5th, placing the settlement price at \$1.35, this being within one cent of the highest price asked by the bulls. E. Buckingham was chairman of this committee, and the other members were W. H. Goodnow, H. Bausher, Jr., P. B. Weare, and Fred S. James. The decision was greeted with wild shouting, both of approval and disapproval. The effect upon the markets was disturbing and the volume of business was lessened. Suits were at once commenced to restrain the payment of margins, and applications for injunctions were made to prevent the expulsion of members. The papers bristled with red-hot interviews on both sides and Mr.

Armour produced a sheaf of telegrams from various market points congratulating him as to the victory over the "Repudiators." A number of the shorts settled as soon as this report was made, but others did not and a meeting was called of all interested in the July wheat deal to confer as to a compromise, for it was feared that the Board would be disrupted. There were about one hundred members present at this meeting, over which C. E. Culver presided, but the longs did not attend. A motion by Mr. McCrea to accept the committee report nearly broke up the meeting. A committee of three, consisting of Culver, Crosby, and Van Inwagen, was appointed to confer with the longs. At a second meeting held the following day, the committee reported that the longs had agreed not to urge the disciplining of members until after the courts had decided, but that they would not compromise on the price. The shorts, headed by A. M. Wright and others, took the matter into the courts, but the whole controversy so demoralized the business of the Board that, in September, J. B. Hobbs urged the repeal of the rules regulating corners, saying that business was being driven away by repudiation. This and other causes, caused heavy market declines in the first part of September but, by the 20th, the bulls had control of the market. One of the leaders of this manipulation was W. E. McHenry and a pen picture of him at the time states that "he is small, very young looking, and is often pointed out to strangers as one of the marvels." McGeogh was also interested in this corner, which closed September 30th, with about 520,000 bushels of wheat in default with the price \$1.07@1.08, which was about 13 cents above the price for October. Mr. McGeogh stated that he would never trade again with those who refused to make settlement. The first court decision affecting the July wheat troubles was rendered by Judge Gardner in October, at which time he dismissed the injunctions for want of jurisdiction, stating that relief should be sought in a court of law and not in chancery. An appeal was at once taken, but many of the shorts made settlement. After this decision, a number of members were cited before the Directors for discipline for defaults in July and September. The question of the delivery of mixed receipts for wheat arose in the September settlement, and a special arbitration committee was appointed which decided in favor of their acceptance. There was much difficulty in selecting this committee, as under the new rule no interested parties could serve, and it was found that nearly all of the members were interested. The committee on settlement of September wheat consisted of H. C. Ranney, H. J. Slater, A. E. Neeley, N. H. Warren, and G. Montague. This committee handed in two reports, the majority fixing a price at \$1.02 and the minority at \$1.07. This decision caused the circulation of a petition to repeal the rules concerning corners, which petition received 450 signatures. On November 20th, a meeting was called to consider the entire matter

of rules, especially as concerning corners and commissions. G. M. How presided and a committee consisting of J. R. Bensley, C. E. Culver, J. F. Gillette, C. D. Hamill, J. H. Norton, J. B. Hobbs, W. S. Crosby, C. L. Hutchinson, and S. C. Spencer was appointed on revision of the rules. In December, a vote was taken on the repeal of the corner rule to take effect January 1st, and this was carried by a vote of 490 to 410.

There were, during the year, a number of court decisions affecting the Board other than those mentioned above. Late in January it was claimed that membership in the Board was a property right which might be claimed by creditors the same as any other asset, and in the case at court an injunction was issued to prevent a transfer of membership. This action was not popular with the Board, as it held that its memberships were and should be to a large extent under its control, and to that extent were similar to memberships in a fraternal organization. In March, Judge Gardner held that Board of Trade memberships were subject to execution and several suits were brought against the members following this decree. It was during this year that the Call Board began an era of great prosperity. There was a large accession of new members and a brick building was erected for its purposes. It also showed its affiliation with the Board of Trade by investing its surplus, to the amount of \$75,000.00 in bonds of the new Board of Trade building. Its chief source of income was from the sale of seats; the sale in May, 1882, netting \$71,438.00. The proposed increase in the Board of Trade membership fees also encouraged members to join the Open Board and this institution raised its fee from \$500.00 to \$1,000.00.

In February J. B. Hobbs filed written complaint that certain members, commission merchants, were cutting rates below the schedule fixed by the board. The rule in this regard was very strict, a reward of \$500.00 being offered for information concerning such misconduct, but nevertheless, these offenses were difficult to prove and it was stated that the practice was much more general than it should have been. One form which this took was in the abuse of the custom of having "special partners." It was stated that this special partnership arrangement was often a mere pretext whereby for the payment of five, ten, or fifty dollars, the special partner was able to have his business transacted for one-half the regular rates, and in March the Directors decided that these special partners must pay the regular rate. An investigation of this entire commission subject was undertaken and it appeared to be so difficult to enforce the rule that there was serious thought of repealing it. The committee appointed in October to revise the rules was directed to give special attention to the commission question. In December a petition for a change in the commission rules received 130 signatures and the allegations as to cut rates created

quite a sensation, not only in Chicago, but in Milwaukee. The proposed change came to a vote December 20th, when it was defeated by a vote of 136 to 832, and near the last of the month, pending the report of the committee to revise rules, it was decided to drop the investigation of the commission cases.

Among the matters of minor interest occurring during the year may be mentioned the refusal of Secretary Randolph to allow the raffling on the floor of the Exchange of a bale of cotton for the benefit of sufferers from the Michigan forest fire. Outside parties endeavored to criticize the Chicago Board for this, but it was readily pointed out that the Board had already contributed \$6,200.00 in cash and much clothing for the relief of these sufferers. In March, Chicago was the recipient of a visit from prominent business men of Quebec, Montreal and Toronto. A reception committee of twenty-five, with W. M. Egan as chairman, was appointed from the Board as a reception committee, and a number of the leading members went to Valparaiso, Indiana, to meet their special train. The visitors were received on 'Change and introduced by President Dunham. Mr. Robertson of Montreal, Le Droit of Quebec, Spratt of Toronto and Griffith of Quebec were among the speakers. During their stay the visitors were shown the wonders of Chicago, including the new Indiana Elevator and the Stock Yards, and they were given a ride on the new cable cars, of which Chicago was very proud. Despite all these attentions, however, it was stated that the Canadians had expected more official recognition from the city and were quite dissatisfied with their reception. Later in the year the Marquis of Lorne, Governor General of Canada, visited Chicago and the Board of Trade, and his reception was all that could have been desired.

In July, the Board of Trade, and especially the members of the Call Board, were shocked by the news of the murder of Charles Stiles, the official Caller.

A new feature of July was the reopening of the Produce Exchange. This was founded in 1874 and was active until 1878, after which it remained in a dormant state until revived in 1882. Offices were secured in the Marine Bank building on Lake and LaSalle streets. J. A. Macomber was elected President and J. E. Cowles, Secretary. In Chicago the year was made notable by the erection of the Montauk building, ten stories high and the highest building west of New York; and the extension of telephone service to Aurora and Elgin, the beginning of a line to Milwaukee and the prediction that some day Chicago might be in telephonic communication with many of the principal cities of the State. Very naturally there were many members of the Board prominent in social, financial and political circles, nevertheless, the Board felt much honored when its President, R. W. Dunham, was nominated as the Republican candidate for Congress, and were much pleased when he was elected

by a handsome majority. Mr. Dunham was born in Massachusetts in 1838 and came to Chicago in 1857 as the representative of the Massachusetts Life Insurance Company. He entered the grain business under T. J. Bronson of Walker Bronson & Company in 1860, and in 1871 became the managing partner of the Chicago office of the firm of William Young & Company.

The first use of refrigerator cars has already been noted, as also the fact that the business of shipping fresh meats had grown to some importance. It was not until 1882, however, that Armour went into the dressed beef business on a large scale. He was followed by other packers and by the following year a sharp rivalry had sprung up between the shippers of dressed beef and the shippers of live stock. Taken in all, while the year 1882 was one of storm and stress, it had done much to crystallize the sentiment of the Board in favor of a high standard of commercial integrity and with a much stronger sense of unity than might have been expected.

Speaking of conditions at the close of 1882, the Chicago Tribune said in its yearly review of the trade:

"It is not likely that there would be many corners the coming year, even if the rules should favor such operations. The crop abundance of 1882 is inimical to corners. But that is all the better reason why the Board of Trade should take the subject in hand, as it did in November by appointing a committee to make an effort at framing equitable provisions for trading. That committee appointed by an informal meeting of members of the Board, but it was adopted by the Directors, and at once proceeded to business in a very sensible way, by inviting suggestions from such members as might have ideas on the subject. The Board subsequently (a month ago) decided to abolish the corner rule, leaving the committee at fault with regard to that point. But, as that body was charged with a general revision of the rules, it is not improbable that their report will contain suggestions for a rule that will protect innocent shorts while not lending countenance to the violation of a contract.

"The first attempt at preventing the reoccurrence of disastrous corners was made in 1873. The rule then adopted provided substantially that the committee called in cases of default should fix the price by reference to the value in other markets. This was found to be unfair to the buyer of property, tending to an undue lowering of prices, and July 24, 1879—three and a half years ago—the board adopted the well-known "Rule 27," after having voted it down in April, 1878. That rule increased the power of the committee by authorizing them to take into consideration (also) the value of the property for other purposes, meaning its value as determined by a demand to fill contracts. The rule was equitable enough in spirit, and was interpreted fairly enough till within the last twelve months. Recently it has been construed to favor repudiation by the short seller who chose to claim that the market was higher in his judgment than it ought to have been. It was claimed

when the rule was offered for adoption, that the object was chiefly to prevent a party on the long side from rushing up the market 10@20 per cent on the last day of the month so as to force a very high settling price on the obstinate ones among the shorts. This view of the case was generally held for nearly three years, after which it was falsely claimed that the intent of the rule was to prevent a party from collecting damages above the basis on which the property could be shipped to other points without loss. That construction would be a fair one only if it included a recognition of the right of the buyer to decline to pay more than the property is worth on a shipping basis, without regard to the price agreed upon originally. But the chronic shorts know that the latter would kill off business, by reducing everything to the level of the bucket-shop, where the trade is cancelled upon a loss of 1 cent per bushel. Under such a code there would be no buying or selling, except where the course of the market during the life of a contract should favor neither party more than about 1 per cent, which would be the same thing as no contract at all. The whole affair would be but a system of betting small money on big transactions—a gambling in puts and calls, which ought to be investigated by a grand jury and suppressed by the police as a rank nuisance on a par with the affairs of Biler Avenue.

“One great evil connected with this matter has been the holding back in numerous cases, refusing to cancel trades, because a committee might possibly be called, and award a more favorable basis of settlement. This as well as the construction of the rule by committees, involved much loss to innocent traders. Many parties lost money standing in the gap on deliveries long after they had balanced the transaction with customers. Nobody was certain that anyone else was going to deliver what he had agreed to, and uncertainty led to the paying of rather large premiums on spot stuff which was delivered as agreed, the demoralization not having extended to this class of transactions.

“The second sense of the board seems to be opposed to the blotting out of corner rules. It is desirable that there should be some means of protection accorded for men who are not to blame for omitting to deliver. But there should be no inducement to default deliberately. On the contrary, the rules and rulings of the Board should all point the other way.”

The trade in hog product was a continual strain most of the time, with a higher average of prices, and enough of new features to surprise even the oldest heads in the business. The market ruled active in a speculative way, and at times the volume of trading was much the largest ever known. The demand for consumption was fair, throughout, generally equal to the current production, and at times exceeding it, the result being very small stocks most of the time. It was this steady, persistent absorption of the stuff at higher prices which surprised and entailed considerable loss upon the pockets attached to the wisest heads in the provision line.

The market tended upward during the first five weeks of the

year. By February 6, pork had advanced \$2.05, lard 45 cents and ribs 95 cents. The packing companies, with some individual operators, took on a big line of ribs, with some pork, the theory being that the summer run of hogs would be very light, making product really scarce before another crop of hogs should come on the market. New York parties joined in the deal, and nearly at the top, a Cincinnati syndicate loaded up. This appears to have been the opportunity for the others to unload, and the moment the burden was found to have shifted others jumped in as short sellers. The result was a drop of \$2.15 in pork, \$1.10 in lard and 55 cents in ribs by the end of February. There was a severe break all at once on the 15th, the day of the Kenyon failure, and another partial failure on the 24th, which carried down the old firm of Henry Milward & Company. About this time there were rumors of the lifting of the French decree against the importation of American meats, but it made little difference to the market, which continued to drop till March 7. By about this time the local shorts had mostly been filled, at a profit, and St. Louis dipped in as a buyer, the outside demand being good enough to keep the market steady on the upturn till April 12, though a big lot of lard was dumped on the advance, having been taken on during the winter by a couple of local speculators. The market touched a high point on April 18, then fell off a little, advanced on May 22, was on the decline till June 1, and climbed steadily up during that month, with a very large speculative deal in lard, that might have been "put in a corner" had the engineer so willed it, while the pork meats were largely held on Southern account, though much disturbed by the Ricker operations. The market touched top about July 11, then receded on a yellow-fever scare, pork dropping \$1.50, lard \$1.02½ and ribs 50 cents by the end of the month. From this point to the middle of October the motto was "excelsior" in the matter of prices; pork advanced nearly \$5.00 per barrel, lard \$1.15, and ribs fully \$3.00 per hundred pounds. On this upturn the market was a gigantic double deal. The Packing Company was supposed to have hold of the pork and Armour & Co. the meats, both for October. While rushing up the market for that month the longs were selling right and left the longer futures, which the lambs took as if they thought there would not be another pound of the stuff manufactured, and the whole seaboard seemed to be loaded with long stuff for November, December, and January. The necessary confidence was helped by a rapid depletion of stocks. The product was wanted in the South, and this fact was taken advantage of by the holders to bull the market. They shipped the stuff away to lie in store at other points till wanted, leaving this market absolutely bare, and forcing an immense line of shorts to cover at and near the top. This accomplished, the market was beared with reports that the corn crop would prove an unusually big one. This was supplemented by

the argument that there was no Southern demand, as the consumption of that section was being supplied by the provender shipped out several weeks earlier. On the heels of this came announcements that the Irish hog crop exhibited a 75 per cent increase, that France had more hogs than ever, and that Germany had decided on prohibitory legislation. These things aided persistent bearing to perform the unparalleled task of breaking prices on positively no stock to speak of, though the drop was only accomplished by keeping pork down fully \$1.50 per barrel below the cost of production. The New York longs settled up miscellaneously. The St. Louis folks got out of their pork at about \$20, while the Cincinnati syndicate held on nearly to the end, sweeping the whole of the pool capital into the other man's lucky bag, and rendering it necessary to appeal to the courts to enforce an assessment on the members. At the close of trading, in October, there was a great quantity of stuff out, but all was settled up before night except 100,000 pounds of short ribs. On that default a committee was called but did not sit, as the matter was compromised before the time for the hearing. It was whispered around that the compromise was mostly done by the party of the long part, who did not like the complexion of the committee.

Except on short ribs the market turned down sharply before the close of October, mostly on tailers' offerings. The big longs had forced the shorts to cover, and had sold short for October to a scattering lot of men who expected a big squeeze at the end, and got left, as the few bears would not fill except at their own prices. From that point the market continued to weaken, with slight intermissions, and by the end of November pork had got down to \$16.75, lard to \$10.60 and ribs to \$8.75@12.50. Ribs sold at both these prices on the last trading of the month, the 8¾ being for ribs partly cured, but fit for shipment, while 12½ cents had to be paid by the big line of shorts, who suddenly woke up to the fact that meats could not be salted 40 days within the one month of November. A big lot of some 600,000 pounds was out after the close of trading, but it was settled up later, without resort to a committee. The speculators kept on hammering the market, however, and actually decreased the foreign demand by frightening buyers into the belief that the property could be obtained much more cheaply by waiting a little longer. Prices were sustained pretty well through December, the market being marvelously steady considering the break in corn the middle of the month. December witnessed only minor fluctuations, but with not much doing the last half of the month.

Wheat.—The market in wheat was very irregular. Controlling all else during the early part of the year, it sank later to comparative dullness. It varied in price from \$1.42 in April to 90¼ cents in December. The movement showed an increase, as the receipts were 23,008,596 bushels against 14,824,990 in 1881; and the ship-

ments were 19,767,884 bushels as against 17,127,540 bushels. The increase movement of wheat was, however, partly compensated by the smaller receipts of flour. The market stood at about \$1.26 during the first week in January and advanced to \$1.36 by the 25th. From this point the market declined irregularly to \$1.16½ for spot wheat and \$1.17⅝ for April, on February 15, which was the blue day for the longs and the real beginning of the "April corner." There was a sharp reaction to \$1.26¾ for April on February 20th, and by March 9 the market for April touched \$1.29½. It was at this time that the Directors fixed \$1.22 as the value of wheat for marginal purposes, and two days later the market for April soared to \$1.35, with numerous settlements at \$1.34. During the last half of the month the market ranged from \$1.33 to \$1.36. The first five trading days of April it sold at \$1.36, while \$1.42 was bid at the extreme close on April 30th. The appeal to the committee at this time was memorable to the trade and the finding, on May 26th, that \$1.31 was a "fair" price for the settlement of defaulted contracts was criticized by many. On the first of May the market declined to \$1.27½ and on the ninth to \$1.23. On the tenth, the 46,279 bushels of wheat posted in the National Elevator were sold at auction for \$1.15½. On the 13th a second lot of 23,600 bushels in the National Elevator was posted and, though said to be the last, the fear of further trouble kept the wheat pit in a ferment for two or three weeks. Following the decision above referred to there was a bad break in prices and much short selling which laid the foundation for the June imbroglio. Mr. Armour seems to have been put on his mettle by this decision and he was a heavy buyer both in Chicago and New York. The market for regular (which meant No. 2 spring till after July 30th) advanced from \$1.25 June 1st to \$1.32¼ on the 20th, closing the month at \$1.35. About 215,000 bushels were in default at the close of June, and the longs offered to exchange even from June regular into July spring, when the market was about \$1.30. The shorts refused and, later, were forced to settle at \$1.33. The demoralization of the market during July and August resulting from manipulation and from the admission of No. 2 red winter wheat as "regular," together with the incidents of the July corner have been previously related. No. 2 spring wheat reached \$1.35 the first week in July, touched \$1.28 during the third week and rose to \$1.35 the last of the month. With the close of the July deal the price fell rapidly, going to \$1.10 the first week in August and \$1.01 the second week. There was a revival to \$1.08 by the 24th but the price was a shade under \$1 at the close of the month. The September wheat deal was estimated at some 8,000,000 bushels, about 1,000,000 bushels of spot wheat being left in the hands of the longs. The range for No. 2 spring during September was from 97 cents to \$1.08. With the close of the September corner the market settled to a shipping

basis. The first half of October No. 2 spring ranged from $93\frac{3}{4}$ cents to $95\frac{3}{8}$ cents per bushel and the month closed at $92\frac{1}{4}$ cents. All through November the market was steady and generally tame, with a range from $91\frac{1}{4}$ cents to $94\frac{1}{4}$ cents, and December was the dullest month of the year. During December the price ranged irregularly downward, reaching $91\frac{1}{8}$ for No. 2 spring, while No. 2 red was at a premium.

Corn.—There was a large decrease in the movement of corn owing to the short crop in Western states in 1881. The receipts were 49,061,775 bushels, over 29,000,000 bushels less than the previous year, and the shipments were but 49,073,609 bushels against 75,463,213 bushels in 1881. The price range was from 49 cents in December to $81\frac{1}{2}$ cents in July. The market was steady during January with a range between $60\frac{1}{8}$ cents and $63\frac{1}{2}$ cents, the former being the closing price. The market declined the first half of February in sympathy with wheat, touching $55\frac{1}{2}$ cents for No. 2 cash corn. The market was erratic during March, partly owing to the announcement that the weevil had appeared in the corn bins and the posting of corn as out of condition. The range for the month was from $57\frac{1}{2}$ cents to $68\frac{1}{2}$ cents, the highest price being paid at the close. There was a sharp advance the first three weeks of April, spot corn selling at $77\frac{3}{4}$ cents on the 18th, while on the 22nd there was a heavy break to 70 cents by the 28th. A big line of shorts was put out on this downturn. With May there was a change of sentiment and the price rose to $76\frac{7}{8}$ before the middle of the month. This was followed by a decline to 69 cents by the 26th, partly owing to the decision of the committee on April wheat, which induced some corn longs to dispose of their holdings and vow that they would never more have anything to do with that side of the market. During June the market range was small until the last week, when terrible storms revived the earlier fears of a short crop in 1882 and caused an advance to $75\frac{1}{4}$ cents. Active speculation set in and the price advanced irregularly until the first week of July, when the high price of $81\frac{1}{2}$ cents was reached for cash corn. At this time the heavy longs unloaded freely, forcing the market down to $75\frac{1}{4}$ cents July 17th. Cool weather and discouraging crop reports carried the price up to $79\frac{1}{4}$ cents by the middle of August but it receded the last of the month on account of the death of Mr. S. A. Ricker, who was the holder of a large line of corn. The question as to the disposition of his holdings was a depressing factor on the market during September and this influence, together with larger receipts than expected, caused the price to decline irregularly until $57\frac{7}{8}$ cents was reached on the 30th. The decline was helped by large offerings from parties who had bought on the expectation of a corner at the close of September and who found that the squeeze, if any, was the other way. In October there was another rally, cash corn going to $71\frac{1}{2}$

cents by the 21st, after which it receded, cash corn selling at $67\frac{1}{4}$ near the end of the month. The 1st of November there was a sharp demand from New York for corn to fill November shorts in Liverpool and the Chicago markets advanced to $72\frac{1}{2}$ cents for cash corn on November 3rd. This demand was of but short duration and the price in Chicago fell to $65\frac{3}{4}$ cents, being followed by a second sharp upturn due to a corner in New York which sent the price in that market up to \$1.10, November 24th, which was higher than the price of spring wheat, and which carried the Chicago market up to $71\frac{1}{2}$ cents on the 16th. The market fell off to $65\frac{3}{4}$ cents, the month closing at about $68\frac{1}{2}$ cents. The December market was very unsteady and generally weak, prices ruling much lower than in November, reaching 49 cents the third week of the month and the year closing with January corn at $49\frac{3}{4}$ @ $50\frac{3}{8}$ cents.

Oats.—There was an increase in the movement of oats, the receipts aggregating 26,802,872 bushels, against 24,861,538 bushels in 1881, and the shipments 23,658,239 bushels, against 23,250,297 bushels the year previous. No. 2 oats were quoted at $43\frac{7}{8}$ @45 cents the first week in January and the price range was small until the first of April. The range during April was irregularly upward, $52\frac{1}{2}$ cents for No. 2 cash oats being reached before May 1st. May opened with a very light stock in store, about 68,000 bushels, and with prices moving upward as a result of heavy short sales for June and July delivery. A price of $56\frac{3}{8}$ cents was reached the first week in May, but by June 1st the market had worked down to 48 cents for cash oats, from which point the market gradually advanced with light receipts and at the close of the month 56 cents was paid. July marked the highest prices of the year, No. 2 oats advancing from $52\frac{1}{2}$ cents at the opening to 62 cents at the close of the month. The short interest for this month was quite heavy, and the elements were largely against the seller. Freight interruptions interfered with the receipts and helped the upward movement in the final hours. The defaults amounted to about 700,000 bushels and, dispute arising, the committee fixed 62 cents as the commercial value of No. 2 oats at the close of July. Following this manipulation, heavy receipts caused a gradual decline to $30\frac{1}{2}$ cents the middle of September, after which there was a reaction to $35\frac{3}{4}$ cents by the third week in October, and closing at $34\frac{1}{4}$ cents. November was a month of continued advance, the market being strengthened by light receipts and the proximity of the "year" delivery in which there was a large short interest. The month opened at 34 cents and closed at 39 cents. During December the range for No. 2 cash oats was from 35 cents to $41\frac{1}{2}$ cents, which was the closing figure. The short interest was considerable, the aggregate quantity defaulted being between 70,000 and 100,000 bushels.

Rye.—The market for rye was tame throughout the year and there was little speculative activity. The movement of this cereal showed an increase of nearly 50 per cent, the receipts being 1,984,516 bushels and the shipments 1,773,148 bushels. The course of the market was irregularly downward throughout the year, No. 2 rye opening at about $95\frac{1}{2}$ @96 cents, falling to 81 cents in February and closing the month at 87 cents. There was a downward movement in March, 82 cents being touched, after which there was reaction to $88\frac{1}{2}$ cents the latter part of April. After May 1st the price did not exceed 79 cents and by June 17th it had fallen to 68 cents. In July the price rose to 74 cents, after which there was a decline which continued irregularly the remainder of the year, touching 57 cents in September and $55\frac{1}{2}$ cents in November. The December range was small, being from 57 to $58\frac{1}{2}$ cents, and the year closed at $57\frac{1}{2}$ cents. The quality of the crop of 1882, especially that raised in the northwestern states, was excellent, the berry was bright and plump and a large proportion graded No. 2.

Barley.—The movement of barley was larger than ever before, receipts reaching 6,488,140 bushels and shipments aggregating 3,298,252 bushels. The bulk of the western-grown barley graded below No. 2 and sales were largely by sample. The market was somewhat demoralized the first of the year by a corner which ended in December, 1881. The opening price for No. 2 barley was $\$1.05$ @ 1.08 , the latter the top price of the year; $\$1.08$ was reached again the second week in January but from this point the trend was gradually downward, prices during March ranging from $\$1$ to $\$1.03\frac{1}{2}$. No. 3 barley ranged from 90 cents the first of the year to $69\frac{7}{8}$ cents the middle of February, reacting to 97 cents by the first of May. Sales were nominal during the midsummer months and the price fell to 65 cents in July. Quotations on the new crop were 86 @ 90 cents for No. 2 the first week in September and there was an almost steady decline in price until 79 cents was reached in December with No. 3 at 49 cents. Nearly 400,000 bushels of Canadian barley was received during the year.

The short wheat crop of 1881 had a direct influence upon flour receipts, these having been 779,000 barrels less during the first seven months of 1882 than during the corresponding period in 1881. The last five months of the year, however, influenced by the crop of 1882, showed a gain of 141,000 barrels over the same months of 1881. The total receipts were 4,179,912 barrels and the shipments 3,843,067 barrels. Export of flour, especially to Great Britain, increased by about 10 per cent and a feature of the trade was the high price paid for wheat by Minnesota millers. The price of spring wheat patents ranged from $\$7.25$ @ 8.50 in January to $\$7$ @ 8.25 in March, $\$7.50$ @ 9 in April, May, June, and part of July, $\$6.75$ @ 8 in September, $\$6.50$ @ 7.25 during October and from $\$5.75$ to $\$7$ the remainder of the year.

Seeds.—The receipts of flax seed were 4,923,091 bushels and the shipments 4,332,047 bushels. Of these shipments over 2,800,000 bushels were in bulk by lake, the seed being handled the same as grain. The receipts of other seeds were 52,839,404 pounds and the shipments 54,469,994 pounds. Good to choice flax seed was quoted at \$1.28@1.31 in January and reached \$1.41 in May, after which the price declined irregularly throughout the year, touching \$1.12 in December and the year closing at \$1.16½@1.20. Clover seed ruled dull and declining until it became apparent that the new crop was inferior when the crop advanced nearly \$2 per bushel from the lowest point of the year. The price stood at about \$4.90@5.10 the first of January and touched \$4 in May. The upward movement became pronounced in October when \$6 was reached and again in December when the price rose to \$6.30@6.75. The course of timothy seed was the opposite from that of clover seed, the highest price, \$2.70, being recorded in January, after which there was an irregular decline to \$1.50 in October. There was a rally to \$1.80 the last of that month, but \$1.50 was again reached in December and the year closed at \$1.54@1.70.

Transportation.—The railroad wars which marked 1881 were succeeded by comparative harmony in 1882, which made for uniform but higher rates. The chief exception was a rate conflict on the lines extending into Minnesota, which benefited the trade for a short time. Lake freights averaged lower than in 1881 and were much more uniform, while ocean freights were unprecedentedly low until after midsummer, when the withdrawal of a large number of steamers into government service by Great Britain caused a sharp advance. The rate by lake (sail) and canal on wheat per bushel to New York ranged from 6½ cents to 11¾ cents during the season, and by lake (steam) and rail from 8½ to 13½ cents. All rail freights on grain per hundred pounds to New York were fixed at 20 cents in January, raised to 25 cents in March and to 30 cents in December.

1883

The notable events in Board of Trade history for 1883 were the efforts against the bucket shops, the controversy with the agents of the eastern railroads and the great McGeogh corner in lard. The Board was in a healthy condition and considerable interest was taken in its politics. A caucus was held at which H. W. Rogers Jr. was nominated for President, and C. L. Hutchinson for Second Vice-President, but, as so often happens on the Board, the caucus nominee was not the winner, and at the election held January 8th J. B. Hobbs was the successful candidate for President, receiving 612 votes to 558 for Rogers. It was said that the fact that Armour supported Rogers operated against him, as Mr. Armour was a large and successful trader and there was some

jealousy as to his influence in the government of the Board. For Second Vice-President C. L. Hutchinson received 647 votes and C. D. Hamill 518. Three Directors, Ira Younglove, J. B. Reeme and J. B. Robertson having resigned, there were eight Directors to be elected, and they were as follows: G. H. Wheeler, C. A. Mair, L. G. Holley, J. M. Ball, J. J. Bryant, T. J. Lefens, G. D. Rumsey and J. Van Inwagen.

President Dunham presided at the annual meeting held on the 15th and Secretary Randolph read the director's report. The financial statement showed that there was on hand at the beginning of 1882, \$122,866.81. The receipts for the year were \$73,417.46; the expenditures were \$132,703.18. The Board owned securities amounting to \$216,675.27, which, with \$63,308.09 cash in hands of the Treasurer, made a total of \$279,983.26. There were no initiation fees received during the year as memberships could be purchased for a lower price than the initiation fee, and thus the receipts were smaller than for preceding years, while the expenses increased \$15,000, incurred largely on account of litigation. It was thought best, however, to leave the annual assessment at \$20. The Board of Real Estate Managers reported expenditures to date of \$110,513.19, and stated that the cost of the new building would not exceed \$1,300,000.

‡ The last days of 1882 were marked by renewed activity against bucket shops, and the telegraph companies had been notified not to furnish them with quotations. They complied with this demand and a number of bucket shops were cut off the first of the year, although Nohe's office was reported as being open and it was thought that it received its quotations through messengers. In order further to curb the evil a rule was proposed, in January, to expel any member trading at bucket shops. The owners of these institutions began legal proceedings to restrain the telegraph companies from taking out their wires, making the Board of Trade a joint defendant. In the Board of Trade's answer it was claimed that the market quotations were the property of the Board and that the bucket shops were simply gambling institutions. The bucket shops took every means to delay the final hearing of these cases after temporary injunctions had issued. On January 29th an amendment to the rules aiming to stop trading on other Boards by members of the Board of Trade was adopted by the close vote of 281 to 251. This prevented members from belonging to the Open Board and affected about 100 members. The injunction cases were tried before Judge Moran and, fearing the decision, the Board of Trade asked the transfer of the cases not heard to the Federal Court. They were agreeably surprised, a day later, when Judge Moran refused the injunction asked by Nohe's Bucket Shop on the ground that it was a gambling institution. The Chicago Herald at this time printed an interview telling of the great prosperity of

the bucket shop owners. It stated that in eighteen months C. J. Henri had risen from poverty to a fortune of \$40,000; that Doxie had made \$380,000 in three years; that Loring had an income of \$30,000 per year from rentals, all of which was due to his bucket shop activity; that Pope had more money than he knew what to do with and that Dan Loring was worth half a million. It was stated that the bucket shops cheated by means of false quotations, that they had their receivers muffled so that their customers could not get the correct returns even if they understood telegraphy and that they did not deal in grain and never went near the Board of Trade. One of the worst means of defrauding the gullible was by "investment funds," which were supposed to be invested by the promoters and which were guaranteed to pay large monthly dividends. The postal authorities finally took action and fraud orders were issued against Flemming and Merriam, R. E. Kendall & Co., C. J. Henri & Co., and Cudworth & Co. Fleming, who was one of the promoters of the famous "Fund W," fled the country but was captured in Canada and held on charges filed against him by Canadian victims. When captured, he declared that the troubles of the bucket shops were due to R. W. Dunham, who, as congressman, had used his influence with the Post Office Department to secure the fraud order. Flemming employed expensive counsel and was able to escape justice. It was stated, with apparently good authority, that he and his confederates cleared \$1,000,000. The bucket shop cases were on trial before Judge Blodgett at this time and newspaper publicity gave rise to the public belief that the difference between the Board of Trade and the bucket shop was one of degree only. Enough sentiment was aroused so that, by the latter part of February, action was taken to stop dealing in Puts and Calls by members of the Board of Trade. In March, Judge Blodgett dissolved the injunction restraining the refusal of quotations to the Bucket Shops, holding that the Board of Trade was a private corporation, and, as such, had absolute control of its market reports. It was on the strength of this decision that the Board of Trade ordered the wires taken out of the Open Board. S. D. Foss was the chairman of the Bucket Shop committee of the Board of Trade and he was strongly opposed to the Open Board, which he said was the father of the Bucket Shops. The wires were cut, on his order, but business on the Open Board was interrupted but an hour and it was announced that the quotations would be received from St. Louis, New York, and Milwaukee. The other members of the Bucket Shop committee were not so strongly opposed to the Open Board on principle and it was suggested that quotations would be furnished the Open Board if it would make its schedule of commissions and its hours of trading the same as those of the Board of Trade. This controversy seems to have served chiefly to strengthen the Open Board and within a short time it received

nearly 200 new members. The Open Board was founded in 1879 by five men who were, or had been, members of the Board of Trade, and was located in a small office, as the limited membership and resources, the initiation fee being but ten dollars, would not permit of more pretentious quarters. The membership gradually increased and the fee was advanced to \$50.00. When the membership reached 50, the Open Board moved into better quarters and the initiation fee was raised to \$250.00. The Open Board was so successful, however, and had such a large business that it was again forced to move and the old Tivoli Garden room in the Exchange Building was leased at \$10,000.00 a year, this rental being paid two years in advance, or until May 1, 1884. At this time, March, 1883, the Board had 180 members and a surplus capital of \$30,000.00. With the new applications for membership the directors increased the membership limit to 400. The Open Board was able to secure the quotations by permission of J. R. Bensley, president of the Call Board. Mr. Bensley's action was severely criticized by some members of the regular Board, but A. C. Miller, president of the Open Board, defended the legitimacy of that organization, and said that for several years it had fixed the opening prices of the Board of Trade. The Board of Trade pushed the cases against the bucket shops, but its position was not thoroughly understood or sympathized with, as is shown by the fact that the Chicago Tribune, on March 17th, spoke of the Board of Trade's action as if it was simply an attempt to do away with its rivals. The bucket shops felt so sure of their ground that they had bills introduced in the legislature practically legalizing them and compelling the Board of Trade to furnish quotations to any who might ask for them. It was stated that, in order to secure support from both parties, the bucket shop men employed two of the ablest lawyers in the state, Emery A. Storrs, Republican, and ex-Governor John M. Palmer, Democrat, to present their claims for recognition. The Tribune seems to have seen a light on this question, for it opposed the bucket shop bills and said that their "effect will be injurious to public morals, and will do injustice to the Board of Trade." It also declared that the bucket shops were on the same plane as the faro bank and the policy game, and that the Board of Trade transactions were valid and binding and fixed prices, while the bucket shops were mere gambling dens. At the end of March, an effort was made to compromise the differences between the Board of Trade and the Open Board and the latter offered to raise its commissions, but the Board of Trade committee was not at that time willing to compromise.

A controversy also arose between the Board of Trade and the Call Board. The surplus capital of the Call Board, amounting to \$75,000.00, had been invested in the Board of Trade building bonds, and the plans for the new building provided for a large call room, but when approached by the Call Board, the Board of Trade refused

to make any promises as to renting this room and it was given out that the regular Board would establish a Call Board of its own. Naturally this was displeasing to the smaller institution, which wished to continue as an independent body. The Call Board, as we have seen, was organized in 1876 when the Board of Trade refused to furnish rooms for carrying on a call. About 120 members of the Board of Trade thereupon organized a Call Board, believing it to be a fair and legitimate way of trading. They rented a room and furnished it at their own expense and the institution gradually grew both in numbers and in the magnitude of its transactions. The first year the business amounted to \$84,793,000.00 and in 1883 the membership was over a thousand and the trade aggregate was \$842,435,000.00. At first the membership fee was but \$15.00, while in 1883 it was \$2,500.00, although memberships could be bought for about \$400.00. Another attempt at compromise was made by the Open Board and it agreed to raise its rates of commission, and it was thus claimed that nothing but the hours of trading were in dispute. In order to ingratiate itself with the big Board, the Metropolitan Grain Exchange, which was a bucket shop in fact, also raised its commissions. This controversy among the boards found its way into the Call Board election held in May, and it was stated that there was no hope of a compromise with the Board of Trade as to quarters in the new building and that the Board of Trade was trying to get control of the directorate of the Call Board in order to prevent a coalition of that body and the Open Board, for if these two bodies joined hands it was feared that a new Board of Trade would be established. F. A. Crittenden was elected president and J. W. Rumsey and W. B. Gregory were chosen vice-presidents of the Call Board at this time. As a result of the efforts of the bucket shops to secure favorable legislation, a legislative committee was appointed to investigate "gambling in grain." This committee held sessions in Chicago and listened to a considerable amount of testimony. C. E. Culver explained the methods of the Board of Trade, Allen C. Miller defended the transactions of the Open Board and Nohe appeared for the bucket shops. He urged that there was no difference between these institutions and the Board of Trade except as to the minimum quantities handled, and that the transactions of the bucket shops were the same as the "ringing" practiced by the Board of Trade, and claimed that the bucket shops were superior, in fact, as they did not manipulate the markets. H. B. Peabody, another bucket shop manager, testified that there was no difference and that grain was delivered on bucket shop transactions whenever wanted. A. M. Wright defended the Board of Trade and said that it was "the balance wheel that maintains prices the year through." The committee visited the Board of Trade, the Call Board and various bucket shops and later reported that, from the evidence taken and from personal investigation, it was satisfied that the manner

of conducting business on the various Boards of Trade and in the exchanges or bucket shops did not materially differ, except in magnitude, and that all professed to make delivery, while from 90 to 99 per cent of the deals were fictitious and ordinary gambling. The report stated that no line could be drawn between the Board of Trade and the bucket shops. The committee recommended that record be kept of each transaction, that all quotations be free to the public and that all option deals be prohibited. This committee was composed of the following legislators: Thomas F. Mitchell, Charles E. Fuller, J. H. Collier, P. O'Mara and F. A. Willoughby. Fortunately for legitimate trading, the legislature did not act upon these recommendations, and, in May, the courts decided, in the injunction case of Bryant and Campbell vs. the Western Union Telegraph Company, that the Board of Trade had the right to control its quotations. In a second decision rendered about the same time in the case of the Public Grain and Stock Exchange vs. the B. & O. Telegraph Company, Judge Moran refused to dissolve the injunction, saying that it was not a question of gambling, that the institution seemed to be honest and conducting its business in an honest way and must be treated as other customers. He said the Board of Trade might not have to furnish quotations, but that there must be no discrimination by the Telegraph Company. It will be seen that these decisions apparently were at variance, leaving the legal status of the bucket shops and its relation to the Board of Trade in doubt. Soon after this time, the excitement attendant upon the great McGeogh lard corner, together with his failure and the subsequent demoralization of the market, drove all other things from the minds of the traders, and it was not until August that any further steps were taken to suppress the bucket shops. These measures were in the form of rules proposed by the directors—one to the effect that any member of the Board of Trade trading on other Boards should be subject to suspension or expulsion; and the second provided for the appointment of a corps of market reporters, these reports to be wired to such parties as might be approved by the Board. These rules were adopted, on August 29th, by a vote of 369 to 82. In the meantime, however, the Board of Trade had been losing a large volume of business in country orders through the operations of the bucket shops. One such institution on La Salle Street, near Madison, employed 125 clerks, and had drummers all over the West. Their strong arguments for trade were that they dealt in small quantities and charged low commissions. This competition was felt and led to a movement to reduce the commissions charged by the regular Board. The Open Board began this agitation, charging that the high commissions were driving away business and that in truth Board of Trade members were cutting rates. It was finally decided to furnish quotations to the Open Board, it agreeing to limit its trading hours from 9:30 a. m. to 3:00 p. m. and

nominally adopting the Board of Trade commission schedule. The new rules were made to permit the appointment of agents on a commission basis, but there were to be no rebates to customers. Perhaps the most important feature of the new rules was the provision for a Clearing House and that, as to deliveries, the base price would be the market quotation as posted by the directors, differences to be paid according to these figures. The Clearing House was opened September 24th with Mr. Lunt as manager. Printed slips were provided for each broker with headings "we owe to," "we claim from" and "balance." Under these heads the broker was to enter the name of the firm and the amounts due or claimed, and if the balance was against him, to give a check for the amount. Fines were provided for failure to present these statements promptly and a member making false returns was subject to discipline. A commission of $\frac{1}{2}$ cent was charged for every item on the balance sheet. The balances for the first day the Clearing House was in operation amounted to \$83,000.00 and for the first week the clearances were \$1,631,797.50 and the balances \$495,517.75, while the number of items were 33,392.

In spite of agitation and exposures and prosecutions the bucket shops continued to thrive, one of the most persistent of the operators being G. W. Rumble, whose methods were at different times exposed by the Chicago press. He operated under the name of W. T. Soule & Company and issued circulars guaranteeing profits of from 2 to 5 per cent a month and giving S. Warren Lamson, a member of the Board of Trade, as reference. So tempting was this method of operating by the means of "Funds," by which monies were to be placed in the hands of an operator to be used according to his own judgment, that it was copied by a member of the Board of Trade, and that body was chagrined to have pamphlets containing "Fund" proposals, signed by a member of the Board, returned to it from various sources. The directors took this matter up at once and Robert Lindblom, who had issued the circulars, defended them as "co-operative trading" and stated that many brokers took commissions with the understanding that they were to use their own discretion and share in the profits, but not in the losses. Nevertheless, Mr. Lindblom soon withdrew these circulars. While the prosecutions in the state courts proceeded with varying fortunes for both litigants, the federal courts were not idle and were still at work on the "fraud order" cases. In October, Frank Loring was brought to trial for the fraudulent use of the mails. He claimed that he was but an agent for Flemming & Merriam. A number of the victims of "Fund W" testified as to the methods and as to Loring's connection with the firm. Later W. W. Miller, F. L. Loring and John Flemming were indicted by the federal grand jury. Flemming had been arrested and tried several times in Canada, but had managed to escape the law and had then disappeared.

Clever work on the part of Government Detective Ray located him at Bismarck, North Dakota, where he was running a notion store, and he was arrested and brought to Chicago for trial. The "Fund W" cases were heard in November and attracted wide interest. W. W. Miller confessed and laid bare the plots. It was customary to pay two dividends to the victims and then to report that all was lost. The testimony also showed collusion between the bucket shops so that when it was judged to be time for a "Fund" to fail, a bogus transaction was made so that one of the exchanges in the ring appeared to have won the money which the "Fund" lost. As a result of the trial, John Flemming and F. L. Loring were found guilty and it was thought that others of the conspirators would be brought to justice. In December, G. W. Rumble was arrested in New York and brought to Chicago for trial. The last sensation of the year of this nature was when D. H. Tolman, a member of the Board of Trade, issued circulars offering to do business for one-half the profits, but making no provision for losses.

During nearly all of the trade year business was somewhat interrupted by an unfortunate dispute between the Board of Trade and the representatives of the Eastern railways. J. C. Hately, a provision shipper, made a shipment over the Star Union Line (Pennsylvania railway), the meats being damaged by delay in New York. This shipment was made in July, 1880 and, failing to obtain a settlement, Mr. Hately, more than a year later, made complaint to the directors of the Board of Trade and asked that the representatives of the Star Union Line be disciplined for failure to arbitrate. The directors sustained Mr. Hately and took the ground that these railway representatives, having membership on the Board, had agreed to abide by its rules, one of which was that commercial disputes should be settled by arbitration and not by appeal to the courts. The railroads claimed that this was an infringement upon their rights and that rather than agree to arbitration they would withdraw their representatives from the Board. The agents of all the eastern lines out of Chicago held a meeting and resolved that they would not allow their representatives on 'Change until the directors receded from their position. The western roads, while agreeing with the eastern lines in theory, did not withdraw their representatives. The eastern lines declared war on the Board and decided not only to withdraw all solicitors, but to withhold all information as to shipments. They further agreed not to allow the Board of Trade weigh-masters at the railway scales. These acts caused considerable inconvenience to members of the Board; the presence of solicitors had enabled the members to transact business as to shipments without leaving the exchange, the statistics as to shipments were of value to the market and the absence of the official weigh-master made shippers wholly dependent upon the railroads as to weights, without any check whatever. Notwithstanding these

inconveniences, the directors were not intimidated, and, on January 30, replied to the railroads that they would not recede. The railroads and the Board of Trade exchanged communications, but without result, and the embargo continued. In the middle of February a meeting of the railroad men and the directors was held, but again no compromise could be arranged. This controversy imposed the greatest hardship upon the shippers, and on the last of February, the Grain Shippers' Association held a meeting, with P. W. Dater presiding, at which a committee reported that the railways had been requested to allow an official weigh-master to act, but that the railroads had replied that the grain shippers were members of the Board of Trade and that compliance with their wishes would be a virtual surrender to the Board of Trade and this they would not do. The shippers answered that they were not responsible for the Board of Trade, but that they demanded some check upon weighing as their right and that they might go into the courts to secure it. The disadvantages were not all on the side of the Board, especially as the time of lake navigation opened and the representative of the Nickel Plate Railway returned to the Board in March, but he was soon forced to withdraw by the other railroads. The shippers and receivers appeared before the warehouse commission and urged that weighing by the railroads alone was unsatisfactory and that exact weights should be given on the bills of lading. This agitation was continued until the legislature enacted a law creating a state weigh-master. The Tribune, of March 17, said, editorially, "The misunderstanding between the Board of Trade and the representatives of railways carrying produce to the East has developed into a commercial nuisance." The first sign of weakening was on the part of the railroads when it was announced that they might allow shippers to oversee the weighing of grain. The Railroad and Warehouse Commissioners took a hand and the railroads resolved to allow shippers to weigh east bound freight, but declared that the commissioners had recognized that the railways were right in the Board of Trade controversy. Another point at issue was a switching charge of \$2.00, against which the grain men protested, and appointed a committee of six to interview the elevator owners and the Mayor in order to secure for Chicago the same treatment accorded other cities. At a meeting of the grain receivers, April 18, the Board of Trade submitted a brief of the Hatley case and declared that it had not asked that the matter be brought before the arbitration committee of the Board but that it be speedily arbitrated before any body which might be selected. The railroads declared this was a new proposal and would have been acceptable if so understood before. To further embarrass their antagonists the railways forbade agents for the steamboat lines under their control to solicit business on the Board of Trade, but some of them refused to obey these orders and this scheme did not avail. It was not until the

21st of May that the railroads receded insofar as to allow shippers to have weigh-masters at the scales and to furnish daily statistics of shipments, but they still refused to attend the sessions of the Board and asked the Directors to concede as to arbitration. This the Board refused to do and the matter remained in this status for several months although several conferences were held. The necessary legislation having been enacted, State Senator George Torrence of Pontiac was appointed State Weigh-master on July 6th. He appointed John Wade, the Board of Trade weigh-master, as his first assistant, and opened his office in Chicago, August 1st. The sixteen assistant weigh-masters formerly employed by the Board were also appointed by Mr. Torrence. The railways having yielded to the demand of the shippers, the latter found that they much preferred their own management to that of the State Weigh-master. They therefore withdrew their patronage from the state official and, as no appropriation had been made and the office was dependent upon fees, Mr. Torrence soon found that he was holding office at a loss, and, in September, he closed his office and resigned, after which weighing was resumed under the supervision of the Board of Trade as it had been before the controversy with the railroads arose. In the meantime Mr. Hately was persuaded to withdraw his complaint from before the Directors of the Board of Trade on the understanding that the railroad was willing to consider the case on its merits if the presumed attempt at coercion was dropped. The case was not settled, however, until November 26th. On that date the railroad agreed to pay Mr. Hately a satisfactory sum, and arranged to be again represented on the Board after an absence of ten months.

During the year 1883 there were more than the usual number of complaints on account of the inspection service. It was said, in January, that corn receipts were lessened a million bushels in December on account of faulty inspection. A committee of the grain receivers called upon Commissioner Bogue and asked for changes in inspection, saying that the inspection in January was much more rigid than in December and was driving corn from the Chicago market. Later in the month the grain receivers sent a telegram to the state legislature to the effect that "the numerous and serious complaints of wheat shippers that the inspection of grain in Chicago is irregular and unjust should, in justice to all, be immediately investigated by a special committee of the legislature." These complaints led to the resignation of Commissioner Bogue and the Board of Trade petitioned that W. N. Brainard be appointed in his place. Serious trouble arose relative to the inspection of Kansas corn and the Receivers' Association appointed a special committee to interview the warehouse commission in regard to it. The report of this committee was sensational; it being charged that a member of the Receivers' Association had attempted to forestall the committee and to prejudice the commissioners

against them. No names were mentioned, but it was understood that A. M. Wright was the party referred to and that gentleman bitterly opposed the adoption of the report as personal and uncalled for. Many left the meeting, and no quorum remaining, an adjournment was forced. A second excited meeting was held, at which time the references to Mr. Wright were withdrawn from the report, but this did not satisfy him. Messrs. Pope and Culver of the committee maintained the correctness of the report as it first stood and Mr. Wright replied in a lengthy and impassioned speech. The amended report was finally adopted, but much feeling was created and the Receivers' Association was almost disrupted. Late in February, Assistant Inspector Parker resigned, as it was alleged, on account of the complaints of grain receivers, and William Smiley succeeded him. The new Board of Warehouse Commissioners was composed of W. N. Brainard, E. C. Lewis, and C. T. Straton. After this reorganization, complaints were fewer, although, in April, the millers complained that under Chicago inspection varieties of wheat were mixed, hard and soft winter wheat being put in the same bin, and that wheat from Iowa, Kansas, Missouri, etc., were mixed, thus making Chicago wheat much less desirable for milling purposes. Again, in October, on account of the many "plugged" cars, the grain receivers and the railways agreed to place a regular inspector at each transfer yard to thoroughly inspect grain before it started East, and if not up to sample, the car was to be held for disposal by the shipper. For the first time, also, live stock inspectors were appointed at the stock yards to protect the public against diseased cattle. This first attempt at livestock inspection went into effect September 1st, and by October 18th, 85 head had been condemned.

Aside from the decisions of the courts relative to the Bucket Shop cases, there were several others of interest to the Board. The most important of these was a decision handed down by the Supreme Court, the latter part of March, in a case growing out of the wheat corner in July, 1882. By this decision, in the case of Wright vs. the Board of Trade, it was decided that the Board of Trade had full power to discipline, and it was stated that it was an old question and that the power of the Board to govern itself could not be denied. The decision gave an interesting brief of former decisions in substance as follows:

In *Page vs. Board of Trade* (45 Ill. 112) it was held that the Board had power to expel.

In *Fisher vs. Board of Trade* (80 Ill. 86) an injunction to prevent the corporation from carrying into effect a sentence of expulsion was refused on the grounds that chancery was powerless to afford the relief sought, even if the Board had erred, either on the merits of the case or by acting without jurisdiction.

In *Rice vs. Board of Trade* (80 Ill. 134) in a mandamus proceeding to compel the Board of Trade to readmit Rice, the writ was

denied, it being held that the Board was a voluntary organization, that a property right was not involved, that the charter conferred full right to expel, that each member on being admitted had pledged himself to stand to and abide by the rules and regulations of the organization and the courts would not interfere.

In *Baxter vs. Board of Trade* (83 Ill. 146) a bill to restrain the Board of Trade from preventing complainant from the exercise of the privileges of membership, although he had been expelled, held that Court of Chancery had no jurisdiction.

In *Sturges vs. Board of Trade* (86 Ill. 441) a bill for an injunction to prevent the Board of Trade from trying and expelling, held that under the rule in the *Baxter* case the bill would not lie.

Robinson vs. Yates City Masonic Lodge (86 Ill. 598)—Court refused to interfere and referred to *Rice* case.

The case of *John T. Lester et al. vs. the Board of Trade*, which was practically identical with the *Wright* case, was covered by this decision. In May a decision was made in the case of *Hugh Maher*, who applied for a writ of mandamus to be restored to membership. He stated that he had been a member from 1859 until August, 1872, at which time he had been expelled. With its increased assets and business, membership in the Board had become valuable and Mr. Maher wished restoration. The decision was that Maher had slept on his rights and that the Board had full power to expel.

Although building operations proceeded steadily, the litigation begun by Mr. Hering was still pending, and, in June, he filed an amendment to his bill stating that by the vacation of La Salle Street the city had made a large donation to the Board of Trade. The final decision in this case was rendered by the Supreme Court November 20, 1883, affirming the decision of the lower court and ending all litigation directed against the erection of the new building.

In January, the appellate court affirmed the decision of a lower court that memberships in the Board of Trade were property and could be seized for debt. This case was appealed to the Supreme Court and, in May, a decision was rendered by that court of last resort to the effect that membership in the Board of Trade was a privilege analagous to membership in a church, and not property which could be attached for debt.

It will be remembered that at the close of 1882 all the so-called "corner" rules had been repealed, but that a committee had been appointed to recommend something to take their place. Thus it was that in the opening months of 1883, trade was unrestricted and there was much interest to see how the commercial transactions of the Board would work out without these protective regulations. Litigation as to the wheat corner was pending and reached the Supreme Court in early January. The first month of the year developed a corner in corn, the price rose to 71 cents and J. B. Lyon, who was short 185,000 bushels, obtained a temporary injunction

against S. H. Richardson & Co. and others to prevent a corner. T. B. Handy was a special partner in the Richardson firm and he announced that he would fight the Lyon suit. The directors fixed the marginal price at 55 cents. The threats of litigation evidently scared the would-be cornerers and, on the 29th, the price of corn dropped 8 cents, and on the 30th it was reported that Lyon had dismissed the suit and settled at 58 cents. The members of the Board were much pleased that they had turned the first "corner" without corner rules and with no failures and less friction than under the old plan. It was this fact, perhaps, which inclined the members to receive rather indifferently the report of the special committee as to corner rules. The proposed rules provided for deposits for the security of contracts and for a standing committee of nine on contracts and deposits. This committee was to fix a value as a basis for deposits and hear disputed claims on defaults. Its decisions were to be final and it was not to be influenced in its findings by market manipulation. These proposed rules created much interest and were freely discussed in letters to the daily press. Severe floods throughout the central West, the middle of February, served to raise prices generally. This upward tendency was brief, however, and on February 19th the markets were reported as "excited and down." It was on this day that the proposed corner rules were defeated by the full Board by a vote of 278 to 461, it being held that they were ambiguous and would provoke, rather than allay, strife. In March, the provision market was excited by an edict against American pork enacted by the German government. This edict was not to go into effect until 30 days after its publication and leading packers hoped to make such representations as would prevent its publication. In a few days, however, the decree was published to go into effect the middle of April. The decision of the Supreme Court in the July, 1882, wheat corner case was published March 30th and released large sums of money which had been on deposit as margins. All markets were higher the latter part of this month owing to severe and widespread frosts on the 24th. The last echoes of the July wheat deal were heard in April, when A. M. Wright settled for 30,000 bushels with Armour & Company in order to preserve his membership, complaint having been made to the Directors after the Supreme Court decision. A few days later, the balance of this wheat deal, estimated at 2,900,000 bushels, was settled, and it was estimated that the profits were \$1,500,000.00. On April 25th the suspension of Handy, Richardson & Company was announced. Mr. T. B. Handy was the hero of the famous Cincinnati corner, but after that triumph he had been unfortunate and the suspension created no surprise and had no effect upon 'Change, as his deals for some time had been small. He was forced to mortgage his beautiful Cincinnati home and he did not again become a factor in the market. It was not until May

that there was any great revival of market activity, but at that time a strong bull market, championed by P. D. Armour, was developed, with S. W. Allerton on the bear side, and it was at this time, also, that the trade awoke to the fact that Peter McGeogh, of Milwaukee, was extremely long in lard, controlling at that time 150,000 tierces, and being given the sobriquet of the "Lord of Lard." The operation in May wheat ended without serious complications, but the McGeogh corner in lard continued to gain headway and by the first of June it became apparent that there was to be a battle royal in the provisions market. The first sign of weakness came June 1st, when McGeogh refused to accept 1,000 tierces of lard of the "James Wright & Co." brand, delivered by Fowler Brothers. McGeogh claimed that this lard was adulterated, and although it had been passed by Inspector Mixer, he determined to lay the matter before the Provision Inspection Committee. This announcement created a great sensation and Fowler Brothers were defended by some on the ground that the adulteration of lard was general, was known, and that the trade, especially of Cuba, demanded it. McGeogh accepted the lard under protest and withdrew the complaint, but petitioned the Directors to discipline Fowler Brothers for uncommercial conduct. The Directors made a prompt investigation, holding secret sessions, although much of the testimony found its way into the daily press. The evidence of the prosecution was damaging and told of various impurities and adulterations, backed by the testimony of chemists that the lard was adulterated. In return, the defense claimed that this evidence had been obtained by bribery and that the whole case was a matter of persecution. The fact of this investigation and the evidence submitted were matters of widespread interest, not only in Chicago but throughout the market world, and the effect of the revelations as made by McGeogh's witnesses was to discredit the entire Chicago lard product. As the one great holder of practically all the lard on the market, Mr. McGeogh was the chief sufferer from the great depression in prices which followed. Even under normal conditions, the deal as planned by McGeogh and his friends was a great undertaking and required very large sums of money, but with this general suspicion cast upon the Chicago product, prices went down to such an extent that the clique was unable to carry the load. On June 16, McGeogh was called for margins on 300,000 tierces of lard at an average of \$7 per tierce, requiring the sum of \$2,100,000 to protect the deal as it stood, with the certainty that large additional sums would be required. It was said that P. D. Armour offered McGeogh \$1,000,000, but it was declined as useless, unless the balance could be raised. Armour and McGeogh were in telephone communication all night with McGeogh's friends in Milwaukee: Alexander Mitchell, Daniel Wells, and Mr. Plankinton, but the needed money was not forthcoming and in the morning the suspension was announced.

It came as a surprise to many traders, for on the previous day it had been firmly announced that McGeogh was in good condition and that the corner would be carried through. With the announcement pandemonium raged on 'Change. The confusion was such that no track could be kept of prices. Four hundred thousand tierces of lard were sold for McGeogh's account, and it was stated that the sales of the day amounted to 900,000 tierces of lard, between 150,000 and 200,000 barrels of pork and from 8,000,000 to 10,000,000 pounds of meat. Lard dropped from \$11.25 to \$8.90 and the McGeogh losses were, at that time, estimated at \$2,500,000 to \$3,730,000. There were many winners as well as losers and S. W. Allerton was said to have gained a large sum, and the bears, generally, were so elated that they held a grand celebration the last of the month. On account of his previous operations, in which he had held others to a strict accountability, Mr. McGeogh was not a favorite upon the Chicago Board, although he was regarded as a man of absolute integrity. He was described as "a tall, stout Scotchman, his dark hair and full beard being plentifully sprinkled with gray." The newspaper account, at the time, stated that McGeogh owned the "horse railway" at Milwaukee and had large property interests in that city, and that he owned the Townsend House at Oconomowoc and a large farm in the suburbs of Milwaukee. He had recently purchased a magnificent residence, but preferred to live on the farm. He was, at first, a country buyer of wheat which he shipped to Milwaukee and thus accumulated a considerable fortune. He became a partner in the firm of Van Kirk & McGeogh, which failed in the wheat corner run by Lindblom and Schroeder, in 1875. He paid every dollar he lost at this time through the good offices of Alexander Mitchell, although the failure left him penniless. The corner of 1875 seems to have started him on a career of corners. Through the friendship of Mr. Mitchell, he was enabled to take the cash wheat of that corner and he carried it until he finally made a profit. He ran wheat corners in June, 1880, April, 1882, September, 1882; a pork corner in 1881, and the disastrous lard corner of 1883. He was supposed to be worth at least a million dollars at the time of his failure. The country traders had great confidence in his integrity and in his judgment and he was always able to command a large following in his operations. All his property, including his homestead, was attached and it was said that he was completely broken in spirit by the crash. Other failures connected with this collapse were those of R. H. Parks & Co. of New York, M. S. Nichols & Co., Geo. Stewart & Company, and Dally & Co. of Chicago. The liabilities of the Nichols firm were \$323,500, with good assets of \$178,700. When the crash came, P. D. Armour entered the market and by large buying prevented an immediate panic. When the smoke of battle had passed away, it was found that McGeogh's liabilities, after deducting debts which had been

secured, were about \$1,500,000. J. R. Bensley was appointed receiver, and by a series of conferences with Mr. Wells and Mr. McGeogh he was able to offer the creditors 50 cents on the dollar on the unsecured claims. The creditors held a meeting and, while the large majority were in favor of accepting the proposition, a few, remembering when they had been "squeezed" by McGeogh, were opposed to it. On July 21, Mr. Bensley turned over \$600,000 to McGeogh's creditors. In order to do this, it had been necessary, not only to raise this large sum, but to effect compromises in many lawsuits, and the whole matter had been concluded in less than three weeks from the time of his appointment as receiver, and at a cost of less than \$20,000, or one-third of 1 per cent. This settlement has long stood as a bright example of how cheaply and quickly a large transaction of this kind could be completed, and in vivid contrast to the delays and expense of settlement through the courts. The Nichols firm declared a dividend of 50 cents on the dollar, Kenyon & Co., which had suspended, paid in full and resumed business, and it was announced that T. B. Handy would be able to pay 50 cents on the dollar. Another suspension, subsequent to the crash in lard, was that of Whitcomb & Kendall, who failed for \$110,000, with a net loss to creditors of \$40,000. The effect of this great market sensation was a big drop in the prices of both grain and provisions. Armour, who had been a persistent bull, turned bear; the German government, partly on account of the exposure of adulteration, placed an embargo on American lard; a strike of telegraph operators, called July 19th, added a blow which nearly stagnated business, temporarily, and reduced country orders nearly 50 per cent. Added to all of this was a great timidity imparted to country speculators, many of whom had followed McGeogh and had lost heavily.

In spite of the collapse of the McGeogh corner the Board of Directors pursued the investigation as to lard adulterations. The testimony was voluminous and it was not until August 22nd that the verdict was rendered. The Directors decided that the charges against Fowler Brothers were not sustained, but at the same time the firm was censured for the use of suspicious machinery and "remarkable methods" and it was demanded that the machinery be changed. This was regarded in the light of a "Scotch verdict." This investigation and the great corner in lard were matters of discussion in the press throughout the United States. The August, 1883, number of the North American Review contained a lengthy article by H. D. Lloyd, portions of which are of interest as touching the Board of Trade. Mr. Lloyd said:

"The greatest of these price factories is the Chicago Board of Trade. Thirty years ago its thirty-eight members were scouring the country back of them to persuade the farmers to send their stuff to Chicago for sale. Cheese, crackers and ale were spread out in the Board room to induce the members to attend, but for days in

succession the minutes read: 'None present.' Last year the Board received and paid for \$382,000,000 worth of farm products and the total of its transactions was not less than \$3,000,000,000. It has become not only the chief of the food markets, but the greatest speculative market in the world, as an authority on speculation testified last winter before the New York legislature. It is the only market to which all the world goes to trade. Orders to buy and sell come to it daily from London, Liverpool, Glasgow, Edinburgh, Dublin, Cork, Bordeaux, Marseilles, Zurich, Havre, Antwerp, Amsterdam, Berlin and Hamburg. It gives the American farmer the best of markets. No other farmer has such a market as this which mobilizes and cashes the crops of the Mississippi Valley. Its scores of railways fetch and carry; its banks, stretching from Zuider Zee to the Yellowstone, bring the capital of the Bank of England and of the Hopes of Amsterdam to meet the farmer when he drives up to the country station with a wagonload of grain to sell. Its telegraph wires inform him of the prices, the weather, and the supply and demand of the world. Its every opinion of value is substantiated by cash. Its warehouses will hold two days' rations for every man, woman and child in Europe and America. Packing houses that can, singly, kill 10,000 hogs a day in summer and 20,000 a day in winter are there to receive all the live stock that the prairies may forward. A cargo of grain lately sold in Liverpool on Chicago account had to be disposed of on six months' time. Chicago, whether in harvest time or mid winter, will any day buy all that anyone may wish to sell and sell all that anyone may wish to buy. Liverpool is in comparison an awkward country market where every consignment of grain must be handled and sold as a separate parcel. But here, the state inspects all the grain that arrives in Chicago and gives a ticket of quantity and quality which is a negotiable security and passes into commerce to be sold and bought and borrowed upon, while the wheat itself is run with more of the same kind into the graded bins of the elevators."

This article contained a strong argument against corners in food stuffs and relative to this subject stated:

"Corners used to come on the Board of Trade once in a year or two. Now there are corners almost all the time. The Chicago corner used to be the venture of some local Titan and was felt only within the then provincial jurisdiction of the Board. Now it is often the cosmopolitan work of the combined capitalists of half a dozen cities, and its effects, as the London Times said of the pork corner of 1880, are felt in advancing prices all over the world. When 6,000,000 bushels of wheat were handled by a syndicate ten years ago, it was felt in predatory circles that the civilization of the nineteenth century had about reached its grandest height, but 60,000,000 bushels of corn and 20,000,000 bushels of wheat are now pocketed almost without exciting remark. The corner generally used to fail; but the accumulative experience of many collapses has not been in vain. Such mistakes are not now made as that of the wheat corner of 1872, which was begun in the face of the harvest and was drowned out by the rush of wheat from the farmers who dropped all other

work and dried the green wheat in stoves, pots, tin cups, anything in which it could be heated, with the result of forcing down prices on themselves 47 cents in twenty-four hours. During the wheat corner of 1879, three out of every four flouring mills of the country were kept idle for over two months. One of the oldest members of the Produce Exchange prepared for the legislature an estimate that this syndicate, by not selling and by not letting others sell and by fleecing those who had been inveigled into dealing with them, and by the injury that had been done to the millers, the shipping interests, the exporters, and the consumers of flour, had caused a loss to the country of not less than \$300,000,000."

The depression in the Chicago markets, already noted, was accentuated in August by a financial panic in New York. On the 14th, the important stockbroking firm of Ballou & Co. of New York and Boston failed and on the following day the suspension of E. C. Steadman of New York was announced. These ill tidings were followed but a few days later by reports of English agitation for the exclusion of American meat products and the month ended with heavy markets, large deliveries, but no corners. Heavy frosts, September 7th and 8th, caused the corn market to show temporary strength, which was lost as the weather became more favorable. Throughout September, business on the Exchange was dull, and on October 2 it was said that there was no business in the speculative line and that any change would be an improvement.

The agitation for the exclusion of American meats from Europe grew to such proportions that official recognition was taken of it by the United States government and E. W. Blatchford of Chicago was one of a committee appointed by the government to report on American pork products in refutation of the foreign objections, and by the middle of October the French Premier foreshadowed the withdrawal of the embargo against American bacon, which was done November 27.

Mr. McGeogh's accounts having been settled, his reappearance on 'Change the latter part of July was greeted with applause by his friends, and with their aid he again became an active trader, as is shown by the following comment in the commercial column of the Chicago Tribune, October 20: "With Holmes selling out his wheat, Hutchinson selling his May corn, and McGeogh his May oats yesterday, there was a liberal unloading." In November, it was rumored that there had been a falling out between McGeogh and his partner, Mr. Wells, of Milwaukee, and it was reported that there had been a personal encounter. This was followed by a suit brought by Wells against McGeogh for an accounting. This caused much feeling on the part of some of McGeogh's former creditors, for it was argued that he must have money or Mr. Wells would not have sued him. This lawsuit became a "cause celebre" and was one of the Board of Trade sensations of the ensuing year. It was

not until October that the general markets recovered and for a time there was a strong bull market and it was said that McGeogh profited largely by the advance.

During the year 1883, there were a number of minor incidents which are still worthy of note. The National Board of Trade met at Washington in January, its most important resolution being in favor of the establishment of a postal telegraph and telephone system. Distinguished guests of the Board of Trade during the year were Porfirio Diaz, President of Mexico, who addressed the members in Spanish, being interpreted by ex-Minister Foster; a distinguished delegation from South America, including Don Marco A. Soto, President of Honduras; Raymond Rosa, Minister to the United States, and J. J. Palmer, the secretary to the President; this party being received by G. M. How, S. H. Larmainie and R. H. Flemming as a committee; Henry Villard, president of the Northern Pacific Railway, and a large number of German and English capitalists who were touring the United States; Lord Coleridge, the English peer, and Honorable Charles Folger, Secretary of the Treasury.

Work on the new Board of Trade building progressed without interruption throughout the year. In March, D. W. Irwin and Chas. Counselman were re-elected on the Board of Real Estate Managers, having the building in charge. A suit was brought in April by Architect Jenison for \$75,000 because his plans were not accepted, but this did not delay the work. In May, the largest single stone used in a Chicago building up to that time was placed in position in the Board of Trade building. This monolith weighed 20 tons and was 16 feet 6 inches by 5 feet by 3 feet in size and was one of the two polished granite pilasters on either side of the Jackson Street entrance. In December it was stated that \$1,000,000 had already been expended on the building, and it was estimated that \$200,000 more would be necessary. It was also thought that the building could not be completed by the time set by the committee. The Open Board caught the building fever also and, in May, leased of Keep Bros. a lot with 100 feet frontage on Pacific Avenue and Clark Street and it was announced by President W. D. French that a building to cost \$100,000 would be erected. Plans were drawn and bonds were issued for \$125,000, these being sold to members and being declared as legal tender for marginal purposes on the Open Board, and by the last of August work on the foundation of the new building had been commenced.

The produce markets were less active in the aggregate and averaged lower than in 1882. In both directions the shrinkage was due to a marked falling off in the last six months of the year as compared with the first six. The volume of produce flowing into the city and passing out of it exhibited a decided increase in all the cereals except wheat, and in all hog products except barreled pork.

Chicago handled quite as large a proportion of the surplus wealth of the farm as in any former year, losing nothing to a single one of the points which competed for its handling. On the other hand, those other cities contributed generously to the speculation in produce which found its principal focus in Chicago.

There was little of the marked dullness which characterized some of the markets in many previous years. It is only in comparison with the bristling and bustling activity of 1881 and 1882 that it can be said to have been quiet, even part of the time. Activity in speculative trading was more largely dependent upon the feeling in the chief centers of population than heretofore. New York, St. Louis, Cincinnati, Louisville, Indianapolis, and Milwaukee contributed the great bulk of the trading orders, except those furnished by operators in Chicago.

The volume of speculative trading was immense previous to the McGeogh collapse in the middle of June. It welled over from the latter part of 1882 on the anticipation of a change from the weakness of that autumn. It was stimulated early in 1883 by fears of failure of the wheat crop, due to the unusual weather conditions. The leading feature was a campaign by Wall Street parties as bears in stock and bulls in produce. They were soon followed by others, and the result was a vast system of "hedging," sales of stocks against purchases of grain, principally wheat. The vast amounts of money made by these operators through the decline in securities made them all the more able to hold fast persistently and pertinaciously to grain, which would otherwise have gone much lower later in the year, as the investors hung on—not a few of them—long after all others had abandoned hope for despair.

The movement of produce during the year was unusually steady. The seasons of attempted rush were few. There was a little pressure to bring in corn in January. With that exception there was no complaint of scarcity of cars, such as had been heard in previous years, and none of the blockades in receiving or forwarding, such as had been experienced. Produce came in and moved out in a steady stream, except that shipments fell to a low point in December. This feature was partly due to the infrequency of corners in 1883, but was dependent more upon changed conditions in the West. The existence of a comfortable surplus itself prevented a rush by equalizing the demand and abolishing the temptation to run corners, while the greater abundance of money in the West made owners able to hold the material till wanted. The surplus in the West was never before so great, and never so well handled, while apparently there was never so little concert of action between the individuals who ordered its movement.

The biggest speculative operators of the year on their own account were Armour, Kent, Ream, Hutchinson, McGeogh and Warren. Several others were very active at times, among whom

Adams, Cudahy, and N. Jones, perhaps, were entitled to first place. Armour was said to have made about \$750,000 during the year ending with October, which was the smallest year's profit since the big fire. Kent was credited with making nearly \$1,000,000 on the bear side, but lost a lot of it later. The same remark holds good with regard to Ream and Warren, except as to amount. Hutchinson re-entered the field after a long rest, which many had supposed to be a final quittance, and is entitled to be remembered as the one who first stepped in as buyer of hog product on the 16th of June. McGeogh, the only unsuccessful one of the above named, lost two and one-half million dollars, as elsewhere noted. The fact that there were few corners, and not one of them was a success, is especially noteworthy when it is remembered that the Board of Trade was without a corner rule, while under such a rule the record of 1882 fairly bristled with them.

Wheat—The story of the market for wheat was a singularly tame one, being unusually barren of events and characterized chiefly by a couple of periods of sameness divided by the McGeogh lard deal. The leading feature of the year was a smaller supply from without and a glut within, the decreased quantity not being wanted by consumers. Never in the history of the trade had there been so much apathy on the part of buyers for shipment, and their languor reflected itself long and often in the speculative part of the market. This was especially true in the last six months, when the actualities of the trade fairly laughed to scorn the crop statistics of the civilized world. With not enough to eat, according to the united testimony of the statisticians, and with plenty of money with which to buy a moderate-priced article of food, the world persisted in getting along without it, and did not seem to feel the loss.

The price of regular wheat varied from \$1.14¼ at the close of May to 89½ cents on the 20th of October. The receipts of 1883 were 20,364,155 bushels, and shipments were 11,728,754 bushels. From 93½ cents at the opening of the year No. 2 spring wheat gradually rose to \$1.11¼ February 17, without manipulation, and with no large amount of trading. The rise was due to increasing fears that the wheat crop was being winter killed and news that Western Europe had a prospect for not more than two-thirds of an average crop, owing to small seeding through bad weather in the autumn, and subsequent floods. The later news came in January, and fears for the home market took definite shape towards the middle of February, when news also came of a heavy shortage in prospect for the English crop. The 17th, the market touched \$1.11¼, a wave of speculative buying setting in with the occurrence of a severe frost following floods in the West. But the fever had already seen its height here, and the market fell back with better weather, and the news that the English crop disasters were not as bad as had been represented, which was followed by a Washington

report of less unfavorable prospects for our own crop. After a decline to \$1.02 early in April the market advanced on news that the California crop was turning out poorly, which was reinforced by estimates that the total crop of the United States would show a deficiency ranging all the way from 100,000,000 to 200,000,000 bushels, some of the St. Louis people maintaining the latter figures, while others in Cincinnati were certain that there would be little if any decrease. The price advanced to \$1.14 $\frac{1}{4}$ the 28th of May, that being the highest price of the year. At about this point prominent men sold heavily, on the theory that a general shrinkage in prices might be looked for in the autumn, while they saw that there was a big surplus from the crop of 1882 which would probably weigh heavily in competition with the new wheat, though the latter might be somewhat deficient in yield. Their offerings were largely taken by St. Louis parties, who were very strong on the prospect of a miserable yield in the Southwest and an estimated decrease of 180,000,000 bushels for the whole country. But the outlook in the Northwest improved daily, and that fact told more forcibly in Chicago than in St. Louis. The market had declined on June 16, about 6 cents from the highest point, but that day (Saturday) and the following Monday it was unexpectedly strong, owing to the filling in of a big line of wheat that had been sold short by McGeogh. This strength, in the face of the terrible weakness in provisions, deceived a large number of people into buying wheat and they loaded up, only to be obliged to let go at a severe loss. The weakness was interrupted by news that the cholera had broken out in Egypt, and the next day there was a moderate export movement on the supposition that the British supply from India would be suspended by quarantine on the Suez Canal. But weakness soon reasserted itself, and the market went down to 96 $\frac{1}{2}$ cents, which point was touched the 10th of July, the decline being accelerated by delayed failures in the provision trade. From this point the market rallied some, but the sequel showed that its backbone was broken in the June struggle. After the new crop began to arrive the market broke to 93 cents by the 18th of September, and to 89 $\frac{1}{2}$ cents by October 20.

On October 11th, the buying was mostly done by Kent and the Walkers, but Armour was understood to be in the deal, and perhaps Kershaw. They bought quietly down to 89 $\frac{1}{2}$ cents (cash), by which time the market had been fairly milked dry, and the trade then began to see that they must bid up to get even. This led to a rally of 5 cents by the end of the month. During December the price ranged from 94 $\frac{5}{8}$ cents to 99 $\frac{1}{4}$ cents, and the last sales of the year were at 94 $\frac{3}{4}$ cents.

Corn. The receipts were 74,412,319 bushels, against 49,061,755 bushels in 1882. The market price for No. 2 varied from 70 cents in January, to 46 cents in October, the range being 50 $\frac{1}{2}$ per cent of the

lowest price. The market advanced from $49\frac{1}{8}$ cents the 2nd of January to 70 cents the 22nd, on a deal understood to have been engineered for Mr. Kent and one or two New York parties. The market turned on the refusal of John B. Lyon to put up additional margin and his appeal to the courts to enjoin the closing out of his deals. Lyon having settled with the clique, the injunction was dissolved by mutual consent before the close of the month. The 24th, the Directors fixed the margin value of January corn at 55 cents. The parties running the deal closed out, leaving several in the lurch, among these being Mr. T. B. Handy, which resulted in the suspension of his firm. The market broke badly, declining to 54 cents the 30th. After the January break there was little excitement, but the market receded to $47\frac{1}{8}$ cents by April 9th, and then rose rather steadily for about eight weeks on unfavorable crop reports. The market reached $57\frac{1}{2}$ cents June 2nd, but the collapse in lard affected all markets, and corn declined to $47\frac{5}{8}$ cents July 3rd, on account of the general depression. September 7th there was a severe frost throughout the West, resulting in an excited market for a time, but in October there was a depression owing to large receipts, the price, October 19th, being 46 cents. From this point the market rose, affected by weather conditions during November, and the price reaching 57 cents the 30th, partly on account of pressure by November shorts. December witnessed a regular buying mania, under which cash corn advanced from 54 cents the 3rd, to 61 cents the 10th. The upward movement was started by a New York party enlisted through the efforts of "Jack" Sturges. The market continued strong until the 26th, when January corn sold up to $63\frac{1}{2}$ cents. On the 31st of December, January corn sold at 56 cents.

Oats. The receipts were 36,502,283 bushels, against 26,802,872 bushels, in 1882. Shipments were 31,845,993 bushels. The movement both in quantity and in price was a steady one, except as the price was broken in upon by the excitement in other markets. The price ranged high during the first five and one-half months, owing to a belief in scarcity, although none existed. The price rose to $43\frac{1}{2}$ cents in March, fell in May to $38\frac{3}{4}$ cents, and following the June collapse, to 32 cents. Before the close of July there was a break to $27\frac{1}{4}$ cents, which was about the average of the next three months, the range being from 25 cents to 29 cents. The price advanced with the general buying movement in December and, on the 10th, 36 cents was reached. The last two weeks of the year the price ruled lower in sympathy with other markets, the final quotation being $32\frac{1}{2}$ @ $32\frac{3}{4}$ cents.

Rye. The movement of rye was the heaviest Chicago had known, being nearly three times as great as in the preceding year. The receipts were 5,484,259 bushels, with shipments of 3,838,554 bushels. The highest price was January 19th at 68 cents and the

lowest was July 3rd at 53 cents. The year opened with an immense stock of whiskey on hand, but it was thought Congress would extend the bonding period from thirty-six to sixty months, and, in January, rye advanced from 57 cents to 68 cents, on the 19th. The range during June was from 55 cents to 64 cents, and in July from 53 cents to 57½ cents. Reports of European shortage and heavy shipments caused an advance to 62 cents in August, but the September range was 54 cents to 58 cents. The market was comparatively steady, with a lower tendency, until the large buying movement in December, when it touched 60 cents.

Barley receipts were much larger than in 1882, being 8,831,899 bushels, while shipments were 4,643,011 bushels. The market was active and shipments large. The only unusual feature was the change in grade in August, the word "bright" being stricken out as a requirement for No. 2, admitting the best of No. 3 and lowering the price of No. 2 nearly 20 cents per bushel. This gave rise to disputes and caused confusion, as the new No. 2 could not be delivered on contracts made prior to the change. The first sale for September delivery was made at 75 cents late in July. After the change of grade cash barley fell to 57 cents, but rose to 65 cents at the close of September. There was little speculation during October and November, but in December some members of the Chicago Club started a deal in January barley, but soon gave it up. The final quotation for No. 2 barley was 61½@62 cents.

Provisions opened the year with the lowest prices of the first five months, at about \$16.75 for pork and \$10.12½ for lard. The markets stiffened through January on the supposed fact of a big shortage in the hog crop. Toward the close of January, there was active buying of May lard and pork under the belief that Armour had gained control of the market. Seller-the-month pork rose to \$18.35 the 3rd of February and lard to \$11.50 toward the close of the month. Prices fell back in March, chiefly owing to news that Germany had decreed the exclusion of American hog products to take effect April 11th. There was then a good demand for meats, with some for lard, to be shipped to Germany before the decree should go into force, and pork sold up to \$20.20 in May. Meanwhile the lard deal took on shape. McGeogh had bought largely in March for May delivery. Seller-the-month lard touched \$12.10, the highest point, May 7th. It broke to \$11.50 by the 25th, reacted under vigorous buying while sellers grew more confident, on the prospect for summer hogs. For current delivery, lard was quoted at \$11.75 June 2nd, when McGeogh refused lard delivered by Fowler Bros. The charge that this lard was adulterated and that some other brands were no better precipitated the panic; heavy margins were called, while spot lard poured in daily at a rate which required a great deal of cash to pay for it. The market was heavy on Friday, June 15th, and declined 15@30 cents after business hours.

Ten minutes after 'Change opened June 16th, McGeogh's suspension became known, and lard sold down to \$8.95, a drop of \$2.15 per hundred, while pork went down \$1.40 in sympathy. There was a revival of \$1.00 on lard and 80 cents per barrel on pork the next day, but this gain was lost on the report of the failure of M. S. Nichols & Company and Peck & Bausher announced the following day. The provision market continued to decline and touched \$16.10 for pork and \$9.00 for lard before the close of the month, with wild rumors of the failure of P. D. Armour & Co. Yellow fever reports gave the market another blow July 7th, and prices receded to \$12.85 for pork and \$8.10 for lard. This forced the suspension of Stiles & Co. During the next two weeks there was a sharp recovery in provisions, but the market declined irregularly and finally touched bottom again September 26th, when cash prices were \$10.10 for pork and \$7.75 for lard. During the last two months of the year the market turned upward, aided by news of war between France and China, and the withdrawal of the French embargo on American meats. In December provisions boomed in sympathy with corn, rising on the 20th to \$14.25 for pork and \$9.10 for lard. The last quotations of the year, were \$14.12½ for pork, and \$8.72½ for lard. Receipts and shipments of live stock were as follows: Cattle, received 1,878,944, shipped 966,758; hogs, received 5,640,625, shipped 1,319,392. Prices for fair to choice beeves ranged from \$4.50 to \$6.80 per hundred pounds and for packer's hogs from \$4.35 to \$8.15.

Transportation. Lake freights on wheat per bushel to Buffalo varied from 3¼ cents in March to 2¼ cents during May, June and July, and to 5 cents in September. The rail freight on grain per one hundred pounds to New York, was 30 cents, except during the navigation season, when it was reduced to 25 cents. "Cut rates" were quite general the last of the year, however.

Great hope was entertained that the construction of the Hennen Canal would aid in the solution of the transportation problem, and relative to this work Secretary Randolph said in his report: "A renewed interest has arisen in respect to the opening of a direct waterway from Chicago to the Mississippi River, and the friends of that enterprise are sanguine of securing congressional aid in the undertaking at an early day. The government survey for the work, ordered by the last Congress, was most satisfactory; the report of the engineer in charge not only showing the project to be feasible and inexpensive, but also that its construction is of very great importance in the interest of both producers and consumers."

Another interesting subject touched upon by Secretary Randolph was his statement of the improvement in the cattle trade, both as to the quality of stock and the facilities at Chicago. Relative to this Secretary Randolph said: "In respect to the quality of the stock handled, the improvement has been so radical within the past ten or fifteen years that an old stock man who had been

absent for these years would be as much surprised at this feature of the trade as at its vast increase in volume. The coarse, ungainly, ill-conditioned steer and the slab-sided, long-geared, long-legged and long-snouted hog of former times have given place to the highest and best selected breeds of both species of animals, while the fine condition, cleanliness and gentle manners of a large percentage of all the stock give evidence of the intelligence and painstaking of those who, in the light of experience, have found it to be true economy to select and prepare their stock for the general market with a strict regard to its being of the best quality possibly attainable.

"The mode of cutting, curing and disposing of meats has as radically changed as the character of the stock itself. The old-fashioned method of disposing of the whole of a carcass of beef by salting it away in a barrel has been almost entirely superseded by the process of cooking and canning it, and by the rapidly-growing trade in shipping it in the carcass to consuming points in refrigerator cars, without any attempt at curing it by the use of salt. Chicago-killed fresh beef is to be found in almost every city and village in the country, and consumers are realizing that this method of transporting their meat from the West is far preferable to the former method of sending the animals alive by rail, which tends to depreciate the quality of the flesh, or by the still older method of having them 'hoof it' for a thousand miles, more or less, to the slaughter houses at the East."

The growth of the trade in fresh beef was the greatest and most beneficial innovation of Chicago's activities during the late '70s and early '80s. The shipment of fresh beef to Great Britain by the use of large ice boxes has been already noted. In 1880 or 1881 this was superseded by a new process by which cool, dry air took the place of the cool, damp air of the earlier method. Concerning this the Montreal Gazette said, in 1881, that great impetus had been given the trade in frozen meats between Australia and England by the discovery of this process, and that steamers had been fitted with refrigerator rooms cooled by the cold-air machines, the cooling boxes having a capacity of 250 tons. It also stated that this had met with such success that another steamship line was about to enter the trade, and it urged the promotion of a similar enterprise between Canada and Great Britain. In the domestic field, however, the greatest strides were made in the dressed beef industry. Armour & Company were not pioneers in the dressed beef trade, leaving the experimental stage to others, but having seen that the new enterprise was meeting with success the Armour Company embarked in the business on a large scale in 1882 and 1883.

The possibility of preserving fresh meats and poultry by the use of ice, during a railroad journey of nearly three weeks from "the West" to the Atlantic seaboard was demonstrated as early as

1857, and has been already referred to. Whether, as seems likely, this initial shipment was made from Chicago is unknown. Probably the financial result of the experiment was not sufficiently encouraging to induce the shippers to embark extensively in the trade. The first consignment must have reached its destination about the time the terrible financial storm swept over the country, and from that time until the Civil War conditions were unfavorable to new enterprises. Other possible impediments in the way of a profitable trade under conditions then prevailing, will suggest themselves to anyone acquainted with the careful attention to details necessary in the handling of perishable property in warm weather. Among the problems must have been the difficult one of providing a proper supply of ice at the requisite intervals, and at a moderate cost, and the equally difficult one of finding attendants who would meet the lone car upon its arrival at the icing stations, perhaps an hour or a day behind schedule time, and personally see that its wants were supplied. When the car reached its destination, unless immediate cold storage facilities were provided, new troubles would arise; and aside from the business depression of 1858-1859, and the excitement of the war period, it is not remarkable that the attempt to ship dressed beef from Chicago to eastern cities was not renewed for many years.

Reference has been made in this volume to Mr. Chandler, of the Star Union fast freight line, under whose direction the first line of refrigerator cars was built in 1865 (according to his "Memoirs") as well as to the shipment of dressed beef from Detroit to Boston by George H. Hammond in 1868. As early as 1869 Secretary Randolph in his supplement to the Twelfth Annual Report (1869-70), said: "The facilities for shipping fresh meats to the eastern cities by railroad, as recently inaugurated, have proved eminently satisfactory, and the business promises to increase and grow in favor."

Undoubtedly the business continued to grow as predicted by Mr. Randolph; but it is generally conceded that it was not until 1874 or 1875 that Gustavus F. Swift and George H. Hammond & Company greatly enlarged their operations, and began shipping dressed beef upon a sufficient scale to enable them to provide regular and cheap icing for their refrigerator cars, quick transit to eastern markets, immediate and proper care of the beef upon arrival at destination, and prompt distribution to consumers by their own employees. Under these conditions, the business was an instant success.

Again in 1875, the Secretary of the Board of Trade said in his report for that year:

"The shipment of dressed beef from this city to the eastern markets has grown within the past few years to a very important traffic." In 1876, he reports that "a very important branch of the

slaughtering and packing business is that of beef preparations for the foreign markets. The business of shipping dressed beef to England has assumed considerable magnitude, and has been made a financial success, the beef being used there by the best classes of society, and is rapidly growing in favor and demand. The canning of beef also for export, a recent development of Chicago enterprise, has also become a leading article of manufacture in this city."

The Chicago Tribune in its Annual Review of the year 1876, says:

"The shipment of dressed beef by rail to the East is each year assuming larger proportions. During the regular season, from November 15 to March 15, the annual shipments now exceed 60,000 carcasses. The bulk of this beef goes to the river towns of New York, and to the manufacturing districts of New England."

In 1877 Secretary Randolph again refers to the increasing trade in canned meats as having assumed great proportions, and says that

"The export of fresh beef in the carcass (from the United States) mainly to Great Britain, has been conducted with very satisfactory results, the total amount so shipped for the year ending June 30, 1877, aggregating nearly 50,000,000 pounds, valued at over \$4,500,000. Some of this beef has been slaughtered in this city, but more at the seaboard cities."

The Tribune's review of the year 1877 attributes the falling off in receipts of cattle to "the rapid growth of the business of slaughtering in the extreme West during the past twelve months," St. Louis and Kansas City being mentioned as particularly active in diverting stock from Chicago. The statement is made that there were at the close of 1877, 150 refrigerator cars constantly employed in bringing dressed beef to Chicago from the far West and Southwest.

A year later the same authority states that

"The number of refrigerator cars now running to and from Chicago is about 600, or double the number employed in 1877. By the use of these cars we are now receiving about 3,000 carcasses of beef per week, or at the rate of 150,000 per year—nearly enough to meet the entire local demand. The great bulk of the beef thus received comes from Utah, Wyoming, Colorado, Kansas and Nebraska. There has also been received through the same channel a large amount of mutton, lamb, and veal." In 1879, Secretary Randolph says "the packing of cattle is now mainly confined to that marketed in cans. This business has grown to vast proportions, but it is to be regretted that accurate statistics in respect to it are not attainable."

The following year, the Secretary said, the exports from the United States of fresh beef had reached 100,000,000 pounds. In 1881 the Secretary refers to a falling off in the exports of fresh

beef, but says, "the packing of beef (cooked) in tin cans, has increased to one of the most important industries in the city." In 1882, according to the same authority, "a large trade in dressed beef for consumption in the eastern states, especially in the large cities, has grown up in this city, and has greatly increased during the past year." Neither in 1883 nor in any previous year was there anything in the Board of Trade reports to indicate the amount of business in dressed beef done by different packing concerns; but in March, 1883, Howard, White & Crowell, in their annual review of the packing industry, state that the four firms then engaged in the shipping of dressed beef, slaughtered for this purpose in the year ending March 1, 1883, as follows: Swift Bros. & Co., 198,000; George H. Hammond & Co. (at Hammond, Ind.), 108,000; Fairbank Canning Co., 64,525; Armour & Co., 50,000; total, 420,525; and that for packing (in cans principally), and for city consumption, there were slaughtered by Armour & Co., 106,800; Libby, McNeil & Libby, 109,547; Fairbank Canning Co., 45,000; other packers, about 92,706; making a total of 774,578 head, which is much in excess of the 697,033 head reported by the Secretary for the same period.

Speaking of his entrance into the fresh beef trade, Mr. P. D. Armour said, in an interview in October, 1883, that his firm had been shipping some dressed beef in the past and had now entered the business on a larger scale. He said he found that refrigerator beef was meeting with ready sale in the East and that there was no question as to the superior slaughtering facilities at Chicago. He said that they would ship direct to the consumer cutting out all middlemen and that they were having a line of refrigerator cars built for the purpose, and that only the best qualities of meat would be shipped. He said that shipment to the eastern markets was more profitable than shipment to Europe as had been found by Swift & Co. and G. H. Hammond, who were largely interested in the trade. Concerning the report of a large company formed to slaughter cattle on the ranch in Texas, Mr. Armour stated that he was not interested in the project and that on account of its central location he believed Chicago would control the trade in fresh beef. Later in the same month it was reported that the dressed beef industry was still in its infancy but that it had already thrown thousands out of employment throughout the East and threatened to ruin the live stock shipping business, eastern butchers having to come to Chicago for their meats or retire from business. The New York Times commented very favorably on the introduction of Chicago-killed meats in the New York markets, saying that Mr. Vanderbilt owned cattle cars and "Mr. Eastman" vast stock yards and slaughtering facilities and were well fixed to exact good profits until the spectre of dressed beef arose. "Some months ago," the Times continued, "several ill-bred Chicago persons began to

annoy them by an impertinent interference with their business. They determined to leave the hoofs and horns behind and to ship the roasts and steaks instead, saving freight and presenting the meat in better condition." It stated that the Chicago men were able to undersell eastern butchers and that there was no reason why New York should be taxed to bring hides and hoofs over Vanderbilt's railroad. It urged rigid inspection, however, and thought that while the finest steers might still be shipped alive that "the beef for the millions would come dressed."

As intimated above, the development of the dressed beef trade met with bitter and persistent opposition on the part of the railroads, stockyard interests and butchers. Sometime later Mr. Armour related something of this in an interview published in the New York Tribune in which he said, in answer to the assertion of the Wholesale Butchers' Union, that Chicago beef was poisoned by the use of ammonia, that the world had no idea of the fight made necessary to get dressed beef into the East. The railways opposed the traffic for years, not because of a loss in freight but because prominent railroad men had large interests in stockyards and the new movement meant death to \$100,000,000 of stockyard property. He said the profits of these stockyards had been enormous and cited that the Chicago stockyards, valued at \$1,000,000 in 1869, were worth \$30,000,000 in 1881. He also told of a three-days' conference which he and other Chicago packers held with leading railroad traffic managers, in which it was shown that the shipments of dressed beef would largely increase railroad earnings over shipment of live stock, but he asserted that the stockyards overbalanced the railroads and that at their behest Commissioner Fink sent forth the edict that there was to be a raise in freight on the new product. At this time, he said, the Grand Trunk railroad came to the rescue of the dressed beef industry by refusing to increase the rate, thereby deserving the gratitude of both packers and producers. Mr. Armour maintained that the stockyards men and the butchers must bow to the inevitable for Chicago dressed beef had come to stay. Mr. Armour's statement of the difficulties which had to be overcome was corroborated by Samuel Allerton, who was engaged in shipping dressed beef for a time but who retired from the competition, claiming that the business could be made a success only by underbilling the weights of the carloads and thus defrauding the railroad companies.

1884

The year 1884 opened with Chicago elevators filled almost to capacity; in fact, some were closed on this account, there being 18,000,000 bushels of grain in store. The market was further handicapped by the extreme cold weather, the thermometer registering

28 below zero. But all this did not check the great excitement on the Board on account of the annual election. There were four candidates, and, according to the rules, a majority was necessary to elect. Many "scratched" tickets were voted and it was not until ten o'clock at night that the count was completed. For President, E. Nelson Blake received 568 votes; A. M. Wright, 437; W. S. Crosby, 112, and E. B. Stevens, 73. For Second Vice-President George T. Smith received 578 votes; A. W. Green, 395, and A. N. Young, 220. It was found that Blake was 31 votes short of a majority; Wright, short 161 votes, and Smith, for Vice-President, lacked 21 votes. A second election was held, which developed even more interest, the contest narrowing between Blake and Wright for President, and Smith and Green for Second Vice-President. The vote at the first election was 1,196 and at the second election 1,221. Blake received 785 votes at the second election and Wright 436, while Smith was elected Second Vice President by a vote of 782 to 436 for Green.

The annual meeting was held the week following, at which time President Blake was inaugurated and the Board of Directors made its annual report. The ordinary receipts were given as \$70,172, and receipts from the sale of securities \$148,026.25. The balance on hand January 1, 1883, was \$63,308.09. The expenditures were \$226,327.42, of which \$17,587.80 had been spent in litigation and \$100,000 for the new building. The number of members was 1936 and assessment for the year was fixed at \$30. The report dwelt at some length upon the many legal controversies in which the Board had been engaged, there having been sixty suits pending at the beginning of 1883. Decisions had been rendered, establishing three matters of great importance to the Board: that contracts for future deliveries were valid; that certificates of membership were not personal property and therefore could not be levied upon, and that the Board had the right to enforce its rules. The only pending suits were relative to the vacation of La Salle Street and to the enforcement of the rule as to commissions. The Directors congratulated the Board upon the success of the clearing house, and the enhanced value of memberships. The real estate managers reported that in spite of transportation delays the new building would be completed during the summer, and that the sum of \$550,870 had been expended.

As the month of January progressed the storage situation became more acute. There were nearly twenty million bushels of grain in store, and grain was pouring into Chicago at the rate of one million bushels a week. It was hoped that the high freight rates and low prices would retard the movement but by the 24th the Directors found it necessary to declare Seaverns and Weiss warehouses regular, thus adding one million bushels to the storage capacity of the city. The fact that times were bad and many rail-

roads in the hands of receivers further depressed the market and the packing industry was alarmed at the restrictions upon American pork made by France and Germany. This was deemed of such importance that Congress considered retaliation unless the restrictions were removed. The sentiment of the Board was for rigid inspection, but the fact that Germany and France had refused an invitation to send inspectors, and, without investigation, had branded the American product as unwholesome, was resented by a resolution. In February, Professor Leon Chotteau, a French savant, delivered a lecture in the Directors' room of the Board of Trade, giving the history of the restrictions against American pork by the French government. The prohibitive decree was issued February 18, 1881, and M. Chotteau insisted that while the health of the people was given as the excuse, the real reason was for the protection of French producers. In March, 1882, an attempt was made to modify the decree so as to admit fully cured meats, but this was defeated. In November, 1883, the decree was repealed, only to be reviewed a month later.

About this time a bill was introduced into Congress for the establishment of a bureau of animal industry and to this the live stock interests of Chicago were opposed, as they believed it would impose unnecessary burdens upon them, and, in March, a committee of prominent live-stock men went to Washington to oppose the bill. The interested commission merchants formed a Livestock Exchange, electing Elmer Washburn president and S. M. Scott secretary. At their meeting they expressed their belief that the proposed legislation would give too much power to the Agricultural Department, and that pleuro-pneumonia and the foot and mouth disease did not exist to such an extent as to make necessary any congressional action or the proposed appropriation of \$50,000 to fight the latter disease.

The National Board of Trade met in Washington the latter part of January, some of the resolutions passed being of importance. Among these were resolutions for uniform bankruptcy laws and for the government improvement of the Illinois and Michigan and Hennepin canals. Chicago was greatly interested in the last-mentioned resolution, Mr. John C. Dore making the leading speech in its advocacy, other speakers being Murry Nelson, W. J. Pope and George H. Sidwell of Chicago. A resolution was also passed urging congressional action to remove the unjust discrimination against American meats by foreign governments, this resolution being urged by George Brine, Murry Nelson and R. W. Dunham.

In February Secretary Randolph filed his resignation with the Board of Directors, by whom it was accepted. Secretary Randolph had acted in that capacity for many years but for some time preceding there had been friction between him and the Directory and on several occasions he had presented his resignation only to withdraw

it upon the request of the Board, which was loath to do without his services. The parting of the ways came when the Directors appointed G. S. Stone Assistant Secretary without the consent of Mr. Randolph. This action greatly incensed the Secretary and he resigned forthwith, thus ending his connection with the Board in an official capacity. Mr. Stone carried on the work of the office and, in June, was elected Secretary.

In 1883 the city of Chicago sought to impose license restrictions upon members of the Board of Trade. This was opposed by the Board not so much on account of the tax as for the reason that it was held that it interfered with the prerogatives of the Board in the control of its membership, inasmuch as the power to issue a license implied the right to revoke it, thus rendering a membership void. The matter was carried to the courts, and, in March, Judge Gardner decided that the city had no right to collect license fee from commission merchants. In June, however, the Supreme court decided the ordinance to be constitutional and the members paid the \$25 license demanded.

The interest taken by the Board of Trade in national affairs was shown by the fact that, in March, the Directors authorized the President to appoint a committee to go to Washington to urge Congress to forbid the coinage of silver for two years and to stop, for the same period, the issue of paper currency in smaller denominations than five dollars. In April the Board of Trade Clearing House made its first annual report, showing a business of \$68,730,000, and, in September, the first annual statement was made, showing that the number of items cleared was 1,845,283, representing 922,642 claims. The number of checks received was 49,921 and the number of checks paid 50,626. The amount of the claims cleared was \$137,358,560 and the balances amounted to \$36,762,970. The largest day's business was April 5th, when clearances of \$1,707,058 were made on 10,258 items; the dullest day was June 19th, when there were clearings of \$96,673, on 2,348 items. The amount of fines collected was \$4,570.

A very considerable sensation was created upon the occasion of the opening of the New York Produce Exchange Building, in May. The Chicago Board of Trade sent a delegation for this occasion, headed by its President, E. Nelson Blake. At the banquet Hon. Chauncey Depew, the orator of the evening, took occasion to attack "The Chicago grain gamblers." This was resented as a direct and deliberate insult by President Blake and he immediately rose in defense of the Board of Trade, saying, among other things, that New York men had partners in Chicago, and private wires to the Exchange and it could not be that the New Yorkers were "bankers" and the Chicago partners "gamblers." President Blake's prompt defense of the Board was heartily approved upon his return to Chicago. The feeling created did not, however, prevent the

sending of a committee to New York, in June, to make arrangements for uniform market reports.

In April a movement was inaugurated for the abandonment of the Call Board. This was started by a petition, which was freely signed, asking that the Call Board should hold no sessions from May until November. The directors of this institution decided to defer action until the annual meeting. In pursuance of this idea the election of officers was also postponed until after the annual meeting. This was held May 13th, and was the scene of much confusion and excitement. According to the Secretary's report, the total operations of the Call Board for the year were \$342,256,693, as against \$345,738,592 the preceding year, and \$565,749,787 in 1882. The receipts for the year were \$120,183, of which \$98,791 was from the sale of seats. Twenty-five thousand dollars had been invested in Board of Trade Building bonds, and there was a balance on hand of \$26,289. President Crittenden called attention to the petition to adjourn six months and George J. Brine thereupon moved to dissolve the Call Board permanently. This motion was carried almost unanimously and the Call Board passed into history, after an existence of about eight years. The Call Board was established in 1876 thru the efforts of B. P. Hutchinson, for the purpose of providing an early market and to enable packers to determine the number of hogs to be purchased and the prices to be paid at the stockyards. For about five years provisions only were handled upon the Call and the opposition upon the part of several of the provision firms gradually gave way until the Call method of trading became quite popular. The Call Board was for a long time the special pet of Mr. Hutchinson and his retirement from active trade lost it its strongest supporter. In 1882 a grain call was added by certain members who were not satisfied to let well enough alone and carried their point against the stormy opposition of many of the grain men, who were forced to go there against their will, as a large part of the trading in produce was done on limited orders, compelling the commission men to neglect no opportunity of filling them. They were thus forced, whatever their inclination towards the Call method might be, to be present at the Call Board or else run the risk of being accused by their customers of neglect in filling their orders when the market touched the given figure. The discontent began in the fall of '83 and grew out of the movement to continue the Call Board as an independent organization after it took possession of its quarters in the Board of Trade Building. There was strong opposition to the move, which culminated in the distribution of \$150,000 among the 1,000 members at that time. The large membership made it impossible for the caller to handle the trade satisfactorily. The feeling grew among commission men that the Call Board was detrimental to their interests. In 1883 memberships in the Call Board sold at \$550 and one sale was

made at \$600. Just prior to its dissolution a membership sold at \$15, altho the Secretary's report, made soon after, showed that members were entitled to a dividend of \$20 each. With the closing of the Call Board the Directors of the Board of Trade took up the question of an afternoon session and it was planned to get the Call Room, remove the seats and have general trading from 1:30 to 2:30 p. m. Many members, however, favored the continuance of the session of the regular board from 10 a. m. to 2 p. m. Later, in May, the Directors decided on afternoon sessions in the regular Exchange Hall from 2 to 2:30 p. m. and on this account the delivery hours were made from 1:15 to 1:55 p. m. In June there was something of a sensation when J. E. Henneberry announced that the old Call room would be opened for trading after the close of 'Change, a fee of \$2 per month to be charged. He asked to receive market quotations and it was intimated that there would be trading in Puts and Calls. The Directors were much opposed to this and took the ticker from the Call Room in order to prevent it.

A number of new rules and trading methods were adopted during the course of the year, showing the constant effort of the Board to modernize its system and to free itself from any questionable business methods. In March a new rule regarding deliveries was adopted. This provided that deliveries should be made the first business day of the month in the main Exchange hall, between 9 and 10 o'clock in the morning, trading not to begin that day until 10:30 o'clock. The first delivery under this system was made April 1st and it was said to work finely, but the April deliveries were light and it was felt that the real test would come the following month. The May deliveries proved to be very large but they were made with little confusion and in record time, and the members were much pleased with the new system. This new method was proposed by Cyrus H. Adams and deliveries were made by slips and not by the actual receipts. The clerks were arranged at tables, alphabetically, according to the names of the firms they represented, and by this system 18,000,000 bushels of grain changed hands in 60 minutes. Under the old system receipts for grain and provisions were carried around from office to office and La Salle and Washington Streets were scenes of great confusion as belated clerks rushed to make the last deliveries.

In July an important rule was adopted relative to the Clearing House to protect creditors in case any member suspended business. This provided that members indebted to a member who was unable to meet his obligations should at once deposit the amount owed in the Clearing House and that all creditor members should file their claims against the delinquent, the sums thus deposited to be for the exclusive benefit of the members and to be distributed pro-rata as soon as all disputed claims had been adjusted. The rule provided that creditor members not filing claims within five busi-

ness days after the delinquency became known should forfeit their rights under this rule. Another proposed rule was that delinquent members failing to settle with creditors within six months should forfeit their membership which should be sold for the benefit of creditors. Still another was for the registration of members, this being proposed in order to prevent the clerks from trading. In December C. H. Adams proposed an amendment which, when adopted, proved of great value. It provided that members should report all transactions to the Clearing House daily, these to be checked by reports of other members and a list of transactions furnished them the next morning, thus preventing misunderstandings. An important innovation considered in the grain trade was the adoption of the Richards system of weighing. This provided for an elevated track which brought the car being unloaded directly above the car into which the grain was to be transferred. The grain was scooped out by shovels into hopper scales, where the entire contents was weighed while in transit from car to car, without reference to the gross weight of the cars, preserving also the identity of the grain. The system was well liked by the grain receivers and shippers, although some difficulty arose as to the proposed fees.

The fight against the bucket shop evil was waged relentlessly throughout the entire year. In January Flemming and Loring, who had been found guilty in connection with the "Fund W" fraud, were sentenced to pay a fine of \$500 each and to be imprisoned twelve months in the county jail. The case was appealed and the prisoners released on bail. While there was rejoicing that they were to be punished, it was felt that the sentence was light. In June the U. S. Circuit Court affirmed the decision of the District Court and Flemming and Loring were incarcerated. It was greatly to the surprise and chagrin of the members of the Board that it was announced, in November, that Flemming and Loring had been pardoned by President Arthur. This was done largely, it was said, on the strength of a letter written by Judge Blodgett, who was the trial judge, and a petition signed by a number of prominent citizens of Chicago. It was claimed that the health of the prisoners was badly broken and that they had already been sufficiently punished. The pardon was severely criticized and it was felt by many that the President had been imposed upon.

President Blake was active in the suppression of the bucket shop and also in enforcing the rules of the Board. In February he declared that he would enforce the rule against trading after hours and two policemen were stationed in the alley to report violations of the rule. In their eagerness for business it was reported that bucket shops were taking orders from the country without commission and it was stated that the commission business of the regular Board was 80 per cent less than the year previous and partly, it was believed, on account of the bucket shops. In order to prevent

the bucket shops from receiving quotations it was decided to take the gathering of the market reports from the hands of the telegraph companies and to have the quotations furnished by official reporters employed by the Board. This system was adopted on May 1st but it did not seem to check the evil as expected. The Secretary thereupon requested members to report the names of all known to be doing business with the bucket shops. On May 4th it was reported that the bucket shops were wide open and were receiving quotations as usual. The bucket shop men were bold in their defiance of the Board, declaring that the fight against them was not being made by the Board as a whole but by a few members only, and quoting in their defense the words of Judge Tuley that the Board was seeking simply to destroy competition. G. W. Rumble was again in evidence, this time at the head of the "Chicago Grain Bureau." He sent circulars throughout the country inviting his dupes to report their views as to the probable course of the market and stating that for this service he would execute their orders at very low rates of commission. The fact that Rumble had been arrested by Inspector Ray in New York in December, 1883, and that his trial was still pending, did not seem to stop either his activities or the willingness of the people to give him their money. The Board of Trade made every effort to see that its quotations were given only to legitimate concerns and stringent rules were made as to applicants for market reports. The market committee was able to unearth many bucket shops throughout the country and as fast as possible these were cut off from the market. The restrictions as to the use of quotations were such that the St. Louis Merchants' Exchange refused to accept the Chicago market reports with the conditions imposed. This was felt to be a serious matter and the St. Louis merchants were visited by a committee and informed fully as to the object of the Board in making these restrictions, whereupon the St. Louis Exchange reconsidered its action and agreed to co-operate with the Chicago Board. As a result it was reported, on May 23rd, that all but one bucket shop in St. Louis had been closed and, in June, it was stated that local bucket shop trading had ceased except at one place, where quotations were furnished on account of an injunction. In July, however, the Phoenix Grain and Stock Exchange, in the so-called "Gambler's Alley," was running in defiance of the Board. Quotations were received and for some time the Board was unable to find the leak. At last it was found that a wire had been tapped under the new Open Board building. This was stopped, but the Phoenix was soon receiving quotations again and was able to furnish them to a St. Louis bucket shop two minutes ahead of the regular quotations. Finally the old wires of the Western Union and Baltimore & Ohio telegraph companies were taken out and new wires installed, after which the Phoenix quotations suddenly stopped. The Phoenix did not give

up the struggle, however, and continued to receive quotations which the Board claimed, however, were unreliable, secondhand, and from two to four minutes late. The bucket shop next employed a number of spies to get quotations but, by the latter part of July, it was closed. It was a little more than a week, however, before the Phoenix arose from its ashes with complete quotations, but the tapped wire was found and the quotations stopped. The bucket shops next tried, by the use of stool pigeons, to secure the market reports, but these efforts failed, the Public Grain and Stock Exchange being the only one to receive quotations. The legal battle with this concern continued and, in October, the Directors of the Board of Trade were made co-defendants with the Western Union Telegraph Company in injunction proceedings.

A new phase of the bucket shop controversy developed when the Board became involved in a misunderstanding with the Western Union Telegraph Company. Col. Clowry, General Superintendent of the Telegraph Company, said, in an interview concerning the matter: "The Board of Trade has for some time objected to the bucket shops receiving quotations, and we have aided the Board in their efforts. In conjunction with the Board our company has borne the expense of nine law suits in the west division, all of which we have won with perhaps one exception. Here in Chicago one bucket shop enjoined us from suspending our quotations and another bucket shop enjoined the Board of Trade from attempting to take from it the same privilege. The injunction against us has not been dissolved but, notwithstanding that, the Board of Trade has notified us that our contract with it expires November 28th and that it will refuse to give us its quotations on that date if we continue to give quotations to parties who are not entitled to them. All we could do was to notify our subscribers that after the date specified we would cease to handle official Board of Trade quotations. Of course, we handle any messages that are brought to us and our wires will remain in the Board of Trade building to transact business that is outside the official quotations."

J. H. Milne, chairman of the Committee on Quotations of the Board of Trade stated the position of the Board as follows: "It is true that we gave the telegraph company the required month's notice that our contract would come to an end November 28th, but we also gave them a chance to renew it if they would cease to give quotations to any bucket shop. We have given them nearly six months in which to have the injunction against them dissolved and if it is not dissolved it is their fault."

The Telegraph Company stated that it had done all it could and cited the course of the litigation. As the day approached when the Board was to cut itself off from the outside world it was realized that this would be a serious matter for all concerned. The Directors, therefore, decided not to take any drastic action until

they had the advice of their attorney, Judge Beckwith, who was out of the city. Judge Beckwith advised a moderate course and it was found that no other company was in position to handle the quotations as well as the Western Union. When the 28th of November arrived, therefore, the Board did not carry out its threat and the tickers ran as usual, although the contract with the Western Union was not renewed. This encouraged the bucket shops and it was reported that they had a fund of \$100,000 with which to fight the Board. The market committee continued its activities, cutting off bucket shops from quotations wherever they could be found. The bucket shop men centered their fight against Mr. Milne to prevent his re-election as a Director. Near the close of December Mr. Milne was nominated for Second Vice-President, and immediately reports were circulated against him that he had business connections with a Detroit bucket shop which was receiving quotations. Mr. Milne demanded an investigation and a special committee consisting of C. H. Adams, C. E. Culver and W. J. Pope was appointed and as a result of their investigation Mr. Milne was completely exonerated.

The work on the new Board of Trade building progressed thruout the year. In March Bensley and Dickinson were re-elected on the Board of real estate managers, and, in June, the committee was able to report that the masonry would be completed by July 1st. In September there were alarming reports that the tower was leaning, but the architect denied this and no changes were made in the plans at that time. By December the building was so near completion that the plans were exhibited with a view to renting the offices. It was thought that the rentals would aggregate \$128,900 per year, \$53,700 of this being for the offices on the first floor. On December 20th these offices were rented, Mr. Bensley acting as auctioneer. Schwartz and Dupee rented the offices in the northeast corner of the building for \$9,000 per year. As a whole, however, the offices did not rent well, many waiting for a reduction in rents. It was expected that offices would be ready for occupancy in the spring of 1885.

The year 1884 had the usual dullness of a year in which the presidential election occurred. As compared with 1883 there were no great market excitements. The crowded condition of the elevators was a feature of the market in January. The sensational feature of the market was the deal in January corn conducted by Schwartz and Dupee for New York parties, and toward the close of the month there was an echo of the McGeogh lard corner in the litigation begun at Milwaukee between the former partners, Wells and McGeogh. In his petition Wells claimed that McGeogh had made no accounting and that McGeogh had threatened him with personal violence. In his answer McGeogh claimed that when the crash came in the lard deal Wells tried to cover up his property

and forced McGeogh to settle at fifty cents on the dollar. Mr. Bensley, who effected the settlement, stated at the time that Wells' name did not appear on McGeogh's books. This litigation was long drawn out and bitter. McGeogh continued his active trading on the Board and when, in October, in his lawsuit he pleaded that his deal with Wells was simply in the nature of a gambling transaction, there was much indignation among the members of the Board. This feeling was so pronounced that in December Mr. McGeogh was called before the Directors and suspended for thirty days.

The question of freight discriminations against Chicago was a continuous matter of concern and, in March, the Directors appointed a standing committee of seven to investigate the facts, and devise a remedy. The first real market excitement occurred in March in the wheat pit. On the 26th wheat was three cents lower, but on the following days such men as Nelson, Kent and Hutchinson, were heavy buyers, and the price reacted. Within a few days, however, there was what was described as a "tornado of selling," all markets were weak, heavy margins were called and the excitement was such that there were differences of half a cent in the price of wheat on opposite sides of the pit at the same moment. The wheat market continued to fall with all the symptoms of a panic, and wheat reached its lowest level for eighteen years, except once in 1878, May wheat touched 79 $\frac{7}{8}$ cents. One cause of the depressed value was given as the large crop in Australia, this being, perhaps, the first time that the Australian crop had played an important part in the market, and Indian wheat also was a factor. Toward the close of April wheat reacted and, on the rise, Moses Fraley, the St. Louis operator, was caught. He was a bear on the market and profited largely by the decline the first part of the month, but he continued to sell short and the rise of fifteen cents caused his suspension. A number of Chicago operators were also among the losers. Within a short time Mr. Fraley settled with his creditors on the basis of 50 per cent cash, 25 per cent in six months and 25 per cent in one year. The first week in May occurred the great financial crashes in New York. The Marine National Bank failed, and there was the great and sensational failure of the firm of Grant and Ward. This latter failure was for a large amount, and affected market and business conditions throughout the country. The financial troubles spread, the next great failure being that of the Metropolitan National Bank of New York. The Chicago market was greatly excited and badly weakened. New York exchange was unsalable in Chicago at one time, but no Chicago banks failed. By the middle of May more failures were reported in New York, and the important failures for the two weeks ending May 15th, in the United States, were said to number sixty-three, with liabilities of nearly \$50,000,000. It was this financial panic which caused the failure of the wheat deal engineered by William

Young & Company, which was closed out at a loss of \$100,000. The speculative market was active, however, and there was a "squeeze" in May pork of considerable proportions.

In June the Republican National Convention was held in Chicago, and for the time general interest was centered more in politics than in business. After scenes of great excitement James G. Blaine was nominated, and later Grover Cleveland was named by the Democratic party. The interest in the campaign and in the close election which followed was great and had its usual effect upon market conditions. In the latter part of June occurred the suspension of C. J. Kershaw and Company, heavy grain exporters. Litigation following this failure lasted for a number of years. The general business depression and the nervous state of the market were evidenced by the break which occurred upon a rumor of the failure of Nat. C. Jones, a prominent trader. It was stated that this rumor started from the fact that Jones called in a loan of \$220,000, which he had made, and the further fact that the blinds of his office were closed to keep the bucket shops' spies from getting quotations. In July occurred the failure of Harmon Spruance, who had been an active member of the Board for twenty-five years. He was short about two million bushels of wheat and the rising market caused his suspension. He offered to settle at 50 cents on the dollar, but refused to show his books, and this caused a number of his creditors to refuse a settlement. In August, however, settlement was made and the firm renewed business both in Chicago and New York.

Armour took hold of the mess pork market during the spring months, steadily forcing prices upward, closing a corner in August pork at the top price of \$27.50. It was reported that Armour made \$2,500,000 on this deal. The excitement in August pork had barely subsided before there were evidences of a corner in September corn. The price rapidly rose, stood at sixty-five cents September 19th, seventy cents the 20th, and on the 22d the shorts were bidding eighty cents, at which price McHenry settled with many. P. B. Weare, W. E. McHenry and W. T. Baker were credited with being the manipulators of this deal which forced the price of corn higher than that of wheat for the third time in the history of Chicago. Corn came pouring in to the market, and it was feared that a corner in October corn was to follow. The Directors were asked to fix a margin price for September corn, but this they refused to do. The newspaper account of October 1st stated that "the corn corner ended with great excitement. In three weeks the price had gone from fifty-four cents to ninety cents. The market closed Monday at eighty-three cents and opened Tuesday at eighty-five cents, bid by W. E. McHenry, broker for the clique. At eleven A. M. the price dropped to eighty-three cents for a few moments, but soon rose to eighty-five cents, at which price many settled.

Five hundred thousand bushels changed hands in thirty minutes, and all other business on 'Change was suspended. McHenry stood in the pit and shouted: "I'll pay eighty-six cents for cash corn." The excited crowd pushed him from the steps, but he scrambled back and bid eighty-seven cents and, at last he shouted: "I'll give ninety cents for half a million bushels of cash corn." It was thought that the deal was closed, but at the afternoon session McHenry again bid eighty-seven cents for cash corn delivered at his office before 2:30 P. M. At 2:15 there was some settlement at ninety cents, and then the price was run up to ninety-three cents, and just as the bell rang McHenry offered \$1.00. It was estimated that about eleven million bushels were sold short between August 26th and September 15th, and that the clique had been forced to handle about seven million bushels of spot corn. The profits were figured at about two million dollars. The majority of the defaults were settled at eighty-seven cents. Much bitterness was engendered, and there were threats that the leaders would be brought before the Directors on charges of uncommercial conduct, and that the Grand Jury would be asked to make an investigation. It was claimed that the railroads connived to retard corn shipments, but this was denied by Armour, Dole & Company, who stated that the contrary was the case and that corn was rushed to market. On October 10th the Arbitration committee fixed eighty-seven cents as the settlement price for September corn, and it was said later that the clique made a nominal profit of but \$300,000, losing much of this in disposing of the corn left on their hands. The action of the Directors in fixing fifty-five cents as the marginal price of October corn was, possibly, a factor in preventing an October corner.

In November the election was a considerable market factor. The majority of the traders favored the election of Blaine, and the report of Cleveland's election depressed the market. The result was very close, hinging upon the vote of New York, and when it was reported that Blaine was elected November corn went up $5\frac{1}{4}$ cents, and seller the year went up $3\frac{1}{2}$ cents, only to recede when the news of Cleveland's election was confirmed. A notable feature of the December market was the large receipts of wheat and hogs, the receipts of 67,000 hogs on December 6th, being the largest for a single day the Chicago market had known up to that time.

During July a membership sold for \$2,900, but this was during a period of active trading, and by December they were quoted at about \$2,400. At the close of the year Board politics naturally attracted interest. A caucus was held December 20th, at which Congressman Dunham presided and Mr. Blake was renominated for president, altho C. L. Hutchinson and J. R. Bensley received a number of votes. Speaking of the year as a whole, the secretary of the Board said in his report: "The year 1884 has dragged its slow length along, and has chronicled a period of business depres-

sion and deferred hopes which have severely taxed the patience and resources of mercantile life in all parts of the world."

The produce markets were less active in the aggregate, and really dull during a large part of the year. Prices averaged lower and were actually less than they seemed, as the mean was raised by a three months' inflation of contract pork and the September squeeze in corn, both of which were largely artificial. The volume of produce flowing into the city and out of it was small, the falling off being most marked in the case of corn, livestock and provisions, while an increase in flour, wheat and oats was nearly compensated by the severe reduction in prices of those important staples.

Several Chicago operators traded vigorously on their own account, yet less than in preceding years, except Hutchinson, who took on a new phase of commercial activity, though a considerable part of his trading was done with an eye to using his capital by carrying the stuff from one month to another. Next on the list was Armour, whose cash sales of packing product for the year ending November 1st amounted to \$42,822,000. Although he stated that he never speculated, he showed himself ready and willing to buy immense quantities of hog product for future delivery from the parties who wanted to sell; and equally able and willing to sell it back to them at a big advance in price a few weeks or months afterwards. The third place belonged to Ream and his inseparable friend, Jones. They owned nearly the whole visible supply of wheat early in the year and let it go without exciting a remark. Kent bought and sold a great deal, especially the first three months, and G. P. Adams operated largely all through the year. Young was understood to have a considerable stake in the wheat deal run by him in the spring, and Weare had a big interest in the September corn deal, which he engineered, while Kershaw acted for himself in exporting a great deal of wheat in the spring and selling privileges, the latter proving too much for him.

The list of suspensions on the Board of Trade was a short one. The only noteworthy ones have been already mentioned. The list was especially short and the aggregate small, by comparison with that of 1883 on the Board and of the world outside in 1884. Its brevity was largely due to the fact that members had learned wisdom by experience and watched their customers more closely in the matter of margins. They were also able to watch one another very much more sharply after the institution of the Board of Trade Clearing House, not the least valuable feature of which was that it left no room for delay in rounding up mutual liabilities of members, or in paying differences due after the amount was ascertained. The new method of making deliveries also helped in this respect. The list of embarrassments outside, due to speculation on the Board was a much larger one, outside speculators having been mostly wrong in their position with regard to pork and corn.

Provisions.—The market for hog product presented some features of unusual interest; it was probably the most irregular year in this department ever known on the Chicago Board up to that time, if we except the war times, when prices reckoned in currency, fluctuated with the variations in the gold premium, but scarcely varied so much if estimated on a gold basis, as in 1884. The controlling facts were a smaller supply and a less demand in Europe. Mess pork had risen from \$10.10 in September, 1883, to \$14.25 at the close of the year, partly as the result of a conviction that the hog crop would be short. The market advanced to \$18.40 February 16th, as the packing fell heavily behind the previous year, but a pressure to realize at the advance started it down, and the heaviness in wheat, with a decline in meats abroad, caused lower prices to prevail in March and April, culminating in a quotation of \$16 on April 7th, the market being sold heavily short on this down turn. A belief that the shorts had laid the foundation for a corner on themselves carried pork up to \$17.65 April 10th, and it ruled above \$17 for the next four months, except as it was wanted by consumers outside. It reached \$19.95 May 28, with \$20 paid for July. During most of this time cash pork was offered in other cities (by Chicago parties) at a liberal discount from the market price. This made some of the more astute ones suspicious and they covered. Jones getting out at \$18.50, with a loss of about \$17,000. The market fell back to \$19 June 2d; went up to \$20 for July delivery, June 12th to \$22.50 July 11th and to \$23.50 July 15th. By July 28th the market had reached \$24, for seller August, with seller September \$18 and seller-the-year \$11.95. It reached \$27 the 16th, stood at \$27.50 from August 25 to 30, by which time over 300,000 barrels had been filled in, from first to last, leaving only an insignificant quantity outstanding. As soon as the short sellers had settled with Mr. Armour, on August 30th, the price broke to \$20 in a few minutes. Except about 40,000 barrels for a New York party, the shorts filled in August were nearly all small lots of 500 to 2,000 barrels each, and with few above one thousand, so that the loss was widely distributed. The corner was alleged to have been run by Mr. Armour in self-defense, as he claimed that packing property would have been depreciated to a fearfully low point on the panic of the early summer if a strong hand had not interposed to prevent it. By the middle of August stocks had been reduced to about 72,000 barrels, and 40,000 of this disappeared the next month, the price declining from \$19 September 1, to \$15 at the close of October, with new pork at \$13.25. In December it sold at \$10.60, and the year closed with final transactions about \$11 per barrel.

Wheat.—The price of regular wheat varied from $96\frac{1}{8}$ cents, February 12th, to $69\frac{1}{2}$ cents December 15th; being a range of about $38\frac{1}{2}$ per cent of the lowest price. The minimum price, in currency, was the lowest known since the early part of 1862. But

the quantity handled showed a decided increase. Receipts for 1884 were 26,397,587 bushels, against 20,364,155 bushels in 1883, while the shipments were 21,046,577 bushels against 11,728,754 bushels in 1883. The figures compared unfavorably, however, with 1879, which showed the largest annual movement prior to 1884.

The market was dull during the latter part of 1883, except a little flurry in December, on buying for New York parties. A smaller crop had not induced strength in Europe, as there was a large surplus left over from the previous year, and England was loaded down with Indian wheat. The lassitude of the market may be inferred from the fact that seller-the-year sold, January 4, at 94½ cents (the first sale noted) and delivery was made three days afterwards. A rise to 96⅞ cents, February 12, was the result of fears for the safety of the growing crop. News of snow in Kansas, with reports that Russian wheat was being offered in London 20 cents below what Chicago wheat would cost laid down there, sent it down. The market declined to 90½ cents, March 11th, at which point Kent and Armour were understood to have bought about 4,000,000 bushels, which checked the decline temporarily, but before the end of the month prices fell nearly 10 cents. This decline permitted the beginning of an active export demand. It is estimated that there were export orders for 4,000,000 bushels, March 27th, all of which could have been filled at 81⅝ cents for cash wheat, had the market remained there long enough to permit so much buying. The low point of the early part of the year was 76 cents, April 7, with 79⅞ cents for May delivery. This being the lowest price known in twenty-two years, except one stumptail crop, induced heavy buying; Wm. Young & Co. taking on about 2,000,000 bushels. About the middle of April Hobbs bought 1,000,000 bushels from Murphy in one lot at 84¾ cents for May, being the largest single transaction ever recorded in Chicago up to that time. May wheat touched 95 cents Monday, April 28th, with regular at ½ cent discount. This advance was caused by the excited filling of a lot of shorts left by the suspension of Fraley of St. Louis. The market touched 95 cents again May 5th, but the next day reports of the Grant and Ward failure sent it down to 91¾ cents, and, with occasional reactions of little importance, the course of the market was downward as the price successively touched 85 cents, 80 cents, 78 cents, 75 cents, and 70 cents for the trading future, which was mostly two months ahead of cash delivery. The market was continuously depressed by large receipts until the low point was reached December 15th, as noted above.

Corn.—A decreased movement of corn, in 1884, was a natural consequence of the short crop of 1883; yet the falling off was not nearly so large as might have been expected, as the smaller yield led to a drawing on the reserve overplus of previous years. Re-

ceipts were 59,580,445 bushels, and shipments 53,274,050 bushels. The range of prices for 1884 was an exceptionally wide one, from 90 cents at the close of September down to $34\frac{1}{2}$ cents at the close of December. Stocks also varied widely, though they were generally light. A leading feature of the year in corn was a steadily good and, at times, an eager demand by consumers for all that was offered by holders. No. 2 corn sold at $54\frac{1}{2}$ cents January 2nd and advanced about 3 cents during the first half of the month. This was the highest point reached until the Weare manipulation in September. The lowest price touched during the same period was $44\frac{1}{2}$ cents April 7 (with May at $48\frac{3}{4}$ cents) owing to heavy selling on country account. A backward spring in the Southwest and a report that receipts for about 2,500,000 bushels of Chicago corn were locked up in New York, while other points were bare, negated the effect of the failure of Grant and Ward and the Marine Bank. The ensuing demoralization of the East began to tell in Chicago, but, owing to the very light receipts, corn was comparatively steady. A frost the night of May 28, with a pressure to fill shorts in Liverpool, helped corn up to $56\frac{1}{2}$ cents June 18. Then Jones started in as a bear and got such a following as to force a decline to $48\frac{5}{8}$ cents July 9. No important change occurred until after September 1. From this point the market started up with the discovery that there was an apparent profit of $5@6$ cents per bushel in buying here and shipping to New York, while there was an eager demand from points in New England and it was whispered that a corner was drawing near as September corn would not settle. It touched $58\frac{1}{2}$ cents September 6th and fell off to $53\frac{1}{4}$ cents September 12th. Even as late as September 9th it was widely believed that P. B. Weare and W. E. McHenry, who were the representatives of the long clique, had resolved on transferring their deal into October, while some thought they had weakened owing to a western estimate that the corn crop of 1884 would reach 2,000,000,000 bushels and that much of it would be ready to grade by November. A frost in the West September 15th, which was felt the next day from Indiana to New York, with snow in Nova Scotia, seems to have determined the Weare-McHenry clique to push the deal, about which they felt undecided before, and they sold in New York for delivery in October. Probably over 1,000,000 bushels were left unsettled at the end of the month but it was all squared up afterwards, and only one 5,000-bushel lot was submitted to arbitration, the price being fixed at 87 cents. The corner was regarded as the most cruel ever run on the Board of Trade, as at least three parties found the market run up on them several cents per bushel after they had signified their wish to settle at the current price. It was a most mysterious corner and the secret was kept covered by an inflexible adherence to the rule that differences must be paid in currency, which prevented the following of checks

through the bank and kept even the bank officials in utter ignorance of the personnel, except with regard to Weare and McHenry. For a long time Armour was supposed to be the man, then Ream and Jones, then a Mr. Black, and Simmons of Kenosha was named as running it for Jay Gould. Whether or not the corner paid its engineers well, it was certainly a success in cleaning up the old crop more closely than ever before. It caused the last kernels to be swept out of the many hundred bins. Yet with all this Chicago only received 14,629 carloads during September and this was achieved only by bringing corn from every part of the Union.

One day, near the close of the month, the inspection tracks of the Illinois Central alone contained carloads from New Orleans, Buffalo, Toledo, Detroit, St. Louis, Kansas City, the Indian Territory, and Sioux City, beside numerous points in the states which usually contribute corn to the Chicago market. At the close there were probably not half a dozen country points that contained more than a few bushels each, and the inspection tracks in Chicago were well cleaned up, thanks to Sunday work, though several scores of cars could not be got into store in time. Some of the corn marketed at this time was gathered as much as fourteen years previously. The clique was supposed to have bought about 25,000,000 bushels for October, intending to carry the deal through the month, but they probably thought better of it on finding that the Directors had fixed (October 2) on 55 cents as the marginal value for corn for that delivery.

Wet weather in the West helped the market up from 57 cents October 1st to 59 $\frac{3}{4}$ cents October 3rd; the clique meanwhile transferring several million bushels into November, and afterwards selling out for that month. It then declined by a series of breaks to 41 cents October 28th, the clique selling very heavily, the 18th, for November, at 48 $\frac{5}{8}$ cents down to 45 $\frac{3}{4}$ cents, this being alleged to be on account of a disagreement among its members. The market fell to 39 $\frac{1}{2}$ cents early in November and to 35 $\frac{1}{2}$ cents at the close of the month. It sold down to 34 $\frac{1}{2}$ cents December 1st and the month closed at this price.

Oats.—The oats market was characterized by a remarkably heavy consumption, both foreign and domestic, and the almost total absence of anything that could be construed as a period of excitement. The receipts of oats in 1884 were over 3,000,000 bushels larger than those of the previous year, and there was a corresponding increase in the shipments. The total receipts were 40,082,362 bushels against 36,502,283 bushels in 1883, and the shipments 34,230,293 bushels against 31,845,993 bushels in 1883. In spite of these large receipts—about 110,000 bushels per day—the quantity in store was at no time even moderately large. This fact indicated an enormous consumption of oats throughout the country, which is explained by the fact that during a large part of the

year the relatively high price of corn made it a necessity for stock feeders to use oats for feed in place of corn. Then, too, there was an unusually active inquiry for oatmeal in Europe. There was no attempt to corner the market at any time during the year, the matter of manipulation being chiefly noticeable for its absence. Prices were remarkable for their small range, which was only $11\frac{3}{4}$ cents. The lowest point of the year, $22\frac{1}{2}$ cents, was touched in December, when corn was so cheap that it was largely preferred to oats, the receipts of the latter at the same time being too large for the demand which existed.

Rye.—The rye trade of 1884 was a marked contrast in every way to that of the previous year. The movement was only about two-thirds as large; the receipts being 3,327,516 bushels and the shipments 4,365,757 bushels, as against 5,484,259 bushels received and 3,838,554 bushels shipped, in 1883. Prices ranged somewhat lower, the average of 1884 being $57\frac{3}{4}$ cents. The highest price for the year was $65\frac{1}{2}$ cents, paid June 18, and the lowest $49\frac{1}{2}$ cents, which ruled during the last two days of October and the first day of November. This is a range for the year of 16 cents, while the range of 1883 was 15 cents. There was a decrease of fully 33 per cent in speculative trading for the twelve months.

Barley.—The barley movement during 1884 was not so large as the previous year, the receipts being 7,849,829 bushels and the shipments 4,095,500 bushels as against 8,831,899 bushels received and 4,643,011 bushels shipped in 1883. In December, 1883, a deal was started by two members of the Chicago Club, who held about 200,000 bushels of No. 2 barley at the beginning of 1884. Unfortunately for them, there was a liberal supply of barley and malt in the hands of the brewers and they could not find a market for their barley, which they had purchased at about 65 cents, and, after carrying it till February, they sold it out to a carrier, who took from them 150,000 bushels at 57 cents per bushel when the market price was $60\frac{1}{2}$ @61 cents. Shortly after the opening of the year the fact that there was a shortage in the corn crop in the barley-growing sections caused the latter grain to be largely used for feeding purposes, and by the time the new crop began to be marketed there was almost a scarcity of both barley and malt. In April the highest price of the year, $75\frac{1}{2}$ cents, was touched, and it was held above 70 cents until the latter part of May, when there was a sudden slack in business and it was difficult to find a market for barley. Early in July the first car of the new crop arrived from Nebraska and sold at 62 cents. There were light receipts during that month, and the movement was not at all free till after the middle of August. The new crop was a full one but late rains were responsible for an unusual percentage of stained and damaged barley. As this made most of the receipts undesirable for malting purposes, there was a sharp inquiry at all times for bright

samples, which sold at about 20 cents premium over the dark lots. This state of affairs gave rise to the establishing of barley-coloring institutions, whose managers bought the damaged grain at, say, 30@35 cents, and, after treating it to a chemical manipulation, sent it back to the market where it brought 55@60 cents. One large Chicago brewery was caught for about 50,000 bushels of this stuff, which they bought under the impression that it was good barley, and only discovered their mistake when they came to make malt of it and found it well-nigh worthless. The existence of this barley-doctoring industry made the buying of sample lots a remarkably delicate matter.

Not much Canada barley was on the market, the quantity being even less than the previous year. Not over 25,000 bushels were received, and this sold at a premium of about 15 cents over the domestic barley.

There was an absence of speculative trading during the year, the price of barley being very largely controlled by the supply and demand. From the time when the new crop began to arrive in July, when 61@62 cents was the ruling price of No. 2 barley, there was a slight decline followed by an advance to 65 cents at the close of August, when that grade of barley was very scarce. September opened at about 65 cents, and the fact that most of the choice barley was in the hands of two brewing firms led to a competition to fill buying orders and an advance to 72 cents September 20th. From that date to the end of the year there was a gradual decline under liberal receipts, and a dearth of buying orders, the lowest point of the year, 53 cents, ruling during the second week of December, and the last quotations, on December 31st, being nominally 57@58 cents.

Livestock.—The livestock business for 1884 was a little smaller than in 1883, but the total receipts for the year 1884 were 7,971,294 head, divided as follows: Cattle, 1,817,697; hogs, 5,351,967; sheep, 801,630. A feature of the trade was the increase in the commerce in fresh beef, the shipments of this product for the year exceeding 694,000 carcasses. The number of cattle slaughtered in Chicago was 1,188,154, Swift Bros. & Co. leading with 400,163 head. Prices ruled steady, the closing price for the year, \$6.05 for choice stock, being about the same as the opening. Prices for live hogs ranged from \$4.10 to \$7.75, being highest in February and lowest in December. Packing and city consumption showed a considerable falling off, the number packed being 3,911,792 or 300,000 less than in 1882-83. Special attention was paid to the wants of the European trade and this showed a satisfactory increase.

Seeds.—This branch of trade showed a good increase, the receipts of flax seed alone showing an increase of more than 600,000 bushels over 1883. Prices ruled higher for flax seed and lower for clover and timothy seed. Flax seed was quoted at \$1.38@1.40 in

January and \$1.35@1.36 in December. The lowest price for seed of good quality was \$1.29½ in September and the highest \$1.70 in May and June. Clover ranged downward from \$5.60 to \$6.15 in January to \$4@4.25 near the close of December. Timothy opened at \$1.15 @1.30 and closed at \$1.15@1.20, the low point being \$1.12 in November and the high \$1.44 in August.

Transportation.—Freight rates by lake were low, the rate on wheat, per bushel, to Buffalo never rising above 3 cents (in April) and ruling from 1¾ cents to 2½ cents during the summer months. Lake (steam) and rail freights on wheat, per bushel, to New York stood at 9@10 cents during the major part of the season and all rail freights on wheat, per 100 pounds, to New York, ranged from 30 cents in January to 15 cents during the late spring months, and to 20 cents and 25 cents the remainder of the year.

1885

The year 1885 opened with general business and industrial conditions at low ebb, and with prices of all commodities depressed; but there was a feeling of optimism and the thought that the enforced liquidation had placed business upon a sounder basis. It was believed that corn had reached the lowest point and that wheat had been sold down more than it could bear and would soon be on the up-grade. On the Board of Trade interest for the moment centered upon the annual election and upon the investigation of the acts of Mr. Milne, and on January 2d, the Directors held a special meeting to listen to the report of the committee which consisted of C. H. Adams, C. E. Culver, and W. J. Pope. This committee had taken testimony concerning Mr. Milne's connection with Lamphere & Co., of Detroit and, at a later meeting, a final report was rendered in which Mr. Milne was completely exonerated, praised for his good work and it was stated that, instead of profiting by his position on the Market Committee, he had suffered in his private business on that account. W. Nelson Blake was nominated for President, and the vindication of J. H. Milne was made complete by his nomination for Second Vice-President. There were attempts at opposition tickets, and J. W. Rumsey was placed in the field for President, with W. Lynn for Second Vice-President, while there numerous tickets for Directors. When the day of the election arrived Rumsey and Lynn withdrew, there was no opposition to Blake and Milne and the fight centered on the choice of Directors. W. G. Press announced his candidacy and made an aggressive campaign, one result of which was the posting of an anonymous placard headed "The Press Gang" and reflecting upon Mr. Press' candidacy. Mr. Press offered a reward of \$50 for information as to the author of this placard. It was stated, doubtless in exaggeration, that millions of tickets were

printed for this election, and that the floor of the Exchange was knee-deep in paper when the polls closed. Blake and Milne were elected without opposition and the Directors were Gurdon G. Moore, George J. Brine, W. H. Beebe, W. D. Gregory and George G. Parker. George D. Rumsey was also elected a Director to fill a vacancy. Mr. Beebe received the lowest vote among the Directors elected, and it was stated that this was on account of politics; the Congressional fight between Mason and Davis having entered into the Board of Trade contest. After the election Mr. Press, who was still incensed, distributed a circular offering \$25 reward for the author of the circular opposing him and \$100 if it could be proven that he was the candidate of the bucket shops. Aside from the election the Board was concerned with the suspension of P. P. Oldershaw, one of the oldest members of the Board, who had been caught on the short side of wheat. A few days after his suspension it was announced that he would settle with his creditors on the basis of one-third cash and the balance in notes. Another matter of interest and importance was the proposition made by C. H. Adams for a new rule providing that members should give confirmation notices through the Clearing House of all transactions. This rule was adopted by vote of 555 to 180.

At the annual meeting the Board of Real Estate Managers reported that the new building would be ready by May 1st, that many offices had already been rented, that insurance of more than \$1,000,000 had been placed on the building, and that a strict guard was being kept over it. Their financial statement was as follows: Cash on hand, January 1, 1884, \$303,498.14; received from sale of bonds, \$509,088.80; total \$812,586.94. Disbursements: Construction account, \$617,407.42; general expense, \$44,735.30. Cash on hand January 1st, 1885, \$150,444.22. The Directors submitted a statement of the financial condition of the Board showing ordinary receipts of \$90,888.27, and \$3,000 from the sale of Lincoln Park bonds. The ordinary expenses of the Board were \$56,899.57, with other expenses of \$67,547.17, which included nearly \$50,000 as interest on building bonds. The annual assessment was increased to \$50, this being necessary because no rents could be received from the new building before May 1st, while the interest on the building bonds must be met.

The Directors' report further called attention to the fact that the sale of "visitors tickets" had grown into an abuse, many taking advantage of them to trade upon the floor of the Exchange. The question of a settlement with the Chamber of Commerce as to the lease of the old quarters was also mentioned, and it was stated that this controversy had been referred to the Board of Real Estate Managers.

The success of the Clearing House was commended, and the proposition for checking trades through the Clearing House, refer-

red to above, was approved. Speaking of matters in litigation the Directors' report said: "All late decisions of the courts have been favorable to our claims that we are an independent body, with the right to control our own proceedings, privileges, and reports, and though we have not been able to dissolve all injunctions restraining us from withholding our market quotation messages from unworthy persons or firms, yet when these are reached to be argued they are invariably dissolved by the courts, and the vexatious delay in reaching them is only occasioned by the crowded dockets of the courts. And we are pleased to note that in our attempts to withhold our market quotation messages from such parties as make an improper use of them we are only working in line with such bodies as the New York and London Stock Exchanges, and the desperate attempts of some parties to retain possession of these messages, and the great sum of money said to be employed by them for the purpose, only shows the imperative need for this Board of Trade to firmly maintain its present position, and not permit these messages to be used by any person solely for gambling purposes, and in justice to itself and the world this Board should not take one backward step in the contest forced upon it in this matter."

The Directors further called attention to the fact that a room in the new building had been set aside for a Call Room, and suggested that action be taken if the Call was to be instituted. The creation of the Committee on Claims was also advised, in order to lessen the work of the Directors in hearing disputes. Other suggestions were for provision for trading in smaller lots of grain and provisions and for co-operation for the detection of members violating the rule as to commissions. The report also urged co-operation with merchants to prevent railway discriminations and referred to the retirement of Secretary Randolph and the appointment of George F. Stone as his successor.

At the annual meeting Mr. Blake introduced himself as his own successor and called on Mr. Milne who announced himself as the unswerving foe of the "gigantic gambling evils, with the stench of whose moral corruption the air reeks."

In line with the suggestion of the Directors the Board of Trade soon after protested to Commissioner Fink against the railway discriminations, and it was asserted that the discrimination amounted to 35¢ cents per bushel on corn. The Board also showed its determination to enforce the rules, and two members were suspended for one week for trading after hours. Action was also taken against the representatives of an evening paper which published an attack upon Mr. Milne, and they were excluded from the floor. Another incident of discipline was when ten members were suspended for four hours for "horse play" on the floor of the Exchange. These members sought to continue their fun in the gallery, whereupon the gallery was cleared.

The first steps looking toward the inauguration of the new building were taken on January 20th, when an outline of the proposed program was announced. This was to include a promenade concert the first evening, with the formal transfer of the keys of the building by the Board of Real Estate Managers to the officers of the Board of Trade the following day, and a banquet at night. The proposition for a Call was submitted to a vote and aroused much discussion. Mr. Counselman argued for and Mr. Adams against the proposition which was adopted in February by the small margin of thirty-one votes. The opponents were much dissatisfied with the result and a petition, that no member should be obliged to make extra payment for a sample table or a Call seat, received 300 signatures, which petition was refused by the Directors. Other matters which interested the Board at this time were the report, afterward denied, that twenty carloads of barley had been held up as having been doctored with sulphur, and the action upon the part of several commission firms, who agreed to take no notice of orders after trading hours.

The National Board of Trade met in Washington the latter part of January and two resolutions urged by the Chicago Board of Trade were adopted. The first urged the passage of the Dunham bill for the establishment of a Department of Commerce. The second, presented by Mr. Hatley, was to the effect that whereas the official provision inspector of the Chicago Board of Trade had inspected hundreds of millions of pounds of meats during the period from April, 1878 to December 31st, 1884, and the official inspectors of other packing points had inspected hundreds of millions more, had found no traces of trachinae, Congress should be requested to take vigorous action to remove the unjust stigma and the discrimination placed upon American meats by foreign countries. The resolution endorsed the bill for Government inspection of meats and declared for the prohibition of adulterated and unwholesome imports. The Executive Committee of the National Board accepted the invitation extended to hold their next meeting, on May 1st, in the new Board of Trade building at Chicago.

The first of the year the Produce Exchange was established in its new quarters on the corner of Clark and South Water Streets and, in February, the flour dealers organized and elected W. H. Crocker President and Peter McGurn Secretary. February 25th occurred the first expulsion from the Board of Trade which had been necessary for fifteen years. This was in the case of W. J. Faulkner, who was expelled for irregularities in connection with the Board of Trade Clearing House, after an investigation lasting several weeks. At this time a considerable sensation was created by the publication, in the Chicago Tribune, of a full page exposé of the alleged fraudulent methods used to secure the pardon of Fleming and Loring, convicted of bucket shop frauds. It was stated

that Judge Blodgett and President Arthur were imposed upon, that the prisoners had lived in luxury and that the story of their sickness was a fable. The names of a number of prominent citizens were given in connection with the case and much futile and belated resentment was aroused.

The fact that the new building was nearing completion caused the members to take active interest in the preparations for the dedication. Four thousand invitations were issued, those to guests from abroad being written, and a banquet at the Grand Pacific hotel was planned to cost \$20 per plate. As the banquet hall would not accommodate more than five hundred and as many guests were expected, it was apparent that not more than one-sixth of the members could attend, and the plan met with much opposition on the part of those who wished the festivities to be made more democratic. Four thousand Edison incandescent lights were placed in the building in April, and a proposition was received from the Sperry Electric Light Company for the illumination of the tower. In March occurred the first sale of grain in less than five thousand bushel lots upon the regular Board. This was, however, a divided sale, 3,000 bushels being sold to one party and 2,000 bushels to another.

This sale perhaps led to the proposal to legalize the smaller deliveries upon the Board and, on April 18, the Board passed a rule providing for deliveries in lots of 1,000 bushels of grain, 50 packages of pork or lard and 25,000 pounds of short ribs. On the same day also the President announced that all members trading out of hours would be liable to suspension for 30 days. The committee which had been considering the proposition of a call recommended, in April, the appointment of a committee to rent seats and to preside at meetings for trading purposes. Members trading through the Caller were to be assessed a sum sufficient to cover the expense of conducting the call and choice of seats was first to be given to houses clearing their trades through the Clearing House, with but one seat allotted to a firm. The committee was given power to fix the order of the call and every sale was to vacate a previous bid or offer, all offers to be made for specific amounts and when no amount was named the sale to be considered for 5,000 bushels of grain, 250 tierces of lard, 250 barrels of pork or 50,000 pounds of meats. In disputes the Caller was to decide on the spot or allow an appeal. It was arranged that the call of provisions should be made at 10 a. m., of wheat at 11 a. m., and of other grains at 12 o'clock. These provisions for the call were to be effective in the new building and the attention of the Board was now directed to the near approaching time when it should leave the old quarters to occupy the magnificent structure which was the pride of Chicago and of all the Great West, which rightfully left that it had a part in this evidence of the prosperity of

the Board of Trade. The old building in which so many fortunes had been won and lost and which had witnessed so many scenes of tense excitement was near to the hearts of all, so that it was felt that there should be not only a fitting dedication of the new building, but a farewell to the old. A petition asking that such a program be held in the old building was allowed by the Directors, and an hilarious, but nevertheless heartfelt, adieu was taken of the old quarters. Harry C. Avery, J. B. Kitchen, and F. R. Spear composed the committee having this in charge and F. A. Crittenden acted as Master of Ceremonies. Only members and visiting guests were admitted, whereupon the downtrodden and excluded clerks threatened a rush. All movables were taken from the hall and all dignity was excluded along with the clerks. The visitors gallery was crowded and there were nearly 3,000 people present when the fun began. The Imperial Quartet opened the program and led the choruses. The First Regiment Band furnished music and soon the great hall resounded to the plaintive chorus of "Goodbye, My Lover, Goodbye." Congressman Dunham delivered the valedictory address and Thomas W. Keene and Nat Goodwin gave recitations, the "Star Spangled Banner" was sung with great enthusiasm and then began the dance and the Grand March. Around the room they marched, over the pits, all about the familiar hall, with the marchers singing "Auld Lang Syne," the men shouting and cheering and the ladies waving their kerchiefs and applauding from the gallery. After marching and countermarching, the procession left the building, President Blake standing at the exit and shaking hands with the members as they departed. The procession then marched up La Salle Street to the new building and the band played "Home Again," while the thousands cheered. Portions of Mr. Dunham's address on this occasion are worth saving. He said, in part: "Now, my friends, we are about to leave this hall. We have been here many years; some of us have prospered; all of us have had, as you might say, a good time. The Board of Trade of this city has established a reputation and has established itself as one of the institutions of the earth as well as of Chicago. The people of the whole world every morning when they rise from their beds and read the papers turn to see what the news is from Chicago, and, naturally, what the Board of Trade has to say. The markets of all the cities of the world look to us. As commercial men and as business men we ought to be, and are, proud of the position we occupy. I say to you, fellow members, while we leave this hall with pleasure, at the same time we leave it with regrets. We have had pleasant associations, we have had lively markets, we have had war and we have had peace. We have had what may be called famines and we have had plenty. We have gone long and we have gone short, but we are sorry, really sorry, that we must bid adieu to these walls. The very look of them, gentle-

men, shows business (laughter) and that while there have been no bullets, the reverberating sounds from the pits have gone to and fro until the walls have almost disappeared. And now we, brethren, will disappear. The place that has known us so many years will soon know us no more forever. We are to occupy a building that in fineness and elegance of architecture has never been excelled—a building that is a pride to Chicago and a glory and a credit to us."

The promenade concert in the new building in the evening was much more formal but not more sincere than the farewell. The building was a blaze of light and at least 6,000 guests were in attendance. The First Regiment band furnished an orchestra and gave a program of twelve numbers. It was complained, however, that there was "nothing to do but walk." The next day was moving day as well as dedication day, and the old rooms presented a sorry spectacle of abandonment while new offices presented almost an equal scene of disorder. Four thousand people were present when President Blake, accompanied by Rev. Clinton Locke, Hon. Emery A. Storrs, J. R. Bensley and a number of distinguished guests, occupied the platform. President Blake presided over the exercises, which were opened with prayer by Rev. Clinton Locke, after which Mr. Bensley, on behalf of the Board of Real Estate Managers, surrendered the keys of the new building to the President of the Board of Trade, saying, among other things, that the rent roll of \$120,000 would be sufficient so that the Board could occupy its building free of cost. President Blake responded and introduced Mr. Storrs, whose polished oration was fully worthy of the historic occasion. Following this address brief congratulatory speeches were made by representatives of New England, Liverpool, the Pacific states, New York, Montreal, St. Louis, Missouri, Minneapolis, Minnesota, Cincinnati, Nashville, Philadelphia and Baltimore, while congratulatory telegrams were read from New York, Denver, and St. Joseph. The evening banquet was a fitting climax to the celebration. Johnny Hand's Orchestra furnished the music, Rev. Dr. Clinton Locke of Grace Episcopal church made the invocation, and the following program of toasts was enjoyed: "Our Country," Postmaster Palmer; "The State," Gov. Oglesby, whose telegraphed toast was read; "Chicago," Mayor Harrison; "The Army," General Scofield (by a letter which was read); "Our National Board," President Fred Fraley, of the National Board of Trade; "The Press," J. R. Donlop, President Chicago Press Club; "The New South," General C. B. Trezevant, of Memphis; "The Venus of the Lakes," John Johnston, of Milwaukee; "The Clergy," Rev. Dr. Clinton Locke; "Guests from Over the Sea," S. Williamson, of Liverpool; "Our Merchants," N. K. Fairbank; "The Railways," E. A. Storrs; "The Ladies," Mr. Hudson, of New York. There were no scenes of hilarity such as had marred the dedication of the old Chamber of

Commerce building, showing that the Board of Trade had grown more sedate and dignified with age.

In marked contrast to the scenes of rejoicing and activity at the new building is the following graphic newspaper description of the old building: "The old building and its surroundings presented a forlorn and desolate appearance. No elevator was running and the lynx-eyed doorkeepers were conspicuous for their absence. The offices were deserted and the furniture and fixtures had in most cases been removed. The silence was now and again disturbed by the tap of a hammer in the distance where books and papers were being packed. There was not a telegraph boy to be seen in the building, nor a shoeblick, nor a nut vendor—not even a newsboy. The walls of the hall looked more desolate and neglected than ever before. Verily, the life of the place had departed. Even the clock had become erratic and was nearly an hour fast. Time was no object now. With dusty tables and fixtures, the unswept floor, and old furniture heaped in confusion everywhere, the glory of the old habitat of the bulls and bears had gone forever."

A feature of the dedication time was the meeting in Chicago of the executive council of the National Board of Trade. President Fred Fraley presided and the members were welcomed on behalf of the Chicago Board of Trade by Mr. G. M. How. The subjects discussed were chiefly concerned with ship subsidies and Canadian reciprocity.

The new building was ready and opened for business on the morning of April 30th. But the members soon found that they had not left all their problems behind them in the old building. In the first place the officials had seen fit to remove all telegraph instruments from the main floor of the Exchange and had installed a system of pneumatic tubes by which messages were to be transmitted to the rooms where the instruments were located. Two reasons were given for this; first, that the sound of the many instruments disturbed trading, and, second, that members who understood telegraphy were able to read messages not intended for them. The new system failed the first morning it was tried. The messages stuck in the tubes and they were soon out of commission entirely, delaying the sending of messages for several hours. This created a storm of disapproval and the general excitement was intensified when it was learned that the Market Committee had taken advantage of the removal to the new building to cut off all market quotations, except to those on the list of special correspondents. Quotations were not furnished to the Open Board and no trading was done in that institution, neither were they given to the Western Union Telegraph Company, but were sent via the Baltimore and Ohio Telegraph Company. Chairman Milne of the Market Committee was interviewed, but had nothing to say; President French of the Open Board was more approachable, however, and declared that

the Open Board wished for peace and insisted that trading had proceeded as usual. The bucket shops were taken by surprise when the quotations failed and were able to transact no business. The managers of the "New York and Chicago Grain and Stock Exchange," which was the ornate title of one bucket shop, was able, however, to secure a temporary injunction to restrain the Western Union from removing its tickers.

The opening session in the new hall was attended by nearly a thousand visitors and the attendants with their new uniforms with gold buttons and gold lace were an added attraction. It was said that the real business of the Board in the new hall was carried on without excitement, however, except for the receipt of warlike news from Europe. The next day found a continuation of the situation both as regards the telegraph service and as to the furnishing of quotations. Private messages were sent and delivered via the Western Union, and while there was no regular ticker service, some approved correspondents were accommodated. The Open Board traded on figures received through private telegrams, but the members were very indignant that quotations had been stopped and a resolution was passed to change the hours of trading, making them from 9 a. m. to 3:30 p. m. except on Saturdays, when the closing hour was to be 2:30 p. m. This was considered an act of open defiance of the regular Board. The members of the Board of Trade were not unanimous in their support of the new programs. Many thought the action in cutting off quotations was undignified and that it was impossible to effect the object desired and that the quotations would be received by the bucket shops in any event. There was also much dissatisfaction over the regular telegraph service, as the tubes continued to balk. Mr. Milne declared that the action of the Open Board was ill-advised and that the Board of Trade was willing to furnish quotations by private messages. The Western Union filed a unique petition before Judge Tuley asking his advice as to its course, as the Company was compelled by order of the court to furnish quotations which the Board of Trade refused to give it. From St. Louis, however, came the encouraging news that the bucket shops of that city had been "squeezed" through lack of quotations and that the St. Louis Exchange would prevent the local bucket shops from receiving the market reports from its black-board. The first meeting of the Directors in the new building found itself with many complications to face, and among its acts was the appointment of a special committee to receive legal advice as to the quotations. Committees were also appointed to secure a better telegraph service and to open the new Call Board. The quotation situation was further complicated when Judge Tuley granted an order to compel the Board of Trade to furnish quotations to A. J. Lichtstern, the order being made returnable May 12th, and at the same time it was claimed that the Board was violating

an injunction previously issued by Judge Moran. When the Lichtstern case came up for hearing it was asserted that the Board had cut off quotations from all except private customers and the Board of Trade made answer that, under the court order, the Western Union was obliged to make public telegrams which it had no right to make public. In the meantime another source of irritation among the members was that suitable arrangements had not been made for telephone booths and a petition for their installation was circulated, while complaints as to the poor telegraph service were loud and long. One cause of dissatisfaction was that a private pneumatic tube had been allowed, to connect with the Counselman office across the street. This was considered a special privilege and Mr. Counselman soon discontinued its use, saying that messenger service was preferable. The telegraph companies also protested that the tubes were unsatisfactory and by the 18th of May the telegraph instruments were again installed on the main floor of the Exchange.

The committee to arrange for the Call announced that the first session would be held May 12, but it proved to be but a tame affair and resulted in a petition opposing the Call of grain and asking for the postponement of the sale of seats. The Call was said to be a failure as to grain, although a success as to provisions. The Call was continued, but, by the 1st of June, many members were brought to the belief that the two methods of trading at the same time were a nuisance, and, on June 2nd, the Call was attended by but four members, no business was transacted and the sale of seats was postponed for the second time. On the 6th of June it was announced that the Call had been dead for four days and, on the 10th, it was officially abolished amidst the applause of the members. It was also announced at this time that telephone service was to be installed.

The committee appointed to confer with the Open Board was more conciliatory than the Market Committee had been, but that institution continued in a militant frame of mind. Its annual election hinged upon this question and the new officers, E. J. Noble, President; E. E. Powers, Vice-President, together with the Directors, were elected on account of their opposition to the "upstairs men." At the annual meeting of the Open Board President Noble pledged himself to carry out the rules, and on the following day a rule was posted providing for a return to the old hours of trading. This was a move for peace and the Directors of the Board of Trade decided to furnish quotations to the Open Board. Chairman Milne took exception to the report on which this action was based, as an unjust reflection upon the Market Committee and tendered his resignation from the committee, as did J. J. Bryant also, and these resignations were accepted, and J. C. Hatley and G. G. Moore were appointed. Following this action the Directors of the Open

Board restored the old hours so as to conform to the custom of the Board of Trade, but this was opposed by many members at the time and it was announced that the Open Board had not decided to take the quotations offered. In June, however, the action of the Directors was ratified and the two Boards were again in harmony.

The fight against the bucket shops continued, although settlement was made with the Open Board. It was aided by the action of the State of Ohio, which passed a strong anti-bucket shop law, and by the St. Louis Exchange, which passed a rule against the bucket shops. The Louisville Board of Trade, on the contrary, refused to pass a rule providing that members should not furnish quotations to bucket shops, and it was cut off from the Chicago quotations, and it was said that this action paralyzed the bucket shops throughout the South. Within a month, however, Louisville came to time, passed the desired rule and received the quotations.

Cut off from all market quotations by the regular ticker service the bucket shops of Chicago were in a sorry plight and were forced to resort to desperate measures and in these they were aided by some members of the Board. In June, a member was caught signaling the quotations by stroking his cheek to indicate one condition of the market, and raising and lowering a card to indicate something else. He was warned to desist, but within a few days another member was seen standing by an open window and stroking first his right cheek and then the left, as the market went up or down, and it was found that he was signaling to men in an opposite building. This was stopped, but it was reported that the stealing of quotations continued. The bucket shop men were not idle in retaliation and, in June, the House Committee on Corporations of the Legislature, which was then in session, reported favorably a bill to appeal the charter of the Board of Trade. No great alarm was occasioned by this, however, and the bill did not become a law. Another intended blow at the Board of Trade was when one Sam Berkowitz, a clothing dealer, brought suit against John T. Lester and Charles Schwartz for \$450,000, under a statute against gaming which provided that anyone might sue the winner of a gambling transaction for three times the amount involved, one-half to go to the county and one-half to the party bringing suit. The petition in this case alleged that E. Partridge bet \$150,000 on the Board of Trade and that he lost and paid and the suit was brought against the winners. Nothing came of this suit, which was thought to have been instigated by the bucket shops. In July, the bucket shops made use of a "wild wire" which was traced through the stock yards and promptly cut. Another wire was used and again cut, but the bucket shop men had it repaired within fifteen minutes and the Telegraph Company had men out all day searching for these secret connections. The Murphy bucket shop employed runners operating from the Open Board and, on account of an injunc-

tion the Public Grain and Stock Exchange was unmolested. The abolishment of trading after hours was another reform sought by the Board and in the latter part of July four members were suspended for thirty days for this offense. This was considered severe in view of the fact that the accused members admitted their guilt, and a petition was circulated to have the time reduced. Trading in the streets after hours had become so general that it congested traffic in the neighboring thoroughfares and the police were ordered to clear the streets. The traders objected to this police interference, but were reminded that they were glad of police interference when certain communists marched threateningly about the Board of Trade building at the time of the dedication. During this time the Committee on the Revision of the Rules was holding sessions and, in August, Robert Lindblom wrote an open letter to its chairman, C. H. Adams, opposing the Commission Rule, and saying that it was impossible to stop the bucket shops by "bottling up" the quotations, and that to stop them was to surrender the market supremacy of the Board of Trade. He urged that the expensive struggle be stopped and said the Market Committee was prominent chiefly for what it had not done. This letter did not affect the policy of the Board, but the bucket shops continued to flourish, as is evidenced by the report that they were large gainers by a break in wheat prices in August, and that publishers of market circulars were taken to task for furnishing quotations to bucket shops and agreed to stop the practice.

In August the Grain Receivers appointed a committee of two receivers and two shippers to confer with the Board of Trade as to the more general use of hopper scales for weighing grain and at the same time passed a resolution to investigate and, if possible, to stop freight discrimination against Chicago. The committee of the Directory on weighing reported favorably on the hopper scale system for track weighing and the report was ordered printed and sent to other Exchanges; the general adoption of this system of weighing following this report. Other important acts of the Directors during September, 1885, were the restoration to membership of "Jack" Sturges, who was suspended over a year before and who was restored upon advice of the Board's attorney; the granting of a direct wire to the Open Board; the adoption of the New York Exchange's ocean bill of lading; the appointment of a committee on the advisability of compulsory life insurance for Board members; the leasing of the Call Room to the Stock Exchange until May 1, 1886; the mandate to the Committee on Transportation to act with the Freight Bureau with regard to railway discriminations against Chicago and the extension of the Clearing House notification system to include trades in small lots. Little more was accomplished in the bucket shop crusade during the summer months, but that the warfare was not stopped is shown by a bitter attack upon the

Board and defense of the bucket shops, published as a communication in the Chicago Tribune in October and answered by that paper in an editorial which stated the matter so succinctly as to be worthy of reproduction. The Tribune said: "There can be no question that speculation in breadstuffs and provisions when not carried too far, has vastly helped the development of the produce trade of the West, as it certainly has done much to build up the trade of Chicago. If the speculation, which many call gambling, could be entirely abolished it would work a complete revolution in the business of farming in this country, and the change would be a disastrous one to not a few of those who find fault with the present order of things. Very nearly all the grain and live stock that the farmer sells to the country buyer is paid for with borrowed money, and the use of that money can be obtained at much lower rates under existing arrangements than it could be if the buyer took all the risk involved in owning the property till it was sold to the men who retail it to the consumer. But in order to do that he must be able to sell it to arrive, and the man who buys it to be delivered at some future time is a speculator. It all depends upon the meaning we attach to the word, whether we consider him to be a gambler or not, and for this speculative buyer we may say that he would be very wary about operating if he did not know that he could dispose of the property in advance of arrival if he wished to get rid of the responsibility before the time came for delivery."

The competition of the bucket shops was seriously felt and this, together with the general decline of speculative trade, undoubtedly caused commission merchants to seek business by secretly cutting rates. This became so general that those who wished to abide by the rule felt that they were badly handicapped. This led to a petition which was presented to the Directors asking that the rule penalizing the giving of rates below the Board's schedule be repealed. This proposed annulment was posted, together with one for the abolishment of the Board of Real Estate Managers, and the placing of the control of the real estate in the hands of the Directors. This latter proposition was adopted by the Board, in November and Edmund Norton and W. H. Beebe were appointed as the real estate committee. Later in the same month the penalty clause of the commission rule was repealed, while the rule itself was allowed to stand. One result of this action was to greatly lessen the value of memberships and toward the close of the year it was said that thirty memberships were for sale, mostly by men who traded through brokers, as the repeal of the rule practically destroyed the differential which had hitherto existed in the commission charged to members, and non-members. In October, it was decided to form a closer union between the Board of Trade and the Chicago Freight Bureau, and this was effected in November by the unanimous vote of the Directors, it being understood that the Board

was to be represented in the Freight Bureau and to bear a portion of the expense. J. C. Hately, G. G. Moore, W. S. Seaverns, A. M. Wright, C. E. Culver, J. H. Norton, R. H. Fleming, Edmund Norton and J. S. Hannah were appointed as the first representatives on the Freight Bureau. At the meeting of the Directors at which the above committee was appointed, delegates to the National Board of Trade, with President E. Nelson Blake as chairman, were named and also a committee to solicit relief for the fire sufferers at Galveston. Later, in November, was published the first newspaper article relative to the holding of the World's Fair in Chicago in 1892.

With the removal to its new location the Board was anxious to get rid of its lease on the Chamber of Commerce building. This had been left with the real estate managers, but without result, and, in August, a committee was appointed to confer with the Chamber of Commerce on the matter. This committee also accomplished nothing and the Board continued in possession of the empty hall, in December allowing its use to the newsboys for a Sunday school. The disposition of this lease was destined to become a "paramount issue" in following years.

The markets for the year 1885 were singularly free from large manipulation and the business transacted was of the ordinary commission character with the speculative trade chiefly in the hands of scalpers. The threatened Afghan war amounted to nothing, but the situation in the Balkans was warlike and was the cause of several market flurries during the year. A big battle between the longs and the shorts was anticipated in May wheat, as both sides were said to have heavy commitments, but this did not materialize. At St. Louis there was a corner in May oats which drew upward of 100,000 bushels from Chicago. The sensation of the summer months with the wheat market was the circulation of numerous false reports of hot wheat. New York investors sent three different sets of investigators to Chicago to examine the condition of wheat in store. Twice the report was that wheat was in good condition, but the third inspector reported adversely and this caused a break in the price, although soon refuted by Board of Trade inspectors. In September Balkan war news turned the market upward and such men as Ream, Jones, Hutchinson and Cudahy became active bulls, sending the price of November up nearly 3 cents, and a like cause gave wheat prices an equal raise about the middle of November. The failure of John Hargreaves, a prominent Liverpool operator, who was long large quantities of wheat and lard, was the sensation of the December market and caused a sharp break in the two commodities above named. Scarcity caused higher prices for corn and an active market in November and later in the same month there was a flurry in pork in which Hutchinson was interested, the shorts being forced to cover at a considerable loss. An instance

of the excitement which prevailed at times was shown by the statement that when there was a break in wheat, the latter part of March, the rush to sell was so great that several men were injured in the wheat pit.

Wheat. The receipts of wheat were 18,909,717 bushels, being less than for the preceding year by nearly 7,500,000 bushels, and shipments showed a like falling off, being 13,975,032 bushels, or a little more than 7,000,000 bushels less than in 1884. This decrease was due to partial crop failure in Ohio, Indiana, Illinois, Missouri and Kansas, Chicago handling, however, as large a proportion of this grain as usual. The price touched its lowest point, $73\frac{3}{8}$ cents in March, and was highest in April at $91\frac{3}{4}$ cents. The market opened at $76@78$ cents, on January 2nd, for spot, No. 2 spring, with February at $76\frac{3}{4}@79\frac{1}{2}$ cents. Prices ranged higher, going up to $82\frac{5}{8}$ cents for February, during the first two weeks of the month, gradually settling back to near the open price. February witnessed an irregular decline of about 2 cents a bushel, and in March the lowest prices of the year were realized, but the month closed about 2 cents higher than at the end of February. April was the month of bull markets, wheat influenced by bad crop reports and the threatened Afghan war touching the highest point of the year, and closing 14 cents higher than in March. The price in May was well maintained, ranging from $86\frac{1}{4}$ cents to $90\frac{3}{4}$ cents until the latter part of the month, when it fell to $85\frac{3}{8}$ cents. During June a price of 90 cents was reached and again in July spot wheat sold at $90\frac{1}{4}$ cents, but in August there was a steady decline, until 78 cents was touched on the 20th of the month. The low price in September was $76\frac{1}{4}$ cents early in the month, but the closing market was $84\frac{5}{8}$ cents. The range was considerably higher in October, $90\frac{5}{8}$ cents being reached on the 17th, but closing only a cent higher than in September. Wheat was above 90 cents on several days of November, but the low point was reached the last of the month at $84\frac{1}{4}$ cents. At no time during December did it touch 90 cents and the year closed at $84\frac{3}{4}@85\frac{1}{4}$ cents. The high standard of inspection was maintained throughout the year and with it the excellent reputation of the Chicago market. The new crop showed a large percentage of low grades and, in October, the difference in price between No. 3 spring and No. 2 was fully 13 cents a bushel.

Corn. The corn market throughout the year was almost wholly devoid of interest or incident. The crop was the largest known up to that time, and receipts were 62,930,897 bushels and the shipments 58,805,567 bushels. Wet weather at the maturing season damaged the grain and a large proportion of the receipts were sold by sample for immediate consumption. The price of No. 2 varied from $34\frac{1}{4}$ cents in January, to 50 cents in May, the average price for the year being about $42\frac{1}{2}$ cents per bushel. It opened at the lowest price of the year, rose irregularly until May, then receded

until about the 1st of November, when cash corn reached 40 cents. From this point, after a fair reaction the market declined with occasional rallies, the year closing at $36\frac{1}{2}@36\frac{5}{8}$ cents.

Oats. The oats market also ruled dull, the crop of the United States, although of inferior quality, being the largest on record. The receipts were 37,678,753 bushels and the shipments 32,426,462 bushels. Prices for No. 2 oats ranged from $24\frac{1}{4}$ cents in September to $36\frac{1}{2}$ cents in April. There were market flurries of brief duration in April, June and July. January 2nd, No. 2 cash oats were quoted at $25\frac{1}{4}$ cents and the market tended irregularly upward until the close of April. The decline was irregular but fairly continuous from the 1st of May until the 2nd of September, when "low" was touched at $24\frac{1}{4}$ cents. There was then a reaction and the year closed at 28 cents.

Rye. The receipts of rye were barely 60 per cent of the receipts of 1884, being but 1,892,760 bushels, while the shipments were 1,216,961 bushels. This falling off was due to a partial crop failure, a larger home demand than usual and a much smaller demand for export, as Germany and France imposed virtually prohibitive tariffs on rye. The range in price of No. 2 rye was from $52\frac{1}{2}$ cents in January to 73 cents in May, the closing quotation of the year being $58\frac{1}{2}$ cents. In July the amount in store was reduced to 8,500 bushels and there was less than 300,000 bushels in store the last of the year.

Barley. The trade in barley was almost entirely confined to sales by sample, but the market showed remarkable growth. Receipts were 10,760,127 bushels and shipments 5,583,003 bushels, both the inward and the outward movements exceeding all previous records, while prices averaged about 4 cents lower than in 1884. No. 2 sold as low as 59 and as high as 71 cents. The first quotation of the year was 61 cents, but for several months of the year the trade in the speculative grain was so limited that few quotations were recorded. After August, which opened at 70 cents, the quotations were comparatively steady until the first of October, when the trend of the market was downward, the last quotation of the year being $62@62\frac{1}{2}$ cents, December 30th.

Flour. The flour trade for the year 1885 was highly satisfactory, both as to receipts and shipments and as to city manufacture, the latter being nearly twice that of 1883, and showing a fair increase over 1884. The receipts were 5,385,772 barrels and shipments were 5,240,199 barrels. Direct export trade increased and amounted to 719,076 barrels. Prices ruled steady most of the year, the highest prices prevailing in July and August, and the lowest early in the year. The price in the first part of January for spring wheat flour was $\$4.25@5$. In April it was quoted at $\$5@6$, which price it maintained until well into June. During the remainder of the year the outside price was under $\$6$, the range being from $\$5.25$ to $\$5.75$, and the year closed at $\$4.90@5.50$.

Seeds. The Secretary in his report covering the year 1885 complimented Chicago upon the very high standard of commercial honor maintained by those engaged in the seed trade, stating that this fact had done much to increase the business of the city in these commodities. Timothy seed was in good demand with prices advancing from \$1.22 in January to \$1.62 in May and reaching \$1.74 just prior to the arrival of the new crop. In September, again, the price rose to \$1.78 per bushel. Secretary Stone maintained that the shipments of timothy were in reality much larger than shown by the reported figures. There was a fair business in clover seed, the price ranging from \$4.40 to \$6 per bushel for prime seed, the highest price being reached in August. Dakota and Iowa were the largest producers of flaxseed, owing to the low price of cereals and the fact that flax yielded abundantly upon the new lands. The receipts of flaxseed for 1885 were 6,770,657 bushels and the shipments 5,567,526 bushels. The market opened in January at \$1.36@1.37 for good to choice samples and rose irregularly until the high point, \$1.51, was reached the third week in February. From this time it declined irregularly throughout the year, nearly every month averaging somewhat lower than the month preceding, and the year closed at \$1.10½@1.11¾. The movement of seeds other than flaxseed was as follows: receipts, 68,748,164 pounds; shipments, 58,425,811 pounds.

Provisions. The speculative market for hog products was singularly devoid of excitement throughout the year, the large hog crop keeping the supply abundant with a downward trend in prices. Prices did not fluctuate violently and the highest prices were reached in February, when mess pork sold at \$13.35, lard at \$7.10 and ribs \$6.67½. October was the month of lowest prices and mess pork touched \$7.95. There was a corresponding depression in hog prices, the receipts, 6,937,535, being the largest since 1880, and nearly 1,600,000 more than 1884. The prices for heavy hogs were highest the first of the year, January opening at \$4.25@4.55. By the middle of February the outside price had risen to \$5.25, but after this time the price receded irregularly, going below \$4 in November, the year closing at \$3.45@4. The total number of hogs packed in Chicago for the year ending March 1, 1886, was 4,928,730, being an increase of 700,000 over the preceding year. Domestic demand, especially in the southern states, was large and the export trade was good, although Germany and France persisted in their prohibition of American pork products. During the winter season from 22,000 to 25,000 men were employed in the packing industry and the stockyards included 350 acres, 280 of which were under plank, while there were 90 miles of railroad tracks within the yards. The beef trade was stimulated by foreign orders, one order for the French army requiring the slaughter of 25,000 cattle. The trade in fresh beef was large, but the shipments were about 3,000,000

pounds less than in 1884. The price of common to choice beef cattle the first week in January was \$4.25@5.90 and the year closed at \$3.80@5.40. The receipts and shipments of cattle as reported by the Union Stock Yards Company were as follows: cattle, receipts 1,905,518, shipments 744,093, city consumption and packing 1,161,425; sheep, receipts 1,003,598, shipments 260,277, city consumption and packing 743,321.

Transportation. It was becoming more and more evident that strong legislative action was necessary to prevent the system of discriminations and secret rebates prevailing among the railroads. This not only was prejudicial as between cities but also affected individuals, large shippers receiving special favors and lower rates. This state of affairs was recognized in the report of the Secretary and legislation was recommended. Such was the condition that a statement of the published rates afforded but little knowledge as to the rates actually paid by shippers. Freights via lake and the Erie Canal were low throughout the season. The rate on wheat per bushel to Buffalo was $3\frac{1}{4}$ cents at the opening of navigation, but soon fell and in July a rate of 1 cent per bushel was quoted, with a like rate on corn, and a rate on wheat per bushel from Chicago to New York, including Buffalo charges, of $3\frac{7}{8}$ cents. The rate on wheat per bushel to New York via lake (steam) and rail stood at about $7\frac{1}{2}$ cents during June, September and a portion of October, but was over 10 cents during the latter part of July and the last six weeks of the season. The all-rail freight on grain per hundred pounds to New York was 20 cents during the navigation season and 25 cents during the remaining portions of the year. A special committee of the Board conferred with the Lake Carriers' Association and progress was made toward the establishment of a uniform bill of lading. Delegates were also sent to conventions at New Orleans, St. Paul, and Atlanta held to promote the improvement of waterways, and much was hoped from the bill then pending in Congress for the construction of the Hennepin Canal.

In closing their report for the year the Directors took a hopeful view of the future, saying, "General business seems gradually to be reviving in all departments of trade, and in all parts of our country, but more especially in the West."

1886

The passing of the old year and the coming of 1886 were celebrated in regal style on the Board of Trade. It was announced that there was to be a "regular program" and the ladies were invited to witness the tamed and censored antics of the bulls and bears. All temptation in the way of flour and grain samples were removed and the affair was placed in charge of a committee. More than 600 ladies, wives and sweethearts beautified the gallery. Jolly Ed Bangs was in charge of the program and the First Regiment Band

led the procession of traders around the pits. The crowning feature of the parade was a wild elephant, composed of Charles Hunter and Charles Van Kirk, led by a richly clad Hindoo, who, on other days, was Ben Stauffer. There were many grotesque features in the merry throng of marchers. There was an onslaught upon the marching column and then followed a short program by the Haverly minstrels. The entire program lasted but twenty-five minutes, but each moment was crowded with fun and it is characteristic of the Board that of the \$460 raised for the celebration one-half was given to charity. This was the first New Year's festivity held in the new hall.

The members were justly proud of the fine structure and hailed with delight the illumination of the lofty tower, which was then the highest pinnacle in Chicago. The plan to light the tower was first proposed by Elmer A. Sperry, but was temporarily abandoned on account of his illness. It was now installed, backed by Directors George J. Brine, Edmund Norton and President E. Nelson Blake. Four great clusters of lights were placed; the Board of Trade to furnish the power and the balance of the cost to be paid by subscriptions from surrounding property owners. At the top of the tower four trusses, each fourteen and one-half feet long, had been erected in the form of a cross. From them the corona or circlet upon which the arc lamps were bolted was suspended by steel wire cables $\frac{3}{4}$ inch in diameter. The lamps were fastened to the outer edge of this enormous ring, giving at a distance the effect of a single light 30 feet in diameter. Each of the 20 arc lamps was of 2,000 candle power. They were first lighted on New Year's eve, amidst cheers and the explosion of giant fire crackers. This lofty torch with its total strength of 40,000 candle power (the strongest light in the city before that time having been of 3,200 candle power), threw its radiance as far north as Madison Street and was a beacon light to mariners entering the port of Chicago and could be seen from the Michigan shore. It failed, however, to take the place of the street lights in the immediate vicinity and, while one of the great spectacles of Chicago, it was not of practical utility.

With this brilliant beginning, and in spite of it, the Board was soon plunged into the clouds of Board politics. The main fight was on the head of the ticket, A. N. Young being the candidate for President on the so-called "regular" ticket, and A. M. Wright leading the "opposition." For Second Vice-President there were three candidates, Robert Lindblom, J. J. Bryant, and Geo. D. Rumsey. Mr. Lindblom issued a circular attacking Mr. Bryant, and a humorous feature of the campaign was a ballot headed "My Own Ticket," with Bryant's name for every office. The vote was heavy, 1,205 ballots being cast, of which Mr. Wright received 785 and Mr. Young 413. There was no election for Second Vice-President, no candidate having received a majority, the vote standing Rumsey 559, Lind-

blom 539, and Bryant 104. The Directors elected were S. H. McCrea, N. T. Wright, E. W. Bailey, C. J. Singer, and N. M. Neeld, two of the above being dealers in provisions. A second election was necessary for the office of Second Vice-President and Mr. Bryant withdrew in favor of Mr. Rumsey. There was much feeling between Bryant and Lindblom, on account of the campaign circular issued by the latter, and this led to a personal encounter for which Bryant was suspended for thirty days, while Lindblom was summoned before the Directors to answer for the offending circular, the charges against him being, later, dismissed. The election resulted in favor of Mr. Rumsey by a vote of 640 to 440 for Lindblom.

A. M. Wright, the newly elected President, was a native of Vermont. He went to Ohio in 1848, where he taught school, was principal of an academy and was then employed as a telegrapher and later as a bank clerk. He came to Chicago in 1854, then was employed for two years in Freeport, returning to Chicago to enter a bank, as teller. In 1859, he entered the commission firm of Miles and Wright, after which he took a prominent part in the affairs of the Board. Prior to this time he had four times been an unsuccessful candidate for President of the Board. He was a man of decided views and his election was gladly hailed by those in favor of a strong administration. One of the first problems by which the new administration was confronted was the proposal to compel banks doing business with the Board to hold memberships, one object being to make them amenable to the rules of the Board. There were many membership tickets for sale at this time, largely on account of the change in the commission rule made the previous year, as many had held memberships solely to secure the lower rate which brokers were allowed to charge members. With the repeal of the penalty clause of the commission rule this advantage was lost. The value of memberships was also lowered by the increased expense entailed by the new building and the falling off in business, which was estimated at 15 per cent less than in 1884.

President Blake called the annual meeting to order and Secretary Stone read the report of the Directors, which showed that the receipts for the preceding year were \$200,580, including \$24,619 cash on hand in January, 1885; the ordinary expenses, \$45,318; other expenses, \$120,771; leaving a balance on hand of \$34,490. Secretary Worthington, of the Board of Real Estate Managers, reported that from January 1st to November 15th, 1885, the receipts, including cash on hand January 1st, 1885, were \$351,351, and disbursements \$351,351. From December 1st, 1881, to December 31st, 1885, the sum of \$1,735,677 had been expended by this Board, the total cost of the building being about \$1,700,000. The annual assessment was fixed at \$75. The Directors' report called attention to the fact that expenses had been reduced and also spoke of the abolishment

of the Call, the lease of the Call Room to the Stock Exchange, the association of the Board of Directors with the Freight Bureau, and urged the need of better facilities for the weighing, inspection and transfer of through shipments. President Wright in his address spoke of the Ohio law against bucket shops and urged that the Board of Trade should relinquish its efforts to suppress this evil to the various states. At the first meeting of the Directors Geo. F. Stone, as Secretary; C. T. Fellows, Assistant Secretary; R. S. Worthington, as Secretary of the Board of Real Estate Managers, and J. C. Black, as Treasurer, were re-elected.

The National Board of Trade met at Washington during the latter part of January, its important acts being the passage of a resolution against the undervaluation of imports; a resolution denouncing the discrimination against American pork products by foreign countries (presented by the Chicago delegates), and a resolution favoring the adoption of the Cental system.

As in other years, the question of the Call was one which divided the Board, the controversy being revived by a petition headed by B. P. Hutchinson, asking for a Call on stocks, provisions and grain. The Directors acted favorably on this petition, but postponed further consideration of details for a week. The Call problem was complicated at this time by further trouble with the Open Board. This was said to have arisen from the closing of the settling room of the Board to all but members and ticket holders. This room was used, especially on Saturday, for trades in puts and calls, and its closing caused much dissatisfaction. The Market Committee defended its action by saying that the room could be entered by roughs and pickpockets and was getting a bad reputation on that account. This closing curtailed opportunities for trading and the Open Board took advantage of the situation to extend its hours to 3:30 p. m., and, at the same time, it asked that its market quotations from the regular Board be discontinued, saying that it would run on its own quotations. The Market Committee accepted the challenge and the Open Board's ticker was taken out, and it was stated that the settling room might be open for members at 8:00 a. m. The Open Board established a Call session on March 1st, transacting considerable business, Hutchinson being one of the dealers. Mr. Hutchinson, who had already been admitted to its privileges, now, to the great delight of the members, applied for membership in the Open Board. This occasioned much criticism by the regular Board and Mr. Hutchinson was accused of being a "Callomaniac," while action as to the Board of Trade Call was postponed. Late in March the Directors reported the rule for the establishment of a Call, to be held from 2:30 to 3:00 p. m., the doors of the Exchange to be closed during the Call. At the same time the Directors acted upon a petition which had been presented for the restoration of the old commission rule, with the

penalty of expulsion for violation and a liberal reward for informers. The Directors decided, on advice of counsel, that a minimum commission rule would be illegal. In April a vote was taken on an amendment to the proposed Call rule, offered by C. H. Adams, to the effect that if a Call was held it should be during regular hours. It was understood that this meant the death knell of the Call, and, with this understanding the amendment was adopted by a vote of 353 to 313.

Other problems of internal economy further disturbed the Board during the fore part of the year, causing much dissension. In February the Directors held a special meeting to discuss the erection of a bridge to connect the Rialto and the Board of Trade buildings, President Wright had stopped the work, as he feared it would cause a reduction of rents in the main building, but it was claimed that when the lots were sold to the Board it was provided that there should be an alley between the buildings and a connecting bridge should be permitted. The Directors were opposed to the erection of a bridge, but the owners of the Rialto building began the work, in April, and announced that they would proceed to connect the buildings unless stopped by an injunction or by force. The last of April the Directors of the Board obtained an injunction, stopping the work, which was near completion, on the ground that the covered bridge cut off the light. Later, in May, a compromise was made and the bridge was permitted, although it was made an open structure, the roof and sides being taken off.

With the removal to the new building the Board of Trade had hanging over it the unprofitable lease upon its old quarters in the Chamber of Commerce building. Unsuccessful efforts had been made to effect a compromise by which this lease might be cancelled and, in April, Judge Sidney Smith, attorney for the Board, found what he considered to be a flaw in the original lease, made August 30, 1865. Under this opinion the Directors decided to pay no more rent until "all the part of the said Chamber of Commerce building above the first story thereof is delivered into the possession of the Board of Trade, said first story being the one immediately above the basement and sidewalk." The point raised hinged entirely upon the definition of the word "basement," Judge Smith holding that it meant the lower story of the building, whether above or below the ground. The original lease said that the "rooms above the second story" should be rented to the Board of Trade for \$20,000 per year. In the original building the floor of the first story was about three feet below the sidewalk and under it there was a low cellar used for heating and other purposes. When the building was burned, in 1871, the Board of Trade demanded that it be rebuilt as per the original lease under plans to be approved by the Board of Trade. These plans were submitted and approved and, by them, the floor of the basement was raised to the level of the

sidewalk and the cellar raised four feet. President Wright stated that the first lease was for all of the building above the first story, which, according to Judge Smith, was that used as a cellar, and that no more rent would be paid until the additional story was placed in the possession of the Board. This story was already leased to various parties by the Chamber of Commerce and it was claimed that at least \$250,000 was due the Board of Trade for rentals should the opinion of Judge Smith stand. This opinion failed to meet the approval of a majority of the Board, as they felt that it was in the nature of a legal quibble and not fair play. The Chamber of Commerce officials stated that they relied upon the honesty of the Board to deal fairly and several Directors of the Board of Trade threatened to resign if the Chamber of Commerce's claims were ignored. Such was the feeling on the Board that the Directors ordered the quarter's rent, of \$5,000, to be paid, but stated that they did not waive the right to an accounting based on the opinion of their attorney, and President Wright said that no rent would be paid after July 1st, unless the office floor in controversy was given over to the Board. The controversy continued throughout the year without decisive action on either side, and it was one of the main issues of the election the following year and was a matter of much discussion in December, Mr. Wright being the candidate of those who wished to break the lease and William Dickinson of those opposed to that course. The Chamber of Commerce issued a pamphlet giving its side of the case and it found support among such members as Messrs. Raymond, Culver and Charles Randolph, the former Secretary.

Throughout the year the Board was interested in the fight which was made against the dressed beef industry of Chicago. In January the Butchers' Unions of the eastern cities declared war on the Chicago packers and a National Union was formed for the express purpose of promoting a boycott on the Chicago product. This did not greatly disturb the packers, but they were concerned when the eastern railroads announced a raise in the freight rates on dressed beef, to take effect March 1st. Armour & Company entered a strong protest to this action and G. F. Swift contributed an article to a Chicago newspaper defending the dressed beef industry and opposing the discrimination against it on the part of the railroads. Later, Armour & Company, G. H. Hammond & Company and Swift & Company joined in a protest. S. W. Allerton took the other side of the controversy and appeared in print denouncing the "dressed beef monopoly." The protest of the packers seems to have been unavailing, for, in October, the Illinois Railroad and Warehouse Commission met in Chicago to investigate the alleged discrimination against the dressed beef trade, but took no action to correct it. General freight discriminations against Chicago were resented by the Board and a vigilant and continuous

effort was made to correct them. A meeting of Grain Receivers and the Freight Bureau was held for this purpose, in February, but neither this meeting nor the subsequent activities of the Freight Bureau were able to accomplish much except to aid in that great molding of public opinion which led to the legislation of later years.

The growth of the rules and the changing sentiment concerning them under the pressure of events, is one of the most interesting features of Board of Trade history, as there were ever recurrent struggles between opposing interests. Thus, in March, H. C. Avery revived the old struggle against the trade in privileges by issuing a circular, in which he denounced the privilege system on the ground that it discouraged speculative orders from outside parties, and, in May, a petition was circulated protesting against the use of any part of the Board of Trade building for privilege trading and urging the Directors to use every possible means to suppress this business. There is no record that the Directors acted vigorously upon this suggestion at the time, but a stand was taken relative to pooling when the Directors declined to discipline a member for failure to live up to an insurance pooling agreement, on the ground that it was against public policy to enforce any pool agreement and that the Board had no jurisdiction. The commercial integrity of the Board was upheld by the expulsion of a member for uncommercial conduct for quoting false prices to customers. After a second petition against the sale of privileges had been circulated in November, the Directors decided that the trading in Puts and Calls must stop on pain of expulsion, although there were no members disciplined for this practice during the year.

While the Board maintained its attitude of opposition to the bucket shops the fight against them was not prosecuted so vigorously as in some other years. In April, H. H. Peck applied for an injunction to prevent the Board from cutting off quotations and the Board made answer that it only furnished quotations to members or approved correspondents. In relation to this the Tribune spoke rather sarcastically, saying that "The Board says it is engaged in the laudable purpose of putting down its rivals, the bucket shops, and calls upon the court to assist it in its great moral work." A decision, rendered in October, reaffirming the right of the Board to control its quotations, greatly pleased the members and gave added courage to those who wished to maintain the struggle against the bucket shops.

Among the minor acts of the Board of Directors during the year may be enumerated the following: A petition to Congress for the erection of a bridge at or near Cairo, a resolution against the proposed tax on oleomargarine, the disapproval of the effort to stop afternoon sessions, the appointment of John Wade, Jr., to succeed his father as weighmaster, John Wade, Sr., having suddenly died

after fourteen years of faithful service for the Board, and the decision, made in November, to discontinue the illumination of the tower, as those who had subscribed had in many cases failed to pay and the cost, \$2,500 per year, fell upon the Board. It was decided to stop the illumination January 1st, 1887.

A court decision of considerable importance to the members was rendered in March, in the case of Higgins & Gilbert vs. McCrea, growing out of a transaction on the Board in which the practice of "ringing" trades entered. The court held that whenever a commission merchant, under the rule, closed out existing contracts by making a "ring" or offset, he must substitute some other party who would sustain the same relation to his customer as the party released through the "ring" or offset. The court held that the "ringing" was proper and founded on commercial convenience, but that the members of the Board of Trade, in order to avail themselves of its advantages, must comply strictly with the provisions of the rule, and that the substitutions must be actual and not a mere mental intent to substitute one party for another; and, further, that such substitutions must be shown by the books, or by the facts. The court held also, very properly, that where a party goes into gambling transactions and loses by them, they will leave him where he finds himself. This decision was considered as strongly in favor of legitimate trading and opposed to the bucket shops.

The markets were fairly satisfactory at the opening of the year, the outside prices for the various commodities for February delivery being wheat, 85¼ cents; corn, 36⅞ cents; oats, 28¼ cents; rye, 58½ cents; barley, 65 cents; mess pork, \$10.12½; lard, \$6.10; ribs, \$5.05. There was a downward tendency during January, especially in wheat, and the latter part of the month Mr. Armour was quoted as saying that the wheat situation was much like that in 1869, the wheat being held by "stayers" who expected a higher price. There was a squeeze in January oats, the price rising to 36 cents. Markets were comparatively steady during February, and, in March, began the first of the great labor troubles which marked the year. The first strike was on the Gould lines of railroad, and this, or other reasons, caused business stagnation so that it was said that it was one hour and eight minutes between trades in the corn pit on March 12. Market prices on all commodities took a lower range, although in the latter part of March it was declared that after a conference between Gould and Powderly, the head of the Knights of Labor, the strike had been declared off. Business was so depressed that memberships on the Board sold at \$2,200, the lowest price for some time. In April, there was a still further decline in prices and on the 8th of the month there was a break in wheat which proved serious for a number of firms, many of those who bought expecting higher prices being forced to sell at a heavy loss. On April 15th it was stated that wheat had fallen 26½ cents in 12 months, or from

\$1.03 to 76 $\frac{3}{8}$ cents. The market was somewhat relieved when the greatest grain fleet Chicago had ever known, consisting of 148 vessels, left port the middle of April carrying 6,462,000 bushels, more than 5,000,000 bushels of which were consigned to Buffalo. The report of the ending of the railroad strike was premature; there were charges of unfairness on the part of Gould, and the latter part of April, it was said that the labor troubles were the chief causes of the business depression. The close of the first year in the new building, therefore, found the Board with business poor, expenses heavy and the worst yet to come. By May the labor troubles in Chicago had become acute, the great McCormick plant was partially wrecked, and men and women joined in the monster strike parade. On May 5th occurred the well-remembered Haymarket Riot, marked by the throwing of bombs which killed a number of police and wounded many others. This outrage stirred Chicago to its very depths and it was feared that a state of anarchy was to prevail. The feeling of sympathy for the families of the stricken police officers was intense and on the day following the dynamiting Charles J. Singer, Charles L. Raymond and others circulated a subscription paper on 'Change for the relief of the victims, securing \$11,200 almost at once. There was little trading on 'Change, the riot being the chief subject of interest. Within a few days the Board of Trade subscriptions to the Police Relief Fund had risen to nearly \$13,000 and a meeting of the subscribers was held in the Call Room at which I. P. Rumsey presided and a committee, consisting of C. L. Raymond, C. W. Brega, F. A. Crittenden, N. B. Ream and C. J. Singer, was appointed to see the money was properly distributed. In the meantime the First Regiment met to form a reserve corps, thirty-five members of the Board joining. Order was soon restored and steps taken to wipe the red stain of anarchy from Chicago's history. As may well be imagined, this state of unrest reacted upon the markets and the prices of produce and provisions which had improved moderately toward the close of April, continued to decline throughout May, with the exception of corn, which was about stationary. The Chicago grain merchants also felt that the market was losing on account of the high storage rates and an effort, which was echoed in the editorial columns of the Chicago Tribune, was made to secure lower rates. Quite naturally the elevator men saw no good reason why rates should be reduced, and they suggested, when the question of the assessment of taxes on grain in store was raised, that the tax should be levied upon grain receipts. During the first part of June there was an upward tendency in wheat, which was later lost, and a slight upward tendency in other markets. July 1st it was reported that a clique, headed by Sidney Kent and backed by John Plankinton, John Cudahy and C. R. Cummings, had secured the practical control of the wheat market, having from 15,000,000 to 20,000,000 bushels in their posses-

sion; while Armour was said to have all the pork. The report of drought caused a bull market early in July and wheat went to $83\frac{3}{4}$ cents, for August, with Hutchinson the largest buyer. This was a rise in ten days of about 9 cents per bushel on wheat, $2\frac{1}{4}$ cents on corn and 4 cents on oats, with substantial gains in pork and lard. July 7 was an exciting day; J. W. Rumsey was unable to protect his deals and they were closed out, George Ellison, known as the "King of Oats," was forced to suspend, it was estimated that the bucket shops in Chicago alone were 100,000,000 bushels short and that St. Louis traders were particularly hard hit. Another result of this bulge was the suspension of E. L. Dwyer & Co., who had bought large quantities of wheat early in the forenoon of the 8th and who were unable to meet the call for margins on 1,000,000 bushels. Wheat went down with a rush during the day, on account of rains, and large quantities were thrown on the market, causing heavy losses. Mr. Dwyer disappeared immediately after the failure and a committee was appointed to investigate the affairs of the firm. It was found that they had bought 1,100,000 bushels of wheat, 420,000 bushels of it being bought out of hours, and that the indebtedness was about \$35,000. One result of the investigation was the trial of thirty-five members for trading out of hours. In the meantime Chicago storage rates had been reduced and grain was received, weighed, stored for ten days and delivered for $\frac{3}{4}$ cent per bushel, the former price being $1\frac{1}{4}$ cents. The drought continued throughout July to the injury of the corn crop resulting in much excitement and higher prices for that commodity, the price reaching $45\frac{1}{2}$ cents, the 29th. The markets were devoid of sensational features during August, although corn declined 2 or 3 cents, as the result of showers in the corn belt. On the 1st of September it was reported that Armour paid for nearly all the pork delivered and the so-called lard clique for the lard; that corn was taken care of by Hutchinson and Poole-Sherman, and that wheat was sent out so sparingly it could not be traced. September markets were more active and it was reported that Armour controlled pork and ribs and a big struggle was predicted in wheat, while the cattle market was disturbed by the quarantining of thousands of cattle in the Chicago yards on account of pleuro-pneumonia. In October, there was serious complaint that the old grain in store had a tendency to lower prices and the Board was urged not to accept receipts as "regular" when more than two years old, and a petition to this effect was circulated.

October furnished two great sensations, the first being the strike at the stock yards against the ten-hour day. This was soon joined by the beef butchers and there was much violence, which culminated in the killing of a striker by one of the Pinkerton guards. In November, all Knights of Labor in the employ of Armour & Co. were called out and the militia was placed in control of the situa-

tion. The strike was declared off the middle of November, the victory resting with the employers.

The other October sensation was the failure of N. M. Neeld for \$335,000, which the banks had loaned on warehouse receipts for provisions. It was found that the property used as collateral had vanished, but there was not much sympathy for the banks, as the loan had been made on unregistered receipts and without observing the regulations of the Board of Trade. Following this failure the Ferguson warehouse was declared irregular and the firm of J. C. Ferguson & Co. was obliged to suspend. The deals of the firm, including 1,000,000 bushels of wheat and a large quantity of pork, were closed out and it was reported that Mr. Neeld had fled to Canada. Mr. Neeld was known as a man of censorious disposition, but his reputation for honesty was good and he was, at the time, one of the Directors of the Board of Trade. J. C. Ferguson & Co., with whom he was connected, denied any knowledge of Neeld's operations and they were generally exonerated by public opinion. As a result of this failure, committees were appointed to investigate private warehouses and the acts of Neeld and of J. W. Sykes, who was also accused of issuing fictitious receipts. Neeld was located in Montreal and, later, it was reported that he had sailed for Europe. His resignation, dated October 6th, was presented and placed on file pending an investigation of the charges against him. On October 26th F. G. Kammerer was elected a Director to succeed him.

Growing out of the Neeld irregularities stricter regulations were made as to provision warehouses and the duty was imposed upon the Provision Registrar to cause daily examinations to be made of stocks of registered provisions in all warehouses and to post in his office daily the results of such examinations, in order that holders of registered provision warehouse receipts could ascertain daily at the Registrar's office detailed information concerning property so represented. Added requirements were also made to safeguard the purities of prime steam lard, to take effect January 1, 1887. This was done to insure the confidence of Eastern and European buyers in the Chicago product.

There was, in the meantime, a downward trend in all prices and, during the fore part of October, wheat reached the lowest prices for 24 years, with the exception of December, 1884, and Board members were inclined to lay the blame for these low prices partly, at least, upon the bucket shops. November markets ranged higher for wheat and provisions and were about stationary for corn and oats. During the month a committee of Chicago grain and elevator men visited Duluth to arrange as to 10,000,000 bushels of wheat which it was proposed to store in Chicago on account of parties in the Northwest who were said to be short in the Chicago market. The Chicago men returned from the northern city convinced that

the cleaning system used in Duluth should be adopted in Chicago, but agreed that the cleaning must be done before the grain was placed in bins in order not to violate the state law.

It was during this fall that McGeogh, the victim of his own lard corner a few years previous, retired from active trading. It was said of him at the time that he was giving his entire attention to his street railway in Milwaukee and that he was making money. He was described as a large, broad-shouldered man with full face and full beard which was rapidly changing from black to gray.

In December, private persons brought suit against F. A. Crittenden and W. R. Harvey, who had been suspended for sixty days for "cross trading," it being charged that they had reported purchases and sales as having been made on the floor of the Exchange when no such transactions were consummated.

During December, prices for wheat and for provisions ranged higher, and the wheat market enjoyed a mild boom on a report of European shortage, cash wheat touching 79½ cents the last of the month, a rise of about 4 cents. Early in the month the traders were shocked by the report of an attempt to poison P. D. Armour, this possibly growing out of the labor troubles of the previous month. Towards the close of the year Board politics demanded considerable attention, and not only the Chamber of Commerce controversy but the old wheat deal of 1882 was brought up against Mr. Wright, who was a candidate for re-election. A caucus was held December 30, at which Mr. Dunham presided, and George M. How placed Mr. Wright in nomination.

During the year the Board lost by death no less than twenty of its members, among whom were such well known men as Daniel A. Jones, J. W. Preston, P. P. Oldershaw, Chas. H. Walker, T. T. Gurney, Wm. N. Sturges, John Wade, the veteran weigh master, and Julian S. Rumsey. Perhaps none of these deaths affected the Board more than that of Mr. Rumsey, who died on April 20, 1886. He had been Mayor of Chicago, Treasurer of Cook County and President of the Board of Trade. He was born in Batavia, New York, in 1821, and came to Chicago, in 1835, at the age of fourteen. He worked as a clerk in the dry goods store of J. W. C. Coffin on South Water Street and was afterward employed, together with his brother George, by the commission firm of Newberry & Dole. In the early '40s the firm became Dole, Rumsey & Co. and was located on the North Side, just east of Rush Street, next to the store where John Kinzie traded with the Indians. It was from this warehouse that the first large shipment of grain was made from Chicago, in 1839. At the time of Mr. Rumsey's death the story was told by George M. How that Mr. Rumsey was rendered homeless by the fire and was offered shelter by a stranger, who said that Rumsey had helped to pull his schooner off the bar over thirty years before. Mr. Rumsey was a charter member of the Board of Trade, the only

other surviving charter member then being Marcus E. Stearns. He was president of the Board in 1858 and 1859 and was the one who persuaded the members to lease the Newhouse building on South Water Street, near Fifth Avenue, for ten years, for a rental of \$1,250 per year. Some members complained at the time at the extravagance, but it was only a few years later that the Board entered into a 99-year lease with the Chamber of Commerce, at \$20,000 per year. It was under his administration that the new charter was obtained and the inspection of grain was first established. He was a brilliant orator and was Mayor of Chicago in 1861. His patriotic address at Metropolitan Hall a few days after the surrender of Fort Sumter was a memorable event in Chicago's history and, as an intimate friend of Abraham Lincoln, he did all that he could in support of the Union. The Directors attended his funeral in a body and it was a notable civic event in Chicago.

Wheat. The receipts of wheat were 16,771,743 bushels and the shipments 15,750,129 bushels. The average price was $76\frac{3}{4}$ cents per bushel against $88\frac{1}{2}$ cents for the year 1885. The market opened with No. 2 spring at $84\frac{3}{8}$ cents, for cash wheat; there was a dull and gradually declining market until the middle of June, when the price of $70\frac{7}{8}$ cents was reached. In July, there were evidences that large purchases had been made by a syndicate and this forced prices up to $80\frac{3}{8}$ cents, on July 7. This market excitement was followed by a reaction and cash wheat sold at 70 cents per bushel on October 12. June and October were the months of depression and low prices. In the latter month labor and financial troubles, which had been brewing, culminated and the outbreak at the stock yards, together with the Neeld irregularities, tended to depress the market. A revival of activity with higher prices came in November and lasted until the end of the year. The low price was $69\frac{3}{8}$ cents, recorded in October, and the high price, $84\frac{3}{4}$ cents, in January.

Flour. A new feature of the flour trade was the handling of flour from Washington territory and it commanded from \$3.75 to \$4 per barrel in half barrel cotton sacks. Nearly all the flour was sold in 140-pound jute sacks, barrels being used only by local dealers, and even by them in limited quantity. Prices of all grades ranged from \$1.60 to \$5.25 per barrel and the receipts during the year were 4,139,165 barrels and shipments 3,778,227 barrels.

Corn. The receipts of corn for the year were 62,861,594 bushels, which was about the same as receipts for 1885, while the shipments amounted to 56,376,476 bushels. The average price was 36.94 cents per bushel and the price ranged from $32\frac{1}{4}$ cents, in April, to $44\frac{3}{4}$ cents, in July. The course of the market was downward, from $36\frac{7}{8}$ cents, January 2, to $32\frac{7}{8}$ cents, April 7. From this point there was a rising market, the month closing at $36\frac{3}{4}$ cents. In May and June the market was steady, while in July the price rose, on account of

drouth, to 44¾ cents. Prices were lower in August and the weakness was more marked in September, the price at the close of the month being 36¾ cents. Prices ruled still lower during October, although the month closed at 36 cents. A moderate improvement was shown during November and December and the price on December 31 was 37½ cents.

Oats. The oat crop was of excellent quality and large quantity and the trade was satisfactory. The highest price was recorded in January, at 36 cents, as the result of a "squeeze," and the lowest price was in October, at 22¾ cents. Save in January the speculative market was without special interest. The receipts were 39,976,215 bushels and shipments were 32,364,208 bushels. The price of oats January 2, 1886, was 28 cents, and the last day of December the quotation was 26½ cents.

Rye. The receipts of rye were small, being only 956,247 bushels, while the shipments were 817,553 bushels. Owing to prohibitive tariffs in Germany and France the market was confined largely to the supply of the domestic demand and this was lessened by the large supply of whiskey already on hand. The quality of the crop was fine and the average price for No. 2, in store, was 55 cents. The price ranged from 61½ cents, in April, to 48 cents, in October, the year opening at 58½ cents and closing at 53 cents.

Barley. The receipts of barley were 12,740,953 bushels and the shipments 7,326,190 bushels. Prices on the old crop ranged from 65 cents for No. 2, in January, to 58 cents, in June and early July, while the new crop sold as high as 66 cents, in the latter part of July, and was quoted at 52¼ cents at the close of the year, the price having touched 49 cents about the middle of October. The crop was of good quality and attracted many eastern buyers, trade being largely confined to sample lots.

Provisions. The receipts of cattle were 1,963,900 head, the largest number on record, and the shipments 704,675 head. Prices averaged about \$2 per hundred pounds lower than in 1885 and were the lowest in many years. This was attributed by the Secretary in his report "to an advance in freight rates, to the monopolizing character of the dressed beef business, to the labor paralysis and to the pleuro-pneumonia fright which amounted almost to a panic." The number of cattle slaughtered in Chicago (including Hammond, Ind.) for the year ending March 1, 1887, was 1,608,202 head, being 200,000 head more than in 1885. Receipts of live hogs were 6,718,761 head and shipments 2,090,784 head, besides over 100,000 dressed hogs. Prices for prime beeves ranged from \$6.50 about the first of March to \$5.15, in October, but inferior cattle were below \$2 per hundred pounds most of the year. Stockers and feeders ranged from \$4.80 for the best grades in May to \$1.75 for poor lots in November. The total number of hogs packed for the year ending March 1, 1887, was 4,928,730. The largest packing concerns and the

number of hogs packed by each for the year ending March 1, 1886, were as follows: Armour & Co., 1,126,157; Anglo-American Provision Company, 764,226; Chicago Packing and Provision Company, 623,164; International Packing Company, 255,309; Hatley Bros., 209,724. Mess pork was quoted January 2 at \$10 per barrel and reached \$11.45 in February, receding to \$8.20 the last of May. Prices afterwards ranged irregularly upward and reached \$11.37½, in September, after which there was a sharp reaction, the price reaching \$8.50 in the early part of October. The latter part of the year showed improvement, quotations the last day of December being \$12.25 per barrel.

The beef industry was of constantly increasing importance and the first of the year the Secretary gave the following figures as to the number of cattle slaughtered in Chicago during the preceding year: total number of cattle slaughtered in 1885 for dressed beef, packing, canning and city trade, 1,334,775, being an increase of 146,621 head over 1884. This was divided among the various houses as follows: Armour & Co., 325,151; Fairbanks Canning Co., 217,419; G. H. Hammond & Co. (slaughtered at Hammond, Ind.), 157,690; Libby, McNeill & Libby, 115,032; Swift & Co., 429,483; other houses, 90,000. Of this number about 900,000 head were required for the dressed beef trade to which Swift & Co. and G. H. Hammond & Co. confided their operations. Armour & Co. and the Fairbank Canning Company entered all branches of the trade, while Libby, McNeill & Libby restricted their operations to the packing, canning and city trade.

Seeds. The Chicago market for seeds had long been the leading one in America on account of its superior facilities. Receipts of seeds, other than flaxseed, amounted to 61,577,117 pounds and shipments to 60,459,291 pounds, while receipts of flaxseed were 7,092,573 bushels and shipments 6,692,590 bushels. The year was marked by great fluctuations in prices both for timothy and clover seed. Timothy stood at \$1.68 per bushel early in January, but advanced to \$1.83 by the middle of the month. After declining to \$1.50 in March and April, fear of drouth brought the price up to \$2.15 in July, with another reaction to \$1.50 in October. After this there was a stronger market and prices rose to \$1.90 near the end of the year. There was a strong speculative market in clover seed which carried the price from \$5.25, in January, to \$6.85 in February, after which there was a sharp decline to \$5.25 in May. Prices were higher in July, owing to dry weather, but, by October, the price had fallen to \$4.25 and then advanced irregularly so that the year closed at \$4.65. Owing to the increased acreage throughout the West the prices for flaxseed ruled very low, touching 91 cents, in November, and at no time exceeding \$1.17½ per bushel. On account of the low prices the trade was unsatisfactory both to producers and dealers.

Transportation. The Secretary in his report complained bitterly of the injustice in the unwarranted discrimination shown by the railroads and said that complaints as to treatment often "resulted in little but voluminous correspondence, burdened by an ingenious perplexity of evasions with disheartening delays." The Secretary strongly commended the Interstate Commerce Law and prophesied that it would eventually do away with railroad discriminations. Another matter dwelt upon by the Secretary was the necessity for securing a better method for transferring and weighing grain and mill stuffs on track. The Committee of the Board of Trade had been active in urging the use of the Hopper scales and by the first of the year all but one of the railroads had agreed to adopt this plan at an early date. These improved methods were made necessary by the large increase in the quantity of grain handled by Chicago commission merchants which did not go into store. In 1876 this amounted to but 13 per cent of the grain received and, in 1880, to but 20 per cent, but by 1885, 57 per cent of the grain handled in Chicago was not placed in storage.

Freight rates, by lake, ruled higher during the season with the exception of the last week in July, when a price of 1 cent per bushel on wheat to Buffalo was quoted. The rate on wheat per bushel to Buffalo was at or above 3 cents with the exception noted, until the latter part of August, when it advanced, the rate for the remainder of the season ranging from 4 to 5½ cents. From January 1 to December 19 the rate on grain per hundred pounds, all-rail, to New York was 25 cents, an increase to 30 cents being made on the latter date. Erie Canal rates on wheat from Buffalo to New York were from 3 to 6 cents per bushel; the highest being in September and the lowest in June and July.

1887

In thrilling excitement, in wide range of interest, in multiplicity of activities, in heights of mighty ambitions nearly realized and in depths of defeated hopes, the record of 1887 has never been surpassed in the history of the Chicago Board of Trade. Every month was crowded with incident and with new and serious problems which confronted the members. The manipulation of the pork market which would have furnished sufficient sensation for an ordinary year was almost lost sight of in the tragedy of the attempted corner in wheat; while the activities against the bucket shops, the warfare with the Open Board, the struggle over the commission rules and the startling disclosures as to the condition of wheat in store, kept the minds of the traders in a condition of excited alertness throughout the year. The Board of Trade was in its fortieth year; the generation of its founders had nearly passed away and it was in the hands of new, but strong, men filled with

the eager enterprise which marked that great development period of our country's history.

Concerning the year 1887, Secretary George F. Stone said in opening his report: "The record of thirty years of this association is completed and within its pages may be found facts presenting contrasts more startling than tales of romance. No prophet flourishing between 1834 and 1857 would have ventured to predict the marvelous development which the statistics and statements for 1887 disclose, and no imagination of today can compass the magnitude of the record as it shall be made up after the flight of another thirty years." It is strange, indeed, that in writing the history of the Board of Trade at the close of the thirty additional years of which the Secretary speaks, the year 1887 still stands out as the most spectacular in the Board's history. The second paragraph of the Secretary's report, above mentioned, is also well worth preserving. It reads: "An incident which occurred on the sixth of November, 1834, now seems most improbable. On that date, which is within the lifetime of many now engaged in active business, a large black bear and forty wolves were killed in a strip of timber near the corner of Market and Jackson Streets, in close proximity to the present site of the Board of Trade, in the vicinity of which are some of the finest and most costly of our business blocks and where land is worth from \$2,000 to \$3,000 per front foot."

The old year was ushered out with the customary frolic, Hermann the magician being the chief attraction, together with the cannon fire crackers and the horseplay indulged in by the younger members. Some opposition developed to the re-election of President A. M. Wright and a petition signed by two hundred members urged John H. Dwight to be a candidate. He refused, however, and no further contest against Mr. Wright developed. William S. Seaverns was elected Second Vice-President and the new Directors were H. G. Gaylord, Gilbert Montague, A. M. Henderson, Z. P. Brosseau, and B. J. McCleary. Interest in the annual meeting was not great and the attendance was small. The Board of Directors reported receipts, during the year just past, of \$237,384.55, which with the cash on hand, January 6, 1886, of \$34,490.48, made a total of \$271,875.03. Of this sum \$143,625 was derived from the 1,915 members assessed \$75 each. The expenditures of \$219,058.47 included \$77,000 interest paid on bonds and \$50,000 used to pay a temporary loan. Under the head of available investments was listed Chamber of Commerce stock valued at \$78,792.32 and under the head of rents paid were the sums of \$5,000 to the Chamber of Commerce and \$10,000 for the Commercial Building. The assessment for the new year was fixed at \$60. In the Directors' report attention was called to changes in the rules regarding provision warehouses and lard inspection, the latter taking effect January 1, 1887, and to the fact that the Call Board had proved impracticable.

The question of continuing connection with the Chicago Freight Bureau was referred to the members. Negotiations to effect a compromise with the Chamber of Commerce had reached an advanced stage and it was proposed that the Board, in order to secure the forfeiture of the old lease, should surrender its stock in the Chamber of Commerce Building and pay \$75,000 additional. After further negotiations this controversy was settled by vote of the Board in April, the Board paying the equivalent of about \$120,000. Relative to the connection with the Freight Bureau, the Grain Receivers at their annual meeting, when G. M. How was elected President, opposed the severance of relations and the Directors decided to support the Bureau, but placed the limit of expense at \$5,000.

B. P. Hutchinson was at this time perhaps the most powerful single trader upon the Exchange. He had just completed a very profitable deal in pork and he had a strong following among the members. He was always a strenuous advocate of the Call system of trading and it having been abandoned by the Board, it was reported that he intended to open a call board on the ground floor of the Rialto building. This did not materialize, but every evidence of dissatisfaction on the regular Board was taken advantage of by the Open Board, the two institutions being more or less at outs. The Directors of the Board of Trade were determined to keep trading within the limits prescribed by law and passed a resolution prohibiting trading in puts and calls, following this action by suspending a member for fifteen days for violation of the rule. The Open Board continued to trade in privileges, the transactions being stated as amounting to about 3,000,000 bushels daily. Some members of the regular Board took advantage of this opportunity to make these prohibited trades and the question arose as to the jurisdiction of the Board of Trade over transactions taking place in another Exchange. John T. Lester led the fight against privilege trading and complaints were filed against a number of members. The breach between the two Boards was widened when the Open Board announced the opening of a Stock Exchange department and was able to sell nearly one hundred memberships at \$100 each. This was particularly distasteful to the regular Board, as it was in the mind of many to use the Call Room as a Stock Exchange in connection with the Board of Trade. In the latter part of January twelve members were called up for discipline on evidence said to have been furnished by H. C. Avery, that they had been trading in privileges on the Open Board. This action enraged Mr. Hutchinson, who was indignant that he had not been included among the offenders and threatened "to make it hot" for the Board. Inasmuch as the Directors had denied jurisdiction in the case involving the enforcement of a trade made on the Open Board, it was argued that they could not discipline members on account of such trades, but nevertheless seven members were suspended for from twenty to

ninety days, and among those suspended was M. B. Crafts, the President of the Open Board. The fight against privileges was now carried into the Open Board itself. Mr. Crafts favored privilege trading, while T. M. Baxter led the opposition. Mr. Baxter claimed to have found a rule of the Open Board against privileges, which was not printed with the other rules, and under this filed complaints against ten members. Mr. Crafts, on the other hand, came forward with a plan for a "contract of indemnity" which was to replace Puts and Calls and which was practically the same thing under another name. At a meeting of the Directors of the Open Board their attorney, L. H. Bisbee, cited a decision favorable to Puts and Calls found in 114 Illinois Supreme Court Reports. Acting on this advice the Directors of the Open Board refused to present the question of privilege trading to the members. The next step on the part of the regular Board was to post a rule declaring irregular any trades made after the adjournment of the Board, and this rule was adopted February 15. In March came the announcement that the Open Board was to consolidate with the Chicago Stock Exchange, but while this was soon denied, sales of stock were made on the Open Board on March 7. In a short time Mr. Hutchinson secured 165 signatures on a petition for a new Call to include stocks, coffee, cotton, grain and provisions and it was said that unless action was taken by the Board of Trade the Open Board might be used for this purpose. In April the demand for a Call had reached such a stage that a new Call Board was organized with Charles Counselman as President and Mr. Hutchinson as one of the Directors. Partly to meet this situation and partly to utilize the Call Room, the Chicago Board of Trade Stock Exchange was incorporated April 13 with the backing of many influential members. The excitement of the pork and wheat markets served to absorb the attention of the traders to the exclusion of all other matters for the next few weeks and, in May, it was rumored that the Open Board might close on account of the competition of the bucket shops the close margin of profit, the loss of paying members and the opposition of the big Exchange. Plans for the opening of the Board of Trade Stock Exchange were carried on and stocks were listed for the opening which was announced for June 1. The opening took place on time in the Call Room, into which wires had been run, three having been installed between Chicago and the New York Stock Exchange, one for quotations, and two for trading purposes, with wires also to the Exchanges of Philadelphia, Boston, Cincinnati, St. Louis and St. Paul. There were no formalities at the first session of the Stock Exchange, but sales the first half hour amounted to 3,000 shares, the first trade being between T. M. Baxter and F. G. Logan. St. Paul was the favorite stock, and the day's sales amounted to 25,000 shares. During the early months of the year, there were few developments of interest in the campaign

against the bucket shops, the fight being centered upon the effort to secure adequate legislation in the Illinois legislature. This desired legislation was passed, the law imposing severe penalties against trading, or rather gambling, on market fluctuations. That the work of suppressing bucket shops was carried on was evidenced by the application for an injunction, on the part of Hodgen & Miller, to restrain the Stock Quotation Telegraph Company from removing tickers from their office, the Board of Trade being made a party defendant. The passage of the new law which was directed against any concern carrying on business in any speculative article on the margin principle without the intent or ability to receive and pay for the property purchased, or to deliver property sold, caused great consternation among the bucket shop owners. The Tribune declared that there were no bucket shops, but a number of new "Grain and Stock Exchanges," and the Metropolitan put a sign in its window "Deals for Actual Delivery Only." As the time approached for the new law to go into effect a number of the bucket shops prepared to quit business, while others planned to operate through the Open Board, having two or three representatives on that Exchange to make "wash" purchases and sales to correspond with deals made at the bucket shops. On the 1st of July several of the largest bucket shop concerns closed, the Board of Trade ordered tickers removed from six establishments and but little business was done on the Open Board. With the passage of this law the heyday of glory passed forever from the ill-famed "Gamblers' Alley" and the newspapers of the day commented upon this, giving some account of the bucket shop business in Chicago. The Tribune stated that the first bucket shop was the Chicago Public Produce Exchange, started by W. C. Lincoln, in 1877, in a room over the Call Board. Lincoln sold to Dan Loring and N. Q. Pope, in 1878, and the next bucket shops were those owned by Lumpkin, Doxsey & Nohe. These concerns infested the notorious Gamblers' Alley, as did also a large number of faro banks. In 1879, all the bucket shops failed, but they learned wisdom and, later, though they "failed" often, the proprietors lost nothing. The bucket shops soon found means of evading the law and, within the month of July, Winchester & Co. were operating at the Sherman House, claiming to be legitimate traders and to be represented on the Board of Trade by Dunham & Norris. This concern had wires to the Open Board and to the Dunham & Norris office. The Board of Trade had their tickers removed and also took the ticker from Dunham & Norris. Nevertheless the bucket shops were said to flourish, although under new names and posing as regular commission houses. Encouraged by the law the Board pushed the fight with vigor and requested leading members to omit the posting of quotations in order to prevent them from being stolen. This request was heeded, the best of the commission houses co-operating fully with the Board. The de-

clared intention of the bucket shops to operate through the Open Board provoked open war against that institution, and another move was to take grain tickers out of all saloons from which the quotations could easily be stolen by bucket shop agents. The Open Board was forced to sell its building, although retaining its lease thereon, and the bitterness of the warfare is shown by the fact that quotations on corn were sent out by the Board of Trade, about 1 cent lower than the market, for nearly a quarter of an hour, for the purpose of misleading the bucket shops. The Directors made a vigorous campaign against trading after hours and stopped quotations to the Open Board, although that institution managed to obtain what passed as the markets. In August a resolution was passed by the full Board, by a vote of 267 to 66, giving the Directors full power to control market quotations of the Board. The resolution read: "The Board of Directors shall have power to organize a department of market records and reports, and to appoint the necessary officers and employes in connection therewith, to designate the work to be performed by the said department and to make all needful rules and regulations to govern the same. The records and reports which may be prepared and compiled by said department shall be considered and treated as portions of the official records of the Association and the said records, or parts thereof, may be disseminated in such manner and under such conditions and restrictions as may be prescribed by the Board of Directors." This resolution gave the Directors absolute authority and empowered them to stop all quotations if they so desired. Following this action, President Wright inaugurated a still more active campaign against the bucket shops. He first persuaded the Western Union Telegraph Company to agree to take its wires out of all bucket shops and next made the same proposition to the Postal Telegraph Company and the Baltimore and Ohio Company. They refused to comply and there was great excitement on 'Change when the instruments of these two companies were literally thrown out of the Board of Trade building. Both companies came to terms immediately, their wires were taken from the bucket shops, and they were reinstated on the Exchange. At the close of the day there was not a bucket shop within the Chicago circuit which had an excuse to live. Action was also taken at Cincinnati, St. Louis and Kansas City, and the Chicago city authorities co-operated by cutting all bucket shop wires which were above ground. The next sensation came the following day when B. P. Hutchinson, the most powerful trader on the Board, was suspended for ninety days upon his own admission that he had traded after hours. Mr. Hutchinson continued to trade actively through brokers, but he resented his suspension bitterly and many members sympathized with him, as it was known that others, who had not been punished, were equally guilty. Within another day the Western Union removed its wires

from the Open Board, forcing it to obtain quotations as best it could and to employ messengers for its telegraphic service, and, still later, the St. Louis Exchange was cut off, temporarily, in order to ascertain whether bucket shops in the West and Southwest were receiving quotations over that wire. The Open Board countered with an application for a writ of mandamus to compel the Board to furnish quotations, but this was unavailing.

One of the episodes of the year was furnished, in September, when the New York Produce Exchange requested the Board of Trade to adopt continuous sessions, with hours corresponding to those of the New York concern. President Wright responded to this in a lengthy interview published in the Chicago Tribune of September 14. Mr. Wright flatly refused the request and asserted that the New York Produce Exchange was, in fact, nothing more nor less than a bucket shop, in that Chicago quotations were its stock in trade and not actual transactions in grain. He said that in Chicago the transaction made the market, while in New York, the Chicago market quotations were the sole basis for speculative trading. This interview was wired to New York and to other cities and aroused much criticism. It was posted on the New York Produce Exchange and that body immediately wired President Wright for confirmation of his reported utterance. This was refused, and the New Yorkers held an indignation meeting during which a paper effigy, labeled "President Wright, of the Chicago Board of Trade," was hung above the pit and later cut down and burned. This insult was resented by President Wright's friends on the Board, although it was reported that some members took occasion to wire correspondents in New York that the President did not represent the majority sentiment of the Board. President Wright made no public comment upon the affair except to reiterate the position taken in his interview. At this time, however, the remarks of Chauncey M. Depew at the Produce Exchange banquet were recalled and pleaded in justification of President Wright's attitude.

In spite of all these efforts to curb the bucket shops, it was reported, later in September, that an operator in Skakels' office (he of the famous gambling clock device) received quotations from somewhere within a second after they were made on the Exchange and distributed them broadcast to the bucket shops. In October, the Commercial Quotations Company was cut off from quotations on account of refusal to agree not to furnish the markets to Boston and New York bucket shops, and President Wright favored the purchase by the Board of Trade of the Stock Quotations Telegraph Company, which, he said, had cost \$40,000 and could be bought for \$5,000. This was at a time when the Board of Trade Stock Exchange was doing a large business, the corn and wheat pits being at times deserted on account of the excitement in stocks. In the

meanwhile a petition had been circulated to have the sentence of suspension imposed on Mr. Hutchinson reconsidered. At his request this petition was stopped, he freely patronized the Open Board and, dealing through brokers, at times dominated trading on the regular Board, and it was without his request that the Directors cut the sentence of ninety days in two, and he was restored to the privileges of trading in October.

The aggressiveness shown by President Wright against the bucket shops and all irregular trading did not fail to arouse opposition and, in October, Henry Wallace handed to one of the Directors an unsigned letter accusing President Wright of being hypocritical in his bucket shop warfare and charging that, while fighting them, he transacted business for them on the Board. This attack came to Mr. Wright's attention and he demanded that Mr. Wallace be disciplined. Wallace repeated the charges and demanded an investigation, whereupon a committee, consisting of George Brine, Gilbert Montague and Z. P. Brosseau, was appointed. It developed before this committee that W. H. Epply & Co., bucket shop men, had a sign in their office saying that their orders were filled by President Wright. This was admitted, but Mr. Wright stated that no orders were being filled for Epply at present. President Wright also demanded the disciplining of Mr. Thorburn, with whom he had had a wordy encounter on the floor of the Exchange, as he had also had with Congressman Dunham. Wallace and others testified against President Wright, but the report of the committee exonerated him and Mr. Thorburn was suspended for one week.

In November, through evidence presented by F. A. Riddle, the Grand Jury of Cook County began an investigation of the bucket shops, several of which were in operation, and, coincident with this, was the report that Inspector Byrnes and his men had raided the bucket shops of New York. President Wright stated that the war would be pushed and seven true bills were found against fourteen bucket shop men, who later gave bond in the sum of \$1,000 each. The markets also seemed to be fighting in favor of the Board, for, on account of a rise in wheat by which their customers won nearly \$250,000, the large bucket shop concern of Hodgen & Miller, with its fifteen branches, was forced to suspend and, a few days later, A. G. McCampbell & Co., of Louisville, also operating a chain of bucket shops, were forced to the wall.

In his zeal against bucket shops President Wright next authorized an action which brought upon him not only much criticism, but, still worse, much ridicule. On the night of December 15, a cable of wires in the basement of the Board of Trade was cut with an axe. This cable contained the wires connecting with the police and fire departments, together with other important connections. All knowledge of this act was at first denied by the officials, but later it developed that this was done by the order of President

Wright, with the intention of cutting off wires leading to bucket shops. The cable was immediately repaired, but the mistake caused an outburst of criticism and brought to a head the strained relations which had existed between President Wright and the Market Reports Committee, and the Directors rescinded the order by which the President had been empowered to act, practically on his own initiative, against the bucket shops. No matter what mistakes President Wright may have made, the fight led by him was one of the most successful conducted by the Board, up to that date, and, for the time being, the bucket shop business was almost defunct.

In the markets the year 1887 opened without any premonitory symptoms of the sensational events which were to come. The course of produce prices was irregularly downward during January, while the course of provisions was gradually upward, but not enough to arouse comment. An echo of the labor troubles of the preceding year was heard in the secret circular issued by the Knights of Labor ordering a boycott against the products of P. D. Armour & Co., and there was a mild sensation at the stock yards owing to charges of the lax enforcement of quarantine regulations against pleuropneumonia, but it was not until February that any of the markets showed particular activity. The first excitement was in the provision market and was based upon the monthly statement of stocks on hand, showing them to be unexpectedly small. Not since the days of the McGeogh lard corner had the market been so strenuous. Pork was dealt in in five and ten thousand barrel lots and ribs were sold by the million pounds. May pork opened at \$12.75 and touched \$13.20 during the day. More pacific news from Europe with smaller foreign demand was the next great market influence, causing wheat to decline with a rush and giving the signal for a bear raid which was aided by the bucket shop men who wished to freeze out their customers, and which brought May wheat below 80 cents for the first time that year. As wheat went down, pork went up. On account of a short hog crop and the many labor troubles, Chicago was behind about 700,000 hogs in its packing and, by the 15th of February, mess pork, for May delivery, reached \$14.35. Pork prices continued to advance sharply and there were the customary denials by the big men of the Exchange that they were interested in any manipulations. By the latter part of February, it was rumored that a Cincinnati syndicate had been buying wheat heavily on the declining market and that a clique controlled 350,000 barrels of pork. The last day of the month was one of great excitement in the provision market and May pork, on that day, ranged from \$16.65 to \$19.20, closing at \$18, with the price reported as breaking from \$19.20 to \$18.15 in a few seconds. On March 2, the Directors fixed \$15 as the marginal price for May pork and this ruling, which compelled the manipulators to put up additional margins, created much feeling. Notwithstanding this ruling, May pork soon went to

\$21, representatives of the unknown clique saying that they would not settle even at this price. The wheat market became very erratic, May going to 86 cents, and there were wild rumors of corners in wheat, corn and oats, all of which were higher. In April, it was declared that Fowler controlled the lard, Armour the pork and ribs, and some unknown parties the wheat markets. The pressure in provisions was such that pork and lard were shipped back to Chicago from Cleveland, paying freight both ways and paying a profit, and, for the first time that year, the lack of storage caused concern among the wheat traders. Duluth, Minneapolis and other points were crowded with wheat sold for May delivery in Chicago, for which there was no storage, and a cargo from Milwaukee was unable to unload. Rumor was rife as to the identity of the wheat manipulators. Some still thought Cincinnati parties were interested, others placed the onus on Armour, because he was out of town and it was said he always left the city when he had any large manipulation in hand, while still others charged it to Mackay, the California millionaire. The warehouse and elevator committee of the Board began an investigation of the shortage in storage, while the stock of wheat in store mounted, higher and higher, and the railroad tracks were filled with cars loaded with wheat for which there was no room. Vessels in the harbor were filled with corn to make room for wheat, and Armour, who by them was identified with the short side of the market, was bringing five cargoes from Milwaukee. In this emergency the Directors made the E. Hess Company elevators, A and B, and the F. O. Swannel elevator, regular, adding 300,000 bushels to the storage capacity of the city. On April 14, the wheat market was the victim of a fake dispatch sent to a New York trader saying that 3,000,000 bushels of wheat had been unloaded in the Chicago market. This caused a slump in New York prices which reacted on Chicago. A few days later the clique brokers began bidding for June and July wheat and selling May, thus causing a semi-panic. There were many losers in the wheat market and, before the close of April, June wheat was selling above May. The corner in May pork had been progressing quietly but irresistibly and, by the close of April, it was all in one hand, with a long line of shorts and the price at \$22.50@23. The cornering spirit was abroad in the land and there was a formidable corner in wheat in San Francisco and another of smaller proportions in St. Louis. During the fore part of May the pressure on the pork shorts grew such that John Gaynor asked an investigation of the pork markets by the Board and a committee was appointed, which dismissed the complaint. In the meantime there were rumors that the Attorney General would be called on to investigate the market and there was much trouble over margins, it being asserted that margins amounting to \$6,000 were called on one lot of 500 barrels of pork. On May 5, new pork sold at \$15, but regular was held at \$23, and

the shorts brought 2,800 barrels from Boston in order to fill their contracts. On the following day, the principal long put the price up to \$23.50, although small lots were sold at \$23, but within a week the price fell to \$20 for a short time, going to \$23.75 before the end of the month.

From the middle of May until the collapse of the wheat corner, events followed thick and fast, the usual amenities were forgotten and the traders were in an ugly mood, as this was recognized as a life and death struggle for many. On May 13, the clique pegged the price of June wheat at 86 cents and was a heavy buyer; by the 17th it was announced with a flourish of trumpets that the clique held 10,000,000 bushels of wheat, had bought 30,000,000 bushels more for June, and had funds sufficient to carry the deal through to the end of July. In spite of the rise in wheat there were few failures and this was said to be on account of the excellent Clearing House rules, but the pressure of Board of Trade members to borrow was a strong factor in the money market of Chicago. A reduction in freight rates from the Northwest to Chicago operated against the bulls and the rumor became current that the clique had borrowed largely from local banks and John B. Lyon was credited as being the head of the combine. The high prices attracted wheat and the Burlington railroad contracted to bring large quantities from Minneapolis and the Northwest. The frenzied shorts now planned to boycott the clique, and the clique brokers in the pit were let severely alone. Trading for July delivery became a feature and prices for that delivery ranged higher; large amounts were called in margins and there was much wrangling and bitterness. The clique was called for margins very severely and it was rumored that it might ask the Directors to fix a margin price. On May 20, the clique bought all the June wheat offered at 88 cents, but the report gained currency that it was short of money. The strength of the boycott was shown by the report that, while a clique broker offered 88 cents, sales were made right around him at $87\frac{7}{8}$ cents, but not to him. The price of wheat had become too high for Chicago millers to grind with profit and the mills were either shut down or running on half time. This was the case even in Minneapolis, where prices of wheat were 8@10 cents lower, and no relief was hoped for until the clique was broken. The lack of storage prompted plans for the erection of a new elevator on Goose Island with a capacity of 4,500,000 bushels. Commenting upon the wheat market, the Tribune said, editorially, on May 24: "It looks as if the clique would have all the wheat it wants. It is reported that 1,500 cars coming from Minneapolis and 100 cars from Milwaukee may be only the advance guard." A rush for storage room was predicted, the elevator capacity of the city being given at 27,000,000 bushels.

On the 24th of May there was a semi-panic on the wheat market when the bears made a determined raid, forcing July down 2

cents and June $1\frac{1}{2}$ cents. The clique brokers tried to stop this and bid above the market, but the traders refused to notice their bids. On the following day, however, wheat rallied and it was feared that the clique had gained a stronger hold during the falling market and a number of private settlements were reported. These settlements were made at 88 cents and, by them, the clique obtained more money with which to prosecute the deal and it was stated that \$2,000,000 had been sent from Cincinnati for the purchase of 5,000,000 bushels, if necessary, to hold the price of June wheat at 88 cents. By May 26, the shorts were thoroughly frightened and their buying forced the price up to 90 cents, which did not please the clique, and it sold more than 1,000,000 bushels in order to keep the price down to 88 cents, and, in the meanwhile, Ream, who was a persistent bear, hammered July. During all this excitement in the wheat pit the corner in pork was maintained and by May 27 sales were made at \$24. On the 28th by heavy buying the clique maintained the price of June wheat at 88 cents, but it let July alone and that delivery declined 1 cent, while wheat continued to pour into Chicago very rapidly. On May 31, June wheat sold up to $88\frac{3}{4}$ cents and the large receipts crowded the elevators, applications for room were refused and it was rumored that the railways had placed an embargo on wheat shipments to Chicago. The wheat deal in St. Louis culminated at this time, amidst great excitement and with a top price of 89 cents. Moses Fraley and J. W. Kauffman were the heavy shorts and it was reported that many shorts had refused to settle and that there would be a resort to the courts. On June 1, nearly 3,000,000 bushels of wheat were delivered to the clique and the price for June delivery went up to $91\frac{1}{4}$ cents, until the clique broke the price to $88\frac{1}{2}$ cents. It also began buying for July delivery and it was thought for a time that the deal would be carried into July. Wheat receipts continued very heavy and a premium was offered for the removal of corn from store, while it was said that the banks had refused to make further loans to the clique. It was also rumored that elevator space was being bought up by the clique, but this was denied by President Wright, who had just returned from a southern trip. By this time most of the operators began to think that the corner would be a success, but F. G. Kammerer was a notable exception, maintaining that the amount short was over-estimated and offering to bet \$500 that there would be no corner in June wheat. C. J. Kershaw & Co., Irwin Green & Co. and M. Rosenfeld & Co. were recognized as the heaviest holders of wheat, but the identity of their backers was not positively known.

A sensation was sprung, on June 4, when it became known that a warrant had been issued for the arrest of P. D. Armour for running a corner in pork. The warrant was issued on June 1 on complaint filed by A. W. Wright, generally known as "Charley" Wright. It was alleged that this was done in order to affect the wheat market

by an implied threat against the would-be cornerers, and had been held up until it was thought that the psychological moment had arrived. Wright was not thought to be the principal and some alleged it was an effort on the part of the bears to get even with Mr. Armour. Mr. Armour was out of the city when the first attempt was made to serve the warrant for his arrest, but he returned at once, seemingly undisturbed and stating that he did not run away and that Wright had sold something he did not have and should not complain if made to pay the price. In a few days it was reported that Mr. Wright had dropped the case against Armour and when the case was called no appearance was made against him.

In the meantime the Board of Trade was in arms against the railways for not furnishing sufficient storage. The wheat clique held their grain in store, and country holders of wheat found it impossible to get storage, while 3,000 loaded cars were held on the Chicago tracks. The Directors made additional buildings "regular," with a capacity of 1,000,000 bushels. The Pacific Elevators shipped 2,000,000 bushels of other grain in order to make room for wheat received via the Chicago, Milwaukee & St. Paul Railway Company, but feeling was particularly bitter against the Northwestern system, which, it was charged, could have handled more wheat had it wished. Complaint was made against the warehouse monopoly and the warehouse men replied that the storage rate was so low that there was no inducement to build for emergency uses. President Wright argued that the railroads might be held responsible in the courts for failure to provide sufficient storage and declared that there was a virtual blockade against Chicago for all grain. At this time the line of shorts was estimated at 8,000,000 bushels and the Directors considered the proposition of making wheat on track regular. On June 11, the Tribune said, editorially, that more elevator capacity was necessary and that many hundreds of railroad cars, and many canal boats at Bridgeport, awaited storage room for their cargoes. It also raised the question as to the responsibility of railroads, charging that they had a monopoly of the warehouse business. On June 11, the Burlington Railroad refused grain unless billed "on track," and the Northwestern declared it would take all shipments, if the shippers would provide for storage. It was on this day that the first real weakness was shown by the clique. July wheat fell from 86½ cents to 82½ cents, with the trading estimated all the way from 10,000,000 to 25,000,000 bushels. The clique tried to peg the price at 85½ cents, but, in the expressive words of the market report, "the peg dropped out." It was freely prophesied that the clique would be bankrupted if it attempted to carry the deal into July. Cash wheat at this time was held nearly steady at about 92 cents, and even at this time, after more than sixty days, the parties forming the clique were unknown, and it was said that even the clique brokers did not know the prin-

cipals for whom they acted. President Wright gave a fiery interview in which he held that the railroads would be compelled to carry grain and had no right to discriminate as to the place of delivery, and stated that Board of Trade men stood ready to build elevators but the railroads would not allow it, and that therefore they must now be held responsible for the care of the grain. A rule, proposed at this time, was that the regulations of the Stock Exchange be applied to grain, obliging houses whose books were short to borrow from houses whose books were long, as it was thought that this would make less capital necessary and decrease risks. On June 13, the clique was still strong and bought heavily of July wheat at $83\frac{1}{8}$ cents, with June held at $92\frac{1}{2}$ cents, but the confidence in the clique's ability to peg the market was lost. Another factor that made for the downfall of the clique was the legal advice received by the Board to the effect that it had the right to declare regular all grain in store in warehouses that had either rail or lake connections or any grain in vessels in the harbor.

The crisis came, on June 14, when wheat dropped nearly 19 cents, amid scenes of the wildest excitement. The house of Rosenfeld & Co. failed, C. J. Kershaw & Co. suspended temporarily and E. W. Bailey & Co. and Hamill & Brine were involved. Kershaw was loading out four ships when the crash came, but this was stopped by creditors and other vessels were stopped by injunction, while G. F. Baldwin began attachment proceedings against Kershaw and W. E. Dewar. It was reported that the clique would have had to buy but 3,000,000 bushels more to have made the corner a success, but the strain was too great and it was forced to let go. Every office building in the vicinity of the Board of Trade was ablaze with light that night as the busy clerks checked up the trades of the panic-stricken day, while scores of operators looked ruin in the face. It was felt that unless Kershaw could meet his margins, as he stated that he would, from thirty to fifty firms must fail, and there seemed to be no bottom to the market unless it was sustained by strong hands, in order to avert a panic. Kershaw maintained that parties, with sufficient funds to tide him over, would be in Chicago by noon the next day, and Rosenfeld ascribed his suspension to the failure of his principals to furnish \$500,000 as promised him. Rosenfeld was long 5,000,000 bushels and the average loss was 10 cents per bushel. For the first time it was positively known that Mr. Harper, Vice-President of the Fidelity National Bank of Cincinnati, and the Cincinnati crowd had been back of the deal. While there were many losers on the brink of failure, there were also winners, and among these were William R. Linn, N. B. Ream, and Leo Bloom, and of these Mr. Linn especially deserved success, for he had fought the clique all through its campaign and had several times been nearly ruined, according to local gossip. There was no parallel in the Board's history for the violent fluctuations and the

amount involved. The nearest approach was the Lyon corner, in 1872, but at that time there were 16,000,000 bushels of grain held for sixty days, at from 5 to 12 cents higher than the same grades at other points. The corner was based more on storage conditions than on natural conditions of supply and demand.

With the sound of the bell on this eventful day, Linn, Ream and Brega leaped into the pit and began hammering July wheat. The clique trembled and weakened, the bears redoubled their efforts and in ten minutes July went from $83\frac{3}{4}$ to 79 cents. Then came the panic. The bears turned their strength against cash wheat; the clique brokers bid 90 cents, 2 cents having already been lost, and the bears offered wheat at $86\frac{1}{2}$ cents. By this time the Directors' report increasing storage by 1,000,000 bushels was predicted and July wheat fell to 77 cents. The clique gave up, and June wheat fell to 78 cents. At 12:30 came the announcement of the Rosenfeld failure and cash wheat went down to $73\frac{1}{2}$ cents and July to 74 cents. Kershaw announced that he would meet his margin calls, but the price only rallied to $75\frac{1}{2}$ cents. The Directors were to meet to decide the storage question, but the excitement was so great that no quorum could be obtained and it was felt that the need for additional storage was over. The trading for the day was estimated as high as 100,000,000 bushels and the losses between \$7,000,000 and \$8,000,000. In explanation of their failure, F. E. Johnson, of Rosenfeld & Co., said that Wilshire and Hoyt came from Cincinnati and resolved to carry the deal into July. Rosenfeld said he would go ahead if like orders were placed with Irwin Green & Co. and C. J. Kershaw & Co. and ample funds were provided. The Cincinnati men agreed to this, but Mr. Johnson said that the bulk of the trading fell upon Rosenfeld and the money promised did not arrive. He declared that they had made a pretty fight, but had been beaten. The wildest rumors prevailed on the Exchange concerning the over issue of elevator receipts, proposed action of the Directors and the financial weakness of the clique, which had bought and paid for receipts for 16,500,000 bushels of wheat. The panic in Chicago was reflected in all other markets. There was consternation in Cincinnati and rumors of the failure of the Fidelity Bank; at Milwaukee there was a panic and one house failed; at New York the Exchange was excited and the market broke badly, with a like condition at St. Louis. During the night Wilshire came from Cincinnati with drafts for several hundred thousand dollars and Kershaw, in the morning, paid out \$300,000, but this was not enough to meet all demands upon him for margins and his suspension was announced, although he still insisted that the money would be forthcoming to carry his deals. Nineteen failures were announced on 'Change on the 14th and 15th, with total liabilities of \$2,000,000. It was rumored that Chicago banks were crippled and Rosenfeld brought suit against Wilshire for \$1,000,000. Kershaw

announced that he would weather the storm, providing the market held steady, and it was here that Hutchinson played a role which provoked much criticism, for he entered the market as a bear and, instead of sustaining the market, forced the price down to 70 cents.

The Chicago Tribune described the scene as follows: "In the wheat pit several hundred men are packed together so tightly in an immense dished space, that simply to stand there for a few moments entails little short of suffocation and makes one perspire as if he were in a hot bath. Then add to this the fact that a great majority are in a state of the wildest excitement, gesticulating fiercely and shouting till hoarse in the effort to make themselves heard above the din, which is little short of infernal. The hope of immense gain or the fear of ruinous loss adds to the feverishness of the system, and if to this be added the fact that not a few of those in the pit had been up nearly all the previous night trying to balance their books and see just where they stood, the acme of exhaustion may be conceived, but can scarcely be described." So great was the panic that the Directors discussed the question of closing the Exchange for 24 hours, but they decided not to do this and this preserved the unbroken record of the Board of Trade in maintaining itself as an open market in spite of all financial storms. Extreme measures were taken by creditors to secure themselves, and W. H. Harper hired a tug and, by a hurried night trip, succeeded in securing bills of lading from a ship in the harbor which had been loaded out by Kershaw. Rosenfeld did not attach Kershaw's bank account, as feared, and it was hoped that Rosenfeld would be able to pay in full, as members of his family were of great wealth. Among the failures was that of Charles Henrotin, who for many years had been a prominent financier and who was well known as the consul for Belgium and Turkey. His suspension was due to misplaced confidence in customers, who failed to make good. Many commission firms were on the edge of bankruptcy, their standing depending upon whether others could pay their obligations. To stay the panic Mr. Armour bought 5,000,000 bushels of wheat and President Wright gave an interview expressing his confidence in better conditions in the immediate future. On June 15, June wheat touched 69 $\frac{3}{4}$ cents and there was a movement to return wheat to Minneapolis in order to prevent mills from shutting down. The banks of Chicago got together and held the price of wheat at 70 cents and there was a petition to change the Clearing House rules, to clear contracts daily and making this a part of the contract. One of the outstanding features of the corner was the enterprise shown by the Hess Elevator Company, which, in fourteen days, completed the erection of an elevator of 400,000 bushels capacity, while George Seaverns built and equipped an elevator in thirty days. The consequences of the corner were felt both in Chicago and in Cincinnati for many months. Trade in the Exchange was dull and

lifeless. Kershaw was unable to pay his indebtedness and Mr. Eggleston denied that he was a general partner in the concern and was sued by Lindblom, and his funds in the Clearing House, amounting to \$27,000, were attached. Many Board of Trade members mortgaged their homes and sold their furniture in order to meet their liabilities, and there were many acts of generosity as well as of selfishness recorded. Kershaw's liabilities were placed at more than \$1,000,000, and it was not thought that he could pay more than 30 cents on the dollar. The creditors' meeting was postponed and for some reason they were inclined to hold Armour responsible and they were opposed to the appointment of Weare as receiver, while the creditors of E. W. Bailey & Co. accepted a settlement of 50 cents in cash and the balance in notes. In Cincinnati there was a run on the Fidelity Bank, which was closed on the 21st, no assets were found and the officials were arrested and Harper was sent to the penitentiary some months later. It was at this time that announcement was made that approximately 500,000 bushels of wheat, in Chicago elevators, was not in good condition. This had been known for some time, but little had been said about it on account of the market conditions. The Chief Inspector reported that the wheat was all right, but this did not satisfy the Directors of the Board of Trade, and the appointment of a committee to investigate its condition was discussed.

Perhaps the best account of what is known as the Kershaw corner was that given in the *New York World*, which stated that the chief cause of the collapse was the announced intention of the Directors to make all wheat on track regular. Concerning the corner the *World* said: "It was December last, when, it is believed, Harper first began his bull operation. The times looked auspicious for the bull campaign. The prospects of a diminished crop and of an active export demand made the legitimate conditions favorable. Already California capitalists, headed, it is believed, by J. W. Mackay, had taken hold of California wheat for a bull campaign. The understanding is that the Harper clique, recognizing these conditions, bought, in December, 30,000,000 bushels of wheat. Receipts in January and February, which are generally light, were unexpectedly full and Harper sold one-half of his holdings. After the failure of his December venture, he still had 15,000,000 bushels. During the first five or six days of March, Jones, Ream, Schwartz, and Linn made bear raids, selling millions short. To their surprise it was all taken by two or three mysterious parties. This was the foundation of the big short interest which was subsequently cornered by Harper. In May, the short interest was said to amount to 100,000,000 bushels; first by Chicago shorts, then by farmer short interests, then all other cities made Chicago a dumping ground and sold short and foreign operators also. The *World* had gone short in Chicago. Only a few had the courage to oppose. Harper began

the big movement to corner the Chicago markets—who were with him is not known—but he was head and front, though this was not known until after the disaster. The brokers were known, but the clique was not. Orders came from Wilshire, Eckert & Co., but Harper denied any connection. It is believed that C. J. Kershaw was instrumental in getting Harper into the deal, as he was an old member of the Board of Trade and a chronic bull. About April 25, the Harper clique carried about 45,000,000 bushels of May wheat. The corner was planned for that month, but it was found to be impracticable, and it was decided to corner June wheat. Thirty million bushels of May wheat were sold and June bought, and the clique traded the remainder of May for June, paying Armour and others $2\frac{1}{2}$ cents per bushel on the 15,000,000 bushels which were in store. The thirty million bushels of June wheat were bought at 82 @84 cents, the highest price for June being 94 cents, while, early in March, it was quoted at 80 cents, a difference of $14\frac{3}{4}$ cents. Every attack by the bears was resisted and for weeks the clique presented a solid front. Nothing could pierce it. Its resources seemed boundless, its courage irresistible. For ten days Irwin, Green & Co., Rosenfeld & Co., and Kershaw bought, each, 1,000,000 bushels a day for the clique, making a total of 30,000,000 bushels in ten days. This added to the 45,000,000 bushels already held, made 75,000,000 bushels. At a conservative estimate Harper employed about \$3,000,000. Before the Harper clique began in March, a bull party was formed in Texas which bought 2,000,000 bushels of June wheat through G. C. Walker & Co. and for a long time Walker's was thought to be one of the clique houses, but this is understood to be a mistake, for the Texans dumped their load on Harper, selling 1,000,000 bushels for $85\frac{7}{8}$ cents.

“Finally the Jones-Ream crowd began to boycott the clique. One day they began selling wheat at $87\frac{1}{2}$ cents “ex-clique,” that is, they sold only to houses known not to be connected with the clique. This had no effect. The next day June opened at 88 cents and never sold below that until the corner broke. During all this period the clique had certainly made considerable money by their sweeping operations. Many of the shorts were badly bitten. Some in New York were sufferers. Early in June, even the old-time bears in Chicago began to be rattled. The nerve shown by the clique was prodigious. It bought everything that was offered. One day the bears became so frightened that they started to cover in their shorts at whatever cost, and the clique sold about 30,000,000 or 35,000,000 bushels. But the profit was not so large, as it had been bought at high figures. The 14th of June the great wheat corner burst. The Board of Trade was declaring new elevators regular, and these were filled with wheat. The stock of contract wheat in Chicago consisted of 15,512,700 bushels of No. 2 spring and 963,268 bushels of No. 2 red. The Board was also ready to declare track grain regular,

and this would have added 2,000,000 or 3,000,000 bushels to be taken care of by the clique, and this would have been too great a tax on its resources. Then a New York party began to buy December and May wheat in New York and sell July and August in Chicago, and the attack on those months weakened the clique. Harper's resources must have been strained to the very utmost, and he knew the end was near. It is believed that he then conceived the idea of throwing his load on Rosenfeld and then abandoning him, just as it is said he did his broker, W. E. McHenry, in 1881. At any rate, when, on the 13th of June, Rosenfeld, having received an order to that effect, made his celebrated order to buy 5,000,000 bushels of wheat at 93 cents, it was Kershaw, the other clique broker, who sold him 3,300,000 bushels, and this was not a "wash" sale, as Rosenfeld, discovering the situation, called his men out of the pit and stopped the buying. Among the other causes that ruined the corner was the fact that several New York banks called in their loans to the clique. When the crash came it was a mighty one. Never was such a panic known in Chicago. June wheat broke from 92 to 73 cents and July from 83¾ to 74 cents. Charles Freeman, recently returned from Chicago, says New Yorkers cannot understand how severe the blow has been to Chicago. The losses have been great and extend to nearly everybody in the trade, and it will be many a day before it recovers from the effects of the catastrophe."

Allowing for the exaggeration which may be allowed in New York papers of that date, as a sort of poetic license when speaking of a Chicago disaster, it still remains a fact that the Board of Trade was hard hit as a result of the Kershaw crash. That the cornering spirit was not entirely quenched was shown by the market movements of corn, pork, and barley, but the history of the Board for the remainder of the year was one of a lifeless dullness, as compared with the first six months, and as a result the members had time for dispute over rules and regulations and for argument over minor differences, while there was also much to do to straighten out the tangled affairs of the bankrupted firms. There was a great reaction in shipments, the great flood of wheat stopping automatically when the corner broke and other receipts decreasing as prices generally went down in sympathy with wheat. It was said, on July 1, that but four cars of wheat were received the previous day, and three of these were billed through. Nevertheless, the Board passed through the crucial test of the July deliveries without a panic and had time to devote to matters of self-government. Upon the insistence of the Board of Trade, the legislature of Illinois passed a law, effective July 1, compelling the use of Hopper scales in the weighing of all grain transferred from car to car in Cook County. In line with this law the Directors recommended that members refuse bills of lading and receipts not in accord with the requirements of the law. The local freight agents refused to comply

with the conditions implied in these resolutions and referred the matter to the General Managers, at the same time urging that the state law could not be made to apply to interstate traffic. The railroads made no effort to comply with the law and, in October, it was reported that the old system was still in operation and it was not until December that the new Baltimore & Ohio transfer elevator was completed and approved by the Directors as the first to comply with the new law.

The creditors of Kershaw & Co. met on June 30 and agreed to share the expense of a suit against Eggleston by which it was hoped to prove that he was a general partner in the firm, and a committee, consisting of W. R. Linn, F. J. Kennett and P. B. Weare, was appointed to represent the creditors. Rosenfeld offered 25 cents on the dollar in settlement, together with his claim for \$500,000 against Wilshire, Eckert & Co., if all attachment suits were withdrawn, but this was refused by a vote of two to one. The report that Briggs Swift, President of the Fidelity Bank, was involved in the wheat deal was cheering news for the creditors, as he was considered good. The Kershaw failure was complete, and up to the close of the year no settlement was made for the benefit of his creditors. In November Harper was brought to trial and there were many sensational disclosures as to the wrecking of the Fidelity Bank and the gigantic operations in wheat, Wilshire making a full confession as to his share and as to Harper's criminal acts, and on the 12th of December Harper was sentenced to serve ten years in the penitentiary.

With the decrease of business following the collapse of the corner the members devoted more time to the consideration of the rules of the Association, and, on June 29, a rule was adopted making all trades irregular if made outside of regular sessions, and another rule, providing that memberships should not be transferable unless they had a Board of Trade Stock Exchange membership attached. During the last half of the year repeated changes were made in the Commission rule, culminating in the adoption of one-fifth cent per bushel as the rate of commission to be charged non-members for speculative transactions in grain, 5 cents per barrel on pork and 5 cents per tierce on lard, with the proviso that one-half this commission might be rebated to members. Attempts at evasion of the rule were frequent, and in the hope of detecting and punishing these violations some of the influential men formed an organization known as the Merchants' League of the Board of Trade. Even this organization was less effective than its promoters hoped it would be.

Early in October President Cleveland visited Chicago, and the Board of Trade adjourned for a day in his honor. An election was held September 24 to fill vacancies in the Directory caused by the death of H. G. Gaylord and the resignation of B. J. McCleary, and

Ernest A. Hamill and J. G. Steevers were elected for the unexpired terms.

As has been noted, a committee was appointed, in June, to investigate the condition of old wheat in store. Agitation on this question was renewed the latter part of August and it was urged that the Board declare old wheat irregular, as it was stated that the poor quality led some banks to discriminate in loans on receipts, that the old wheat had a "binny smell" and that some had been sold at a discount of 9 cents per bushel. There was much discussion and the President was authorized to appoint a committee to investigate. This committee consisted of Geo. D. Rumsey, P. W. Dater and A. N. Young and it reported recommending that members sell and deliver 100,000 bushels of No. 2 spring wheat at the C. & P. elevator, and 270,000 bushels at the Neeley elevator, the proprietors having agreed to buy at the market price, remove the grain and cancel the receipts. Later the Committee declared a portion of the wheat in the Sibley Elevator as below grade. The investigation was made during Mr. Sibley's absence and upon his return to the city he had an inspection made by Inspector Smillie and T. H. Foster and John Mansfield of the Appeals Committee, who passed it as in good condition. This created an awkward position and the committee asked permission to re-investigate, but this was refused. It was feared that if the Board declared this wheat irregular it would be responsible for such damages as might arise. Nevertheless the Directors took action, declaring receipts for wheat in Sibley Elevator B irregular and adding that wheat, with this exception and other in warehouses where the proprietors had agreed to ship out, was in sound condition and of superior quality. Sibley Elevator B was an emergency house made regular during the wheat corner and contained about 100,000 bushels of wheat. In October the time limit fixed by the Directors for the removal of poor wheat had expired and by that time about 780,000 bushels had been shipped.

The markets were generally dull and declining during July and in the Secretary's report but one quotation, that of \$21, on July 13, was given for cash pork, while there were no quotations for mess pork recorded for August or September delivery. By August, however, there was renewed activity in the corn pit, with higher prices, which was not affected by the news of the collapse of the great wheat deal in California, where the Call Board adjourned to avert a panic and where millions were lost. November markets were stronger and there was fear of a squeeze in December wheat and much pressure in barley. Markets ranged higher and, by the 21st, cash wheat reached 76 $\frac{1}{4}$ cents, the highest point since the Kershaw corner, this being due to drought in winter wheat districts, stronger foreign markets, and a widespread bullish feeling. This extended through the month, all markets being appre-

ciably higher at the close than at the beginning of November. The trade in flax seed reached such proportions that a rule for its delivery on the same basis as grain was adopted by a vote of 362 to 29. The tight money market caused a reaction about December 6, but the general course of the markets was higher up to the end of the year.

As the year drew to a close, attention of the Board was directed toward the coming election and the Merchants' League endorsed the candidacy of Mr. Geo. D. Rumsey, while C. L. Hutchinson was the candidate of the younger men. The Merchants' League caucus endorsed Rumsey and resolved against the sale of privileges, while the opposition nominated Hutchinson, with G. G. Parker for Second Vice-President.

But little remains to be said of this eventful year in the history of the Board. In January the National Board of Trade met at Washington, and resolutions, urged by the Chicago representatives, were passed urging congressional action to control contagious cattle diseases. Other resolutions favored international bi-metalism, the refunding of the National debt, better coast defenses, especially for New York and San Francisco, reciprocity with Canada, Mexico and San Domingo, and were opposed to the taxation of "drummers" passing from state to state. The Chicago members also presented a resolution, which did not pass, asking that the tariff be put on a revenue basis, and Robert Lindblom occupied an important place on the program with a dissertation on the relations of labor and capital.

So much has been said concerning the markets that a bare statement of statistics will suffice to conclude the history of the year.

Wheat.—The receipts of wheat were 21,848,251 bushels, exceeding those of any year since 1882, with the exception of 1884. The shipments were 26,850,750 bushels, exceeding any year since 1879, and, with but two exceptions, being the largest in the Board's history up to that time. The range for No. 2 spring wheat was from 66 $\frac{3}{8}$ cents on August 6, to 94 $\frac{3}{4}$ cents on June 7th. Cash wheat on January 3 was quoted at 79 $\frac{1}{2}$ @80 $\frac{1}{4}$ cents, the price declining irregularly until about the first of March. From this point the market advanced until the climax of the corner in June. The market was slow and dull during the next four months with improvement in November, especially in the May delivery. This improvement continued and at the close of the year No. 2 cash wheat was quoted at 78 $\frac{3}{4}$ @78 $\frac{7}{8}$ cents, with May at 85 $\frac{1}{2}$ @86 $\frac{7}{8}$ cents. The crop was a trifle above the average in quantity, but the price to the farmer was lower than in 1886.

Corn.—The crop of corn was the smallest since 1881, but the valuation was more than in 1886, the average price being 44.4 cents per bushel as against 36.6 in 1886. Iowa produced more corn than any other state, with Illinois, Missouri and Nebraska in the

order named. The Chicago receipts of 51,578,410 bushels were the smallest since 1882 and the shipments, 50,467,814 bushels, were 6,000,000 bushels less than in 1886. The low price was reached in February, at 33 cents, and the high point in December, at $51\frac{1}{2}$ cents. The first quotations of the year were $37\frac{1}{8}@37\frac{3}{8}$ for No. 2 cash corn, the price declining until about the first of March. The range was small with gradual improvement up to $38\frac{3}{8}$ cents the latter part of April, while 39 cents was registered on May 11 and the market was steady at about 38 cents until the middle of June when it declined irregularly in sympathy with wheat. The July range was small with an upward tendency, while, in August, $42\frac{1}{4}$ cents was reached on the 10th, and the price was above 40 cents for the most part during the remainder of that month. September prices averaged better, reaching $43\frac{1}{2}$ cents the close of the month, but declining irregularly to $41\frac{1}{4}$ cents at the close of October. November was a month of almost steady advance, the range being from $40\frac{7}{8}$ cents, on the 7th, to $47\frac{1}{4}$ cents the 29th. In December, on the 5th, the top price of $51\frac{1}{2}$ cents was reached for cash corn, the price declining about 2 cents by the end of the month, the last quotation being $49\frac{1}{2}@49\frac{3}{4}$ cents.

Oats.—The movement of oats was the largest on record, the receipts being 45,750,842 bushels and the shipments 37,663,330 bushels. Most of the sales were made by sample and there was a steady demand from eastern and southern states. The quality of the crop of 1887 was inferior to that of the previous year. The speculative trade was almost devoid of interest and the range was from $23\frac{1}{2}$ cents, in March and April, to $31\frac{1}{2}$ cents, in December. The price of No. 2 cash oats on January 3 was $26\frac{3}{8}@26\frac{5}{8}$ cents, declining gradually until the first week of April, after which there was a reaction to $27\frac{1}{2}$ cents, the fore part of May. This advance was largely lost and the market ruled about 25 cents until the latter part of June, when 26 cents was reached. In July the range was from 24 to 27 cents, the lower prices prevailing near the close of the month. The August price was generally below 25 cents and the September price slightly above that figure, with a quotation of $26\frac{1}{2}$ cents on the 30th. In October the range was slightly lower but improvement set in about the middle of November, touching $29\frac{1}{2}$ the last days of the month. In December the price of cash oats reached $30\frac{7}{8}$ cents, with January oats quoted at $31\frac{3}{8}@31\frac{1}{2}$ on December 30.

Barley.—The barley market showed a wide range in price and was the subject of much manipulation during the fall months. The quality was poor and the speculative grade was therefore in small supply and the trade was largely by sample. The receipts were 12,476,547 bushels and the shipments 7,214,394 bushels. The first quotation of the year was 53 cents for No. 2, the price declining and being steady at 50 cents during nearly all of the month of

February. Early in March the low price of 48 cents was reached, after which there was a reaction until $59\frac{1}{2}$ cents was reached, in April, but the month closed at 54 cents. A few transactions recorded in May were at 57 cents and sales of the new crop were made in July, opening at $61\frac{1}{2}$ cents for September delivery and the month closing at $65\frac{1}{2}$ cents. In August cash barley went up to 72 cents the middle of the month, but the closing quotation was $68\frac{1}{2}$ cents. In September the price reached 77 cents, but with a sharp decline, to 69 cents, the 28th of the month, and a reaction to 75 cents on the 30th. September saw the culmination of the speculative movement and, on October 1st, barley was quoted 10 cents lower, although it reached 73 cents before the end of that month. Prices were higher but trading was small in November, the range being from 72 to 80 cents. For December the Secretary's report gives but one quotation, 80 cents, on the 29th.

Rye.—The market for rye was exceedingly dull and sales were almost wholly confined to carloads by samples. The receipts were 852,726 bushels and the shipments 700,780 bushels. Prices ruled unprecedentedly low the forepart of the year, the first quotation being 53 cents, with a gradual decline to 51 cents in March, $51\frac{1}{2}$ cents being the average price for No. 2 cash rye until the middle of April, at which time there was an advance to $57\frac{1}{2}$ cents the 22nd. The closing price in May was $54\frac{1}{2}$ cents at the close of the month. In June the range was lower, prices declining gradually to 50 cents at the close of the month. In July prices were still lower, reaching 44 cents during the last of the month and touching bottom at $43\frac{1}{2}$ cents on August 9th. Forty-four and a half cents was the prevailing price until well into September when a better demand carried rye up to 48 cents by the close of the month. The October range was from 48 to 52 cents, the closing price being $51\frac{1}{2}$ cents. November showed a net price gain of 4 cents, closing at $55\frac{1}{2}$, and December showed steady improvement until $61\frac{1}{2}$ cents was reached at the close of the month.

Flour.—Transactions in flour were large and satisfactory and, although the market was affected by the manipulation in wheat in June, the price range was small. The receipts were 6,873,544 barrels and the shipments 6,391,368 barrels, showing a large gain over the previous year. The price of spring wheat patents ranged from \$4 to \$4.75.

Seeds.—The trade in timothy seed developed rather unusual speculative activities during the latter part of the year, and, owing to the poor quality of the crop of 1887, it was at times difficult for the shorts to fill their contracts. The supply was good and of fine quality the first part of the year, but the demand was still better. Prices the first part of the year for good to choice timothy were $\$1.77@1.84$, and declined irregularly until \$1.40 was reached, in April, with a gradual advance to \$1.95, in June. At this time there

was a sharp advance, the top price averaging \$2.25 during July and August, and reaching \$2.42 in September. The remainder of the year the price ruled somewhat lower, declining to \$2.18@2.20 in October, and the closing price of the year being \$2.18@2.38. The clover seed market was variable and was the subject of some speculation. The price the first week in January was \$4.55@4.67½, declining irregularly until \$3.90 was reached, in May. The price then rose to \$4.75 in August, after which it declined to \$3.95 in October, recovering to \$4.20 the last of the year. The receipts of grass seeds were 62,749,766 pounds and the shipments 64,540,311 pounds. The receipts of flax seed amounted to 5,609,457 and the shipments to 5,262,666 bushels. The crop of 1886 was of good quality, while that of 1887 was inferior. The speculative market was active and subject to sharp fluctuations, the price range being from 95 cents in January to \$1.33 in December. Opening at 95 cents to \$1, the price advanced until \$1.22 was reached in June. The market then declined sharply until 97 cents was reached in August. The good demand and the poor quality of the crop caused a reaction and the price rose irregularly throughout the remainder of the year, reaching \$1.33 the latter part of December.

Live Stock and Provisions.—Secretary Stone, in treating of the livestock and provision trade of Chicago for the year 1887, had this to say in his opening paragraph: "On the northeast corner of Dearborn and Lake Streets Mr. G. W. Dole slaughtered, in the fall of 1832, the first lot of cattle (in all 200 head), ever packed in Chicago. They were driven from the Wabash Valley and cost \$2.75 per cwt. He also slaughtered, in the same place, 350 hogs, from the same locality, for which he gave \$3 per cwt. This was the nucleus of the packing business in Chicago." The Secretary then gives the statistics for 1887. The receipts of cattle were 2,382,008, and the shipments 791,483. Of sheep the receipts were 1,360,862 and shipments 445,094. The receipts of live hogs were 5,470,852, a loss of more than 1,200,000 as compared with the previous year, and the shipments were 1,812,001 head. The outside price for prime beeves stood at \$5.40 the first of the year and gradually declined until \$4.50 was reached in July. From this time the course of the market was irregularly upward until \$6 was reached at the end of the year. Packers' and shippers' hogs were quoted at \$4.05@\$5 the first week in January, the outside price reaching \$6.12 in March and declining to \$5.15 by the latter part of June. There was a recovery to \$5.75 in July, the price ruling comparatively steady until September, when there was a sharp decline, \$4.70 being reached in October. The market improved and the year closed with the outside price of \$5.90.

The trade in dressed beef showed the popularity of the Chicago product, the shipments being 733,728,255 pounds, a large increase over the preceding year. The number of hogs packed for the year

ending March 1, 1888, was 3,732,244, nearly 700,000 less than in 1886. Mess pork, as has been shown, was the subject of much speculation. The market opened on January 3rd at \$12.20@12.35 and advanced gradually to \$14 early in February. Under manipulation there was a further sharp advance to \$20.75 the first week in March, and these higher prices prevailed until the close of the corner in May, with a top price of \$24. Freed from manipulation, the market fell to \$17 in July and declined until November, when \$12.50 was touched. The remainder of the year the course of the market was upward and \$15.10 was paid at the close of December. Lard was also the subject of manipulation and went from \$6.30 in January to \$7.85 in March, after which it declined irregularly to \$6.20 in June. The market was comparatively steady until the middle of November, when there was a sharp rise of more than 50 cents per hundred pounds to \$7.20. This improvement continued and \$7.92½, the highest price of the year, was paid in December. The closing price for the year was \$7.82½.

Transportation.—The beneficial effects of the Interstate Commerce Law were felt in matters of transportation, but the evil practice of underbilling still existed, and it was believed that secret rebates were being given to favored shippers. During the year grain freights, by lake and canal, on wheat, per bushel, to New York, including Buffalo charges, varied from 10¼ cents, at the opening of navigation, to 7⅝ cents, in midsummer, and 12 cents, the latter part of November. Rates by lake (steam) and rail on wheat, per bushel, to Baltimore, ranged from 8¼ to 11 cents, while the wheat rate by propeller to Buffalo ranged from 3¼ to 6 cents per bushel. The rate on grain by rail, per hundred pounds, to New York was 30 cents up to April 1st and 25 cents the remainder of the year.

1888

The year 1888 was a "Presidential year" and was characterized by much of the proverbial dullness generally attributed to that period when our great democracy devotes its chief attention to governmental policies. On the Board of Trade 1888 may be characterized as the "Hutchinson year," for Mr. C. L. Hutchinson was the President, while his father, B. P. Hutchinson, was the dominant figure in the markets throughout the entire twelve months. Murry Nelson was the leader in the caucus which nominated George D. Rumsey for President, and the opposing faction was headed by Robert Lindblom and the younger members of the Board. The Merchants' League made no formal endorsement, but it was understood to be behind the candidacy of Mr. Rumsey, and this led Mr. Lindblom, in his speech nominating Mr. Hutchinson, to refer to the "codfish aristocracy" and to urge the formation of an "anti-Merchants' League" party. Mr. Hutchinson was also the candi-

date on the "United Board Ticket" and the "Young Men's Ticket," and the election gave him an easy victory. The large vote of 1,289 was cast and Hutchinson received 1,096, to 191 for Rumsey. George D. Parker was overwhelmingly elected over J. C. Hatley, as Second Vice-President, and the successful candidates for Directors were J. C. Rogers, B. A. Eckhart, J. T. Rawleigh, D. E. Richardson and F. J. Schuyler.

Mr. C. L. Hutchinson, the newly-elected President, was born in Lynn, Massachusetts, where his father was in the boot and shoe business, in 1854. He came to Chicago with his parents when but two years old and was a distinct product of Chicago institutions. He early developed great business capacity and was said to have made \$10,000 by the time he was twenty-one years of age. He made a success on the Board of Trade, was thoroughly versed in the packing business and was President of the Corn Exchange Bank. That he was highly popular was shown by the large vote which he received.

The annual meeting was held in the Call room and the report of the Directors, covering the work of 1887, was read and approved. The receipts of the Association were given as \$227,210, which, with \$55,097 on hand in January, 1887, made a total of \$282,307. Of these receipts upward of \$113,000 came from memberships, while the net rentals amounted to a trifle more than \$63,000. The expenditures were \$280,621 and among the items were: Interest on bonds, \$76,068; paid Chamber of Commerce, \$111,250; and items connected with the bucket shop crusade amounting to more than \$7,000. The large payment made to the Chamber of Commerce company exhausted the resources of the Board, and, in lieu of an extra assessment, the sum of \$20,000 was borrowed. In order to pay this and to meet the ordinary expenses, the assessment for the new year was fixed at \$90. The fixed charges of the Board were as follows: Interest on bonded indebtedness of \$1,500,000, at 5%, \$75,000; insurance account, \$11,000; taxes, \$20,000; a total of \$106,000. The Directors urged the gradual reduction of the debt, by assessments, if necessary, but expressed the belief that quotations could be sold, for the use of the legitimate trade only, for a sum sufficient to materially reduce the debt from year to year.

Speaking of the year just closed, the Directors' report said: "It will long be remembered by the present members of the Board of Trade, and it is one which will doubtless be historic in its annals. It was a year, more than any other—that of the great fire of 1871 not excepted—that tested the financial strength, the skill and intrepidity of its members, as well as their moral courage and their recuperative energy. This is no small praise, but it is a tribute which its officers feel is due to the general membership of the Association. Probably another such gigantic conspiracy will be never again attempted against the Board of Trade as was organized by

the so-called Cincinnati Syndicate and was propelled by the agency of the stolen millions filched from a great National bank which was wrecked in the enterprise. How many private fortunes in the same direction, and in the same enterprise, were also depleted, if not actually wrecked, has not yet transpired. The sphinx in the Ohio penitentiary has not spoken. The fate of the Keenes, the Handys and the Harpers should henceforth be suggestive to the gentlemen of the commercial and financial 'highway' that this Board does not present an inviting field for their favorite operations." Concerning the bucket shops the report was equally outspoken, saying: "The last year has witnessed the practical extinction of the bucket shop evil in Chicago, and the South and West. The evil is also greatly mitigated in the East and in the Provinces. This has all been brought about by the co-operation of the telegraph companies with other agencies and without the aid of the courts of justice. Several of these courts still hamper the Board of Trade and the telegraph companies with their injunctions, but the work of suppression has still gone forward. Nothing can now restore the old-time bucket shop evil but the direct and affirmative co-operation of the courts, or the passive supineness of the Board of Trade. Should it ever be restored, it will not be difficult to place the responsibility." The report also treated of the efforts to secure definite bills of lading upon shipments of grain in bulk, and to prevent rate discrimination, and complained that nothing had been accomplished in the direction of a reduction in storage charges. In relation to this the report said: "It is a humiliating because it is an undeniable fact that grain storage charges are extortionately higher in Chicago than they are at any other port on the Great Lakes or in any other city in the United States. It is true the service is well performed here, so is business well performed in every other department of trade in this city, yet in every other business merchants compete in services as well as in prices, and thus Chicago, by reason of her geographical position, is enabled to maintain her commanding supremacy. * * * It has thus far been impossible for competition to reach the strongholds of this storage 'combine' or 'trust.' Can it not, then, be penetrated by an indignant and overwhelming public opinion? If not, then let restrictive legislation be invoked as a last remedy for this intolerable commercial abuse."

From the very first of the year the transportation question was one of great interest, especially to the dressed beef industry. In January the beef packers petitioned Congress for relief from excessive rates which they claimed were charged under the Interstate Commerce law and brought suit against the trunk lines for \$950,000 said to have been lost to the packers by discriminations, the new rates being 14½% higher than the old. The continued agitation had its effect upon the railroads and they inaugurated a movement to do away with discrimination and a committee was

appointed for the purpose. Board of Trade members were jubilant over this action but realized that the needed reforms depended largely upon the wisdom, zeal and good faith of the committee. The Freight Bureau also considered the "underbilling" evil and adopted a resolution asking for the amendment of the Interstate Commerce Law to stop this practice. Even after the appointment of the committee against discrimination there were many complaints, but the members patiently awaited the promised reforms. Indignation grew apace, however, when, in February, cut rates on corn and oats were made from Iowa and Nebraska points to the seaboard, injuring the trade of the city severely as to these grains. A corresponding reduction to Chicago was demanded.

With the excitement of the annual election out of the way the members settled to the routine work of the year. B. P. Hutchinson was supposed to be long some 4,000,000 bushels of wheat and dominated that market, while Bloom was heavily interested in pork. Cash prices, the first of the year, were as follows: No. 2 spring wheat, $77\frac{5}{8}@78\frac{1}{2}$; No. 2 corn, $49\frac{3}{8}@50$; No. 2 oats, $31\frac{5}{8}$; No. 2 rye, $61\frac{1}{2}$; mess pork, $\$15.20@15.35$; lard, $\$7.85@7.95$; ribs, $\$7.80@7.85$, and live hogs, $\$5@6$; and prices on all these commodities ranged irregularly lower during January, with the exception of rye. Aside from the markets the Board interested itself with matters of general importance, the Directors passing resolutions asking Congress to retaliate upon France for discriminations against American meats by stricter regulations as to adulterated imports, and also asking for appropriations for Naval Reserve stations on the Great Lakes. As delegates to the National Board of Trade, Geo. M. How, E. S. Washburn, A. J. Marble, W. H. Beebe, J. H. Clough, W. T. Baker, G. D. Rumsey, W. J. Pope, G. H. Sidwell and C. B. Van Kirk were appointed and they secured the adoption of a resolution by that body urging better extradition laws with Canada to cover embezzlements and defaults, and also secured the November meeting of the National body for Chicago. The Grain Receivers of the Board took action to revise the regulations governing the sale of sample property and appointed a revision committee of five. Another matter of interest was the decision rendered in the case of G. C. Eldridge & Co. vs. A. M. Piatt. This action grew out of a deal, in 1883, which Piatt pleaded was a gambling transaction. The judge held that the burden of proof was on the defense and that it must be shown that the broker also regarded the transaction in the nature of gambling. The court further ruled that books of entry kept by brokers, and trading cards, were not books of account within the meaning of the statute, or the common law. The apparent failure of the stock exchange department of the Board with its constantly dwindling business was a matter of note, but one of the chief concerns of the Board was in regard to the much-disputed commission rule, this controversy being a legacy from

the preceding year. On January 13 an informal meeting was held to consider plans to harmonize the commission rates. It was proposed to give the minimum rate to produce men of St. Louis, Duluth and New York and to persons in those cities who were represented on the Chicago Board of Trade and a committee was appointed to secure advice as to the legality of prescribing minimum rates for the parties named. Those opposed to the rule as it existed issued a sarcastic circular urging the formation of a "Commission Trust" as the only way in which "extortionate rates" could be established. A petition, circulated in February, asking for a revision of the commission rule was freely signed and presented to the Directors. Late in January there was an aftermath of the old McGeogh corner of 1883, when Geo. Stewart & Co., and Wm. Kirkwood & Co., brought suit for \$50,000 each against McGeogh, claiming that false representations as to his assets had made them agree to settle at a low figure. McGeogh lived in Milwaukee and, although he traded on 'Change, through brokers, he was seldom in Chicago and it was found difficult to serve notice upon him. He succeeded in avoiding the process server when he came quietly to Chicago and was married to Mrs. Mary T. Libby, in February, and it was not until May that the papers in the suit against him were duly served.

There was a sudden rally in mess pork the latter part of January with Cudahy and Armour understood to be on the short side, and there was talk of a possible corner in May pork. The grain markets declined, however, and this was said to be largely through the influence of B. P. Hutchinson, who was the ruling spirit in the trade. The Tribune of February 6th said of this: "The 'one-man power' was scarcely ever exhibited more forcibly than it was Saturday in our markets, and perhaps, never so much in the direction of keeping them on an even keel by scalping within a narrow range of quotations all over the floor." The February decline proved the finishing blow to the well-known firm of Bensley Bros., which had been on the Board for thirty years. Failure of customers to respond to margin calls was the immediate cause of the suspension, but the firm had been crippled ever since it met severe losses in the McGeogh failure in 1883. There was much sympathy with this concern, as Mr. J. R. Bensley had been very prominent in Board affairs, having been President in 1876, chairman of the Building committee, and receiver in the McGeogh suspension.

Yielding to the protests of the Board, the warehousemen announced a reduction in storage rates, after the first ten days. The new rate was: first ten days, $\frac{3}{4}$ cent per bushel; each succeeding 10 days, $\frac{1}{4}$ cent per bushel instead of $\frac{1}{2}$ cent. This reduction did not satisfy the members of the Board, who urged a reduction on the first 10 days of storage, but to this the elevator men refused to

agree. Aside from the Bensley failure, the great sensation of the month of February was the testimony given by N. K. Fairbank before a Congressional committee in Washington. Mr. Fairbank stated that 40% of the refined lard was adulterated with stearine and cotton seed oil. It was feared that this statement, if sent to foreign governments by their ministers, would render much Chicago lard liable to detention and possibly to confiscation, affecting property estimated in value at \$1,200,000. Much indignation was felt in Chicago over this testimony and a special meeting of the Directors of the Board was called at which a committee was appointed to go to Washington to refute Mr. Fairbank's statements, and it was pointed out that "Refined" lard was not a contract grade and that "Prime steam" lard, the contract grade, was pure and unadulterated. The committee sent to Washington consisted of Wm. Kirkwood, C. H. S. Mixer and J. C. Hatley.

The state of the Board's finances compelled the Directors to give much attention to internal economy. Expenses were reduced where possible and rentals were lowered, with the result that the building was filled. As to quotations, the idea of realizing a profit from them was abandoned, but it was desired to control them fully and to distribute them widely, introducing them into the markets of Europe if possible. During the first two months of the year three members were disciplined for violations of the commission rule and among the other acts of the Directors were resolutions to continue the Board's support of the Freight Bureau's resolution condemning railway discriminations against Chicago and opposing any appropriation to the Paris exposition on account of the French embargo on American pork.

The markets during February were not sensational, but there was a gradual decline in prices, the demoralization being aided, the last of the month, by the great strike of the engineers of the Chicago, Burlington & Quincy Railroad. This strike materially reduced grain receipts, especially during its first stages, when there were said to have been 3,000 cars of grain en route, and much livestock, which latter, however, was not delayed. This strike was bitterly contested and lasted for a number of months, for a time completely closing this great avenue of trade to Chicago.

March was a busy month for the Exchange. The Merchants' League met and, ineffectually, demanded the unloading and storage of grain for the first ten days free, the same as other merchandise; and, the middle of the month, the rule for the decrease in commission rates was passed by a majority of 61, it being reported that the business of the Board was greatly increased thereby. The corn market was excited and higher the first part of the month, leading to complaints as to inspection, as the difference in price between No. 2 and No. 3 widened. Rumors of the death of Emperor William of Germany and warlike moves on the part of Russia also

caused market disturbances, while the announcement that Denmark had excluded American pork caused no break in prices as but little pork was exported to that country.

There was pronounced opposition to Chicago dressed beef on the part of local butchers throughout the country, and this found expression in Ohio, where a bill providing for an inspection, amounting in its regulations almost to exclusion, was introduced into the legislature. In this connection there was a sensation when three Ohio state senators were charged with having solicited a bribe from an attorney for the Armour Company to secure their opposition to the measure, and a committee of the Ohio Senate was appointed to investigate. Detroit butchers also took up the fight on the Chicago product and the meat shops of the city displayed signs, "No Chicago Beef Sold Here." Another like movement was the attempted combination of country grain dealers to control the cash wheat market and to prevent bear raids. From W. G. Bartles of St. Louis also there came a renewed attack upon lard products which was resented both in Chicago and Kansas City, the packers of both cities sending denials of the charges to Washington. Other notable acts during March were instructions given the Transportation Committee of the Board to receive complaints of violations of the Interstate Commerce law and to prefer charges where they were justified, and the resolution of the Grain Receivers' Association asking the repeal of the rule against corners, which was said to operate wholly for the benefit of short sellers.

The fore part of April the markets were excited and higher. May pork advanced \$1.50 per barrel, and May wheat went up three cents in a few days, Moses Fraley, the St. Louis plunger, being one of the victims. The reaction came as soon as the short sellers had been "run in" and there was a sharp decline of two cents in prices. Mr. Fraley was said to have been short 2,000,000 bushels of May corn at St. Louis and 2,500,000 in Chicago, together with 3,500,000 bushels of July wheat short in both markets. The amount which he had up in margins was estimated at \$750,000. The decline was stopped in Chicago by heavy buying by Linn and Cudahy, and the following day the "Big Four," composed of Cudahy, Ream, Jones and Linn, bulled the market, carrying May wheat up to 82½ cents on the 19th.

In May the strong men appeared to be on the bear side of the market, but conditions were against them. An immense shortage in wheat was predicted, and the Government report, issued the second week in May, gave a gloomy prospect for the growing crops. Under these influences wheat advanced 4 cents within a week and John Cudahy, who had deserted the bears, was a winner, while Ream, Hutchinson, Jones and Pardridge were on the losing side. By the middle of May the possibility of a corner in July wheat was rumored, and there was much market excitement, wheat having



PENCIL SKETCH OF B. P. HUTCHINSON, MADE BY EARL REID, 1891

advanced nearly $15\frac{1}{2}$ cents from April 5 to May 17. There was a marked reaction on May 19 and the general course was downward until July, with no features of special interest, and by July 8th Hutchinson was said to have been a heavy winner.

The export trade in beef was affected adversely by added restrictions placed upon the American product by France, but the domestic dressed beef trade was greatly helped by a rate war which reduced freight charges on beef and cattle more than one-half during the first fifteen days of July.

On July 11th B. P. Hutchinson was the victim of a bad fall, sustaining severe injuries and lying exposed to the elements for several hours. His sudden removal from the scene of his activities caused no little market excitement but it was soon reported that he was directing his brokers from his sick bed and his reappearance on 'Change in August was greeted with cheers and there was a rush to buy, which sent wheat up 2 cents.

During the latter part of July the Directors considered the cases of three small traders accused of dealing in Puts and Calls and gave a sentence of suspension against them. There was much outcry concerning this and demand was made that the larger traders be punished also. The Directors pushed the investigation and Directors Montague, Richardson and Rawleigh were appointed to go into the matter more thoroughly. They called some of the offenders before them and four members confessed to deals in Puts and Calls but refused to inform on others. Following this, nearly fifty members were called before the committee. Many made admissions of guilt, but it was found that it would be impossible to punish all, without disrupting the Exchange and there was much sentiment in favor of reinstating the three suspended members. As a result of the investigation twenty-nine members were reprimanded, the suspended members were restored and secret committees were appointed to report further violations, which were to be punished by expulsion. Following the example of the regular Board, the Open Board acted also, and President French of that institution announced that the rule against trading in privileges would be strictly enforced.

During August B. P. Hutchinson had been busy buying September wheat and when early frosts caused a sharp advance it was said that he had covered his short wheat and was long at least 5,000,000 bushels at about $87\frac{1}{2}$ cents. Continued reports of serious damage by the frost further advanced wheat prices and the bulge soon produced almost a panic among the bears in the wheat pit with Hutchinson a persistent buyer. It was reported, August 24th, that there were no receipts of wheat at Duluth and at St. Louis May wheat reached \$1. By the 25th foreign markets were higher on account of European crop shortage and by the 28th wheat had advanced another two cents, with Hutchinson an active figure

in both the wheat and pork markets. On August 31 it was stated that Hutchinson owned about all the cash wheat and on the deliveries, the first of September, he received and paid for nearly all of the 650,000 bushels of wheat, while Armour got the pork. On September 3rd May wheat reached the magic "Dollar Wheat" mark and the price was greeted with cheers by the enthusiastic bulls. On the following day occurred one of the historic deals on the Exchange when Hutchinson bought one million bushels of December wheat from Bloom and, with a smile, put up the \$250,000 in margins called for by the latter gentleman. It was during this month that the Directors considered the proposition for a continuous session, abolishing the noon recess. This innovation was adopted a short time later, the hours of trading being fixed at from 9:30 a. m. to 1:15 p. m., except during the summer months, when the session was to open at 10:30 a. m.

In the meantime the course of the wheat market was steadily upwards and Hutchinson sat in his accustomed chair and directed his brokers whose buying checked all assaults made by the bears. By September 22d wheat for September delivery reached \$1 for the first time in five years, with Hutchinson in full control of the Chicago market. The price advanced and even the selling of one million bushels by Hutchinson could not stop it. There had been a veritable crop disaster throughout the Northwest, and, as the facts became better known, nothing could check the advance. Duluth offered a premium of 10 cents over Chicago for "No. 1 Hard" wheat, and fortunes were made by dealers both in Duluth and Minneapolis. The wheat pit was in a frenzy on September 26th, when the bears made a terrific onslaught upon the market. Millions of bushels were offered at the opening, forcing the price of December wheat down to 96½ cents, while September wheat closed at \$1.04, after selling as low as \$1.01½. This seems to have been the last, desperate rally of the bear interests and, thereafter, Hutchinson and the longs had the upper hand. On September 27th the price of wheat for September delivery went up to \$1.28, but Hutchinson sold 500,000 bushels at \$1.25 to the eager shorts, who stood in line to get it. Wheat for December delivery also advanced sharply and there was a wild scene when the price reached \$1. The bears talked of a special wheat train from St. Louis and of the shipping of 75,000 bushels of wheat from Milwaukee and there was protest over the predicted rise in the price of bread. The next day Hutchinson put the price of wheat up to \$1.50 and held it there. He said that he had intended to fix \$1.10 as the top price, but that the shorts were so obstreperous about settling that he had concluded to make the price higher. He said he had millions of bushels to sell at \$1.50 but none at a less price. The feeling of bitterness at this arbitrary raise was intense and many threatened to withdraw their accounts from the Corn Exchange Bank of which

Mr. Charles L. Hutchinson was President. The sales for the day in settlement of contracts amounted to 240,000 bushels at \$1.50. Hutchinson warned the shorts that it would be all the worse for them if they did not settle promptly and on the next morning he fixed the price at \$2. While exceedingly severe and arbitrary as to the price, Mr. Hutchinson was lenient as to margin calls, and this saved several firms from immediate suspension. Hutchinson was supposed to have been long about 10,000,000 bushels. Some 3,050,000 bushels of wheat had been delivered and about 500,000 bushels were still short when the market closed on the last business day of the month. So great a figure was Hutchinson on the market that the newspaper account of the day said: "Whenever the old gentleman became engaged in conversation with anyone business in the pit stopped." Hutchinson bought nine cars of wheat at \$2 and then turned his attention to December wheat, buying some 3,000,000 bushels and sending the price up to \$1.05. The short interests were not numerically large and, for once, Hutchinson had the crowd with him, so much so that there was a general joining in the chorus of the improvised verse:

"I see old Hutch start for the Club,
Good-bye, my lover, Good-bye,
He's given us all a pretty rough rub,
Good-bye, my lover, Good-bye."

The excitement on the last day of September was the greatest the Exchange had known since the crash of the Kershaw corner. December wheat opened at \$1.04 $\frac{1}{4}$ on the 1st of October, and the rush to buy was so great that the September deal was well-nigh forgotten. Hutchinson stood, surrounded by his brokers, and bid December wheat up to \$1.08. This excitement in December wheat did nothing, however, to alleviate the situation for the September shorts, and they made insistent demands for settlement, on what they considered a reasonable basis. Failing to move Hutchinson by appeals, some of them reviled and insulted him, and this made him the more determined. Two firms were posted and a number of others were on the verge of failure and could easily have been forced to the wall had Hutchinson insisted on margins. As the price of December wheat rushed upwards, C. L. Hutchinson, President of the Board, appealed to his father to sell enough to hold the market. This Hutchinson did, delivering about 500,000 bushels of cash wheat and selling some 6,000,000 bushels for December delivery. But for this action it was felt that December wheat would have advanced to \$1.15 and there would have been many failures. As usual the newspapers idolized the successful operation and the Tribune said of Hutchinson: "He is the greatest speculator ever known. The load he now carries, day and night, would crush any other operator utterly. But the old man is a giant intellectually,

physically and in will power. Six or eight weeks ago he fell, headlong, down an iron stairway and lay there unconscious with a dislocated spine all night. They doubted if he would ever walk again. Now he is accomplishing alone, what no other speculator ever dared to attempt without strong allies at instant command. Where they failed he has succeeded marvelously. Enraged speculators who have been caught at their bearish game talk wildly about the old man being in danger of assassination. They made no such remarks in the case of other manipulators who insisted upon having their pound of flesh the instant it was due. If Hutchinson had so insisted yesterday a dozen firms would have suspended before noon."

On October 2d the excitement continued. Wheat was higher. The failures of the Traders Bank and of Frank Clifton were announced. A deal in lard was rumored and added to the market tension. Hutchinson was said to have made \$1,200,000 on his sales of the previous day, which were the largest ever made on 'Change up to that time, and December wheat sold up to \$1.11.

By this time the speculative craze was general. All that any man need do to get rich was to buy wheat. Stories of the boot-black who made \$5,000 with \$25 drove the crowd to a mad fever of buying. The bucketshops were crowded and a number of them failed. December wheat went to \$1.18 and there seemed no end to the advance. There were frantic calls for margins and the December shorts were estimated at from 30,000,000 to 40,000,000 bushels. New York and St. Louis markets caught the excitement, and Jones, Linn, Kent and Cudaby were said to be the leading bulls, the Wizard of La Salle Street having sold out, according to local gossip. A correction in the Government report reducing its figures on the wheat crop by 100,000,000 bushels helped the bull movement. By the 5th of October it was reported that a number of large firms were in danger, that the defaults for September amounted to 1,000,000 bushels and that because a number of the large houses had clubbed together to defeat him, Hutchinson was implacable to the committee of his debtors appointed to confer with him. William Young was one of the first to settle with Hutchinson at \$2. The inevitable reaction came in a short time and there was a bear raid which forced the price down ten cents and cleared the speculative atmosphere considerably. T. V. Powderly, head of the Knights of Labor, issued a circular inveighing against corners in foodstuffs, while a street car strike affected local trading and attracted attention from the sensations of the wheat pit.

After the close of the September deal Hutchinson was on all sides of the market with an agility which surprised and confused those who tried to follow him. A newspaper of the period said of him, "The biographers of B. P. Hutchinson, when, years hence, they come to write the complete story of his life, will be apt to devote a

great deal of space to the remarkable ease with which he leaps from one side to the other in the game which Joachim Miller declared Napoleon, if he were alive, would find a more fitting field for his talents and ambition than war. No other great speculator can shift so quickly as 'Old Hutch.' He is in this respect *sui generis*. Monday he crushed the life out of the market with the weight of millions of wheat which he sold. He was the boldest of the bears. Yesterday he was a rampant bull. He bought back all he sold and a great deal more and he bought it from the beginning until near the close. The old man's potent prestige was seldom better illustrated."

As the wheat excitement passed the Board turned its attention to other matters, one of which was the passage, by the Directors, of a resolution authorizing proceedings against such railroads as should not comply with the law concerning hopper scales, by December 1st. Trading after hours also occupied attention, and some members obtained an injunction restraining the Board of Trade from interfering with their operations on the Open Board after regular hours. National politics also had a place and rival clubs were formed in favor of Harrison and of Cleveland, amidst cheers and singing. Towards the latter part of October there were rumors of an approaching corner in December wheat, and this caused frantic buying and forced the price up to \$1.16½ on the 20th. The shorts resolved to prepare themselves better than they had in September and wheat was shipped to Chicago from Cairo, while wheat intended for export was held in Baltimore ready for shipment to Chicago should occasion demand. The failure of Frank Clifton, who was connected with Anderson Fowler, of the firm of Fowler Bros., was the cause of much concern to his creditors. It was announced that he could pay but 25 cents on the dollar, the liabilities exceeding the assets by \$180,000. The creditors met and appointed a committee to secure legal advice as to whether Mr. Fowler could be held for the firm's debts. One hundred creditors attended this meeting and it was reported that the firm had been speculating on its own account. Mr. Fowler declared that he was a "special partner" and that he had "lost enough," but the attorney consulted gave the opinion that he was a general partner and could be held responsible. Robert Lindblom came forward with a plan to prevent corners in the future, calling a meeting to secure signers to a petition requesting that his plan be given a trial. He proposed a Traders Agency to which all statements of balances were to be presented at the close of each day's business, accompanied by a check to margin the said balances. This was intended to protect members and make every original contract a matter of record. Mr. Lindblom complained that he could not secure the serious consideration of the Directors. In response to this meeting the Directors submitted the plan to the Board's at-

torney who decided that it would violate the law against trading in differences, and it was dropped.

With the approach of the election political interest increased, and the Board of Trade and the Open Board republican clubs marched in parade and, with the election of President Harrison, the members were entertained by watching L. R. Stiles black the boots of Thos. Hunter, on the steps of the Exchange (President Hutchinson having barred them from the floor), in payment of an election bet.

The National Board of Trade met in Chicago on November 14th. Among the more important resolutions passed by this body were the following: in favor of a National Anti-adulteration law; against the adulteration of lard and recommending the labelling of packages of adulterated lard as "Compound Lard;" for Congressional action to legalize the Cental system; for an equitable bankruptcy law; for better coast defense; for the suspension of the purchase of silver bullion and the coinage of silver dollars; for a National Clearing House for National banks, and for a Naval Reserve. In addition, a committee of five was appointed to secure the adoption of the Cental system, which had always been a favorite plan of the National Board.

During the course of the year little was said in the public prints concerning the bucket shops or any activities against them and they seem to have been taken very much for granted. In November, the discussion was revived and it was stated that the bucket shops were receiving even better and quicker quotations than the regular houses and this was confirmed by a New Orleans correspondent who said the Western Union gave the bucket shops the best service. The Board seemed powerless on account of an injunction obtained by Murphy & Co., and, while there was a law against bucket shops in Illinois, they were able to send the quotations outside the state. Murphy & Co. were located next door to a branch of the Western Union and employed seven or eight operators in sending out the market reports.

The bears had the best of the argument during November and there were rumors that Hutchinson was to retire, but this he denied, directing his brokers, personally, and buying largely to withstand the bear raids. In December, he announced, however, that he would withdraw from the commission business, dealing solely on his own account. The trade in provisions grew more active during the closing months of the year, although at a lower range of prices. The dressed beef industry was the subject of an investigation by a committee of the United States Senate as to the reason for depressed prices of cattle and the Ranchers and Butchers, at their convention in St. Louis, resolved to fight the Chicago packers; while, forgetting their grievances, the pork packers' interests decided to exhibit at the Paris Exposition. The last of November was notable for a bear raid in pork, led by Armour,

and, at the very close of the year, it was reported that a strong bull clique had been formed in wheat.

By the last of November trade in Puts and Calls had again grown to large proportions and the Directors proposed a rule, which was adopted, to stop all curb trading both before and after hours. Another new move was the adoption of the Australian ballot for Board of Trade elections. Two important financial settlements were made this last month of the year, the creditors of J. C. Kershaw receiving 20 cents on the dollar on their claims, and Frank Clifton being able, Mr. Fowler having come forward to the extent of \$35,000, to offer 50 cents on the dollar, which was accepted.

Speaking of the year as a whole, the Secretary said, in his report: "The business of the Board was more active than in 1887, speculation, especially in wheat, having been stimulated by early reports of a serious shortage. * * * There were no important incidents in the business of other articles dealt in on the floor of the Exchange, and the trade of the year was on the whole satisfactory."

Wheat.—Early reports of a large shortage in wheat, and the prospect of a good foreign demand led to much speculative activity in this cereal, especially as widely divergent opinions were held as to the market situation. The general course of the market, together with the incidents of the September corner, have already been recounted. The receipts for 1888 were 13,438,069 bushels, being 8,000,000 less than in 1887, and the shipments were 12,009,269 bushels, not fifty per cent of the shipments of the preceding year. The lowest price, 71 cents, was reached in April, and the high price was recorded at \$2 at the close of September. The price of No. 2 spring wheat was quoted on January 2nd at $77\frac{5}{8}$ @ $78\frac{1}{2}$ cents, the market falling three cents during the course of the month. The range during February was small, but with a slight downward tendency and this was repeated in March, $71\frac{3}{4}$ being touched on the 23rd, and the quotation for the 31st being $72\frac{5}{8}$ cents. On April 5th the price touched bottom at an even 71 cents and then began the sensational advance, which continued irregularly until the end of September. By April 30 the price had increased 10 cents and, on May 17 it reached $89\frac{1}{2}$ cents. The receding wave carried the price back to $78\frac{5}{8}$ cents by the last of June, while July showed an improvement to $85\frac{1}{2}$ cents by the 30th. The first real pressure on the shorts was felt in August, carrying the price up to 94 cents the last days of that month. The \$1 mark was reached on September 25th, and, while the Secretary's report gives \$1.65 as the highest quotation for the month, sales were made on September 30th at \$2. With the release of speculative pressure the price fell from its giddy height to $1.02\frac{7}{8}$ on October 1st. Trading was active during October and the range of prices

was wide. On the 6th the high price for the month, \$1.18 $\frac{5}{8}$ cents, was reached. A bear raid and heavy selling by Hutchinson sent the price down nearly ten cents within the next two days, but it advanced to \$1.17 $\frac{1}{2}$ by the 30th. November markets were irregularly lower, reaching \$1.02 $\frac{1}{2}$ by the 26th. This was also true of December and, on the 26th of that month, the price went below \$1 for the first time since September, standing at 97 $\frac{1}{8}$ cents. The quotation for December 31 was \$1.01 $\frac{1}{2}$ @1.02 $\frac{1}{4}$.

Corn.—The first of the year it was thought that the old crop of corn was nearly exhausted and this gave a buoyancy to the market which was increased by unfavorable weather during the planting season. The summer and fall months were propitious, however, and the large yield in prospect was a steady factor in depressing the price. Receipts for the year were 74,208,908 bushels, exceeding those of 1887 by 23,000,000, and being the largest since 1883. The shipments were correspondingly large, reaching 69,522,565 bushels. No. 2 cash corn was quoted at 49 $\frac{3}{8}$ @50 cents on January 3rd, ranging irregularly downward to 47 $\frac{1}{2}$ cents the close of the month. There were but slight fluctuations in February and the tendency was downward. In March the market wavered, going from 47 $\frac{1}{8}$ cents the 1st to 49 $\frac{3}{8}$ cents the 6th, receding to 45 $\frac{1}{2}$ cents the 22nd and advancing to 49 cents by the 31st. The market was much stronger during April, an advance to 56 cents being made by the 18th, and the price on the 30th being 55 $\frac{5}{8}$ cents. The bulge lasted until well into May, the top price of 60 $\frac{3}{8}$ cents being reached on the 12th. The marked decline began on May 20th and by the close of the month the price had fallen about five cents. In June the course of the market was almost steadily downward, the net loss for the month being between seven and eight cents. There was a brief reaction in July, the price reaching 50 $\frac{5}{8}$ cents on the 9th. But favorable weather sent the price down to 45 $\frac{1}{8}$ cents before the close of the month. The August market was fairly steady but with an easier tone, which was accentuated in September, when the certainty of a good crop sent the price down to 40 $\frac{1}{2}$ cents on the 24th. In October there was a reaction to higher prices, largely in sympathy with the excited speculation in wheat, but this did not hold and on October 31st corn, for the first time in the year, was quoted below 40 cents. Efforts of the bulls carried the price up to 42 cents November 8th and again to 41 $\frac{3}{8}$ cents November 22nd, but there was no real strength and 35 $\frac{5}{8}$ cents was touched on the 30th. The December range was small, with a downward tendency, the lowest price of the year, 33 $\frac{5}{8}$ cents, being reached on the 17th and the closing price for the year being 34 $\frac{1}{4}$ @34 $\frac{3}{8}$ cents.

Oats.—The movement of oats for 1888 was the largest Chicago had known up to that time. Receipts were 52,184,878 bushels and shipments were 40,896,971 bushels. While large, the crop was

of but medium quality and a large proportion of the sales were made by sample. The course of the market was nearly parallel to that of the corn pit. The period of high prices was in May, while the low point was reached in September. The opening price of the year for No. 2 cash oats was $31\frac{5}{8}$ cents, the few transactions in cash oats being at lower prices the remainder of the month, while there was active trading for May delivery, with declining prices. In February 28 to 29 cents covered the range, with light business in cash oats. March and April were months of restricted sales in the cash market, but in May there was a good demand which carried the price up to 38 cents. In June prices receded, the range being from $29\frac{7}{8}$ to $34\frac{1}{2}$ cents, the lower price prevailing at the close of the month. The July market was heavy, the close being about one cent lower than in June, while the August range was from $24\frac{3}{8}$ to 27 cents per bushel. In September the market was still weaker, the closing price for the month being $23\frac{1}{8}$ cents. There was some improvement in October and, in November, before the close of navigation, the price advanced to 27 cents. Much of this advance was lost in December, the price at the close of the year being 25 cents.

Barley.—Barley, during 1888, graded mostly as No. 3 and No. 4 and sales were almost entirely by sample. The receipts were 12,387,526 bushels and the shipments were 7,772,351 bushels. There was some speculative trading during the first months of the year, but the amount of contract grade was so small that speculative activity ceased, the only market feature being a squeeze in October, which carried the price up to 85 cents. Sales the fore part of the year were made at from 80@85 cents per bushel. The range for the year averaged about 11 cents higher than in 1887. The Secretary's report gives no quotation on barley throughout the course of the year.

Rye.—On account of practically prohibitive tariffs in Germany and France there was no export demand for rye. There was, nevertheless, a good speculative market during the year, and the quality of the crop was good. Receipts were 2,767,571 bushels, being nearly 2,000,000 bushels more than in 1887, while shipments aggregated 1,744,380 bushels. Sales the first of the year were made at $61\frac{1}{2}$ cents, the price remaining almost stationary until May, when speculative activity forced it up to 68 cents, the high point of the year. During June the general course of the market was downward, the range being from 63 cents the 1st, to 53 cents the 30th. Sales were made the latter part of July at 45 cents, while in August the tendency was upwards, the range being from 46 cents the 1st, to 52 cents the last of the month. The September range was from 50 to 55 cents, but the opening and the closing prices were nearly the same, viz.: 52 to $52\frac{1}{2}$ cents. In October No. 2 cash rye sold for $60\frac{1}{2}$ cents, on the 6th fell to 54, advanced to 59 and receded to

55½ by the end of the month. The range for November was narrow, but the drift was steadily downward, 63 cents being reached before the close of the month, and this weakness continued the remainder of the year, 50 cents being reached early and late in December.

Flour.—The receipts of flour were 6,133,608 barrels, city manufacture amounted to 435,110 barrels and shipments were 5,492,100 barrels. The course of the business was normal except that in September and October there was a rise in price, owing to the high levels maintained in the wheat market, and the output of the mills was increased as much as possible. Prices for spring wheat patents, in January, stood at \$4@4.50, declining to \$3.75@4.45 by May. From this point the price went irregularly upward, a sharp advance movement coming the latter part of September, and prices reaching \$6.40@7.50 the second week in October. From this high point the market gradually eased until \$6.10@6.60 were reached at the close of the year.

Hay.—A notable feature of the market was the extraordinary increase in the hay business. On account of a short crop in 1887, prices ruled high the first part of the year. The crop of 1888 was abundant and the receipts at Chicago averaged 600 cars per week during the autumn. Owing to the wide difference in price between timothy and Iowa upland, the latter was a favorite on the market, attracting many buyers from the East and creating an unprecedented shipping trade. There were many losses connected with the trade however, as parties encouraged by the high prices the first of the year, contracted for large quantities which they were unable to sell at a profit.

Seeds.—Receipts of flax seed amounted to 4,403,268 bushels and shipments to 3,357,370 bushels. Prices for good to choice flax seed stood at \$1.42@1.42½ the first of the year, and ruled above these figures until May, when good crop prospects caused the price to decline, the lowest prices, \$1.10@1.14, prevailing the latter part of July and the first part of August. Reports of damage to the crop in Kansas caused prices to advance to \$1.33 September 29th, \$1.51 November 30th, and to \$1.63, the highest point of the year, December 22d. The crop of timothy seed was of inferior quality, and sales were entirely by sample, prices having a wide range. The receipts of grass seeds of all sorts were 75,724,201 pounds, and the shipments were 70,276,346 pounds. Prices for good to choice timothy seed varied from \$2.46@2.47 in January, to \$2.80@2.85 in May, to \$1.30@1.35 in October and to \$1.40@1.46 at the close of the year. Clover seed was quoted at \$4.10@4.12½ the first of the year, declining to \$3.80 by March. Reports of crop damage, caused by the severe winter, carried the price up to \$4.75 in May, only to be followed by a decline which reached \$3.90@3.95 in August. Increased foreign demand then caused an advance until \$5.80 was

paid for choice samples in October. This was the high price, but the market was strong the remainder of the year, the closing prices being \$5@5.35.

Provisions.—The receipts of live cattle were the largest Chicago had known up to that time, aggregating 2,611,543 head, not including calves to the number of 96,086 head. November 19 was the record day in receipts, these numbering more than 20,000 head. Shipments of live cattle were 968,385 head, and the number slaughtered, including those for city consumption, was 1,963,051 for the season ending March 1, 1889. Prime beefs were quoted at \$5.80 the first of the year, declining, irregularly, to \$5.20 the latter part of May. This was followed by a sharp advance to \$6.40 in June, and reaching \$6.75 in September. The price fell below \$6 in December, but on light receipts the market touched its highest point, \$7, during the third week of that month. This was but temporary, however, the last quotation of the year for prime beefs being \$5.25, with "inferior" quoted at \$1.25.

The price of packer's and shipper's hogs stood at \$5.20@6 the first of the year, declining to \$5.20@5.55 by April, and then advancing, the \$6 mark being reached again in July. Six and three-quarters was paid in August and \$6.90 in September, the top price of the year. From this point there was an irregular decline, the price the last week in December being \$4.95@5.35. The receipts of live hogs were 4,921,712 and of dressed hogs, 16,702, while the shipments were 1,751,829 live, and 111,823 dressed hogs. The number of hogs packed, from March 1, 1888, to March 1, 1889, were 3,203,951. As a hog packing center Chicago stood easily first, with Kansas City second, Omaha third, Cincinnati fourth, Indianapolis fifth, Milwaukee sixth, St. Louis seventh and Sioux City eighth, these being the only cities slaughtering more than 200,000 head during the winter season of 1888-89. Much complaint was made at the discriminatory rates granted by the railroads in favor of packing house products from Missouri River points to St. Louis, and the matter was brought before the Interstate Commerce Commission.

Mess pork was quoted at \$15.20@15.35, on January 3, and touching \$13.85 before the end of that month. The price reached \$14.35 on February 8, but prices were about 50 cents lower the latter part of the month. In March the price went as low as \$13.15, reacting to \$14.27½ by April 16, but the month closed at \$13.62½. May prices averaged higher and June somewhat lower (touching \$13.37½ the 21st), while in July the price declined to \$12.95, the 12th, and advanced to \$14.52½ by the 30th. In August the price dipped to \$13.20, but stood at \$14.22½ at the close of the month. The September market was strong, with an irregular advance of \$15.30, the closing price. The top price of the year, \$16.25, was reached October 3, after which the market receded to \$14.40, the 26th. The November market was dull at about \$14.50 and in

December prices ruled lower, reaching \$12.80, the 28th, with the year closing at \$12.85. Lard opened at \$7.85 and after an easier market in February and March advanced irregularly until the early part of October, when market manipulation carried the price up to \$11.37½. Prices afterward ruled much lower, from \$8.55 to \$7.60, the latter price being reached on December 31.

Transportation. Receipts of grain via the Illinois and Michigan canal during 1888, were less than 2,000,000 bushels, and this had ceased to be the important channel for receipts that it had been in former years. Great hopes were entertained for the deep waterway, from the Lakes to the Mississippi, which was authorized during this year, a Drainage District being set off for this purpose. Freight rates on wheat, per bushel, were less than in the two preceding years, the average rates being, by lake and canal (Buffalo charges and tolls included) .0705, by lake and rail .1114, and all rail .1354, these being the lowest rates the trade had known, save in 1884 and 1885.

1889

The year 1889 was one of great activity, both as to the commission business in spot grain and as to speculative trade. There were no major manipulations, as in 1887 and 1888, but the market was constantly an active one, with wide fluctuations and sharp differences of opinion, and replete with exciting incidents. Hutchinson continued as the dominant and most talked-of member of the Board, but there were many other striking figures who boldly contended with him for the mastery, and sometimes with success.

In the provision trade the opposition caused by the increasing popularity of Chicago dressed beef reached an acute stage through the appointment of a committee of the United States Senate to investigate the "beef trust," but there were signs of a return to reason in the court decisions declaring unconstitutional the prohibitive laws against the Chicago product passed in several States. Mess pork and lard were subject to much speculative excitement and the question of the acceptance of the so-called "green pork" on contracts was carried to the courts.

A crisis was reached in the crusade against the bucket shops and the Board was almost forced to surrender. The activities outlined above, together with the numerous minor events of the Association's history, make the year 1889 one of much interest and in some respects it may be characterized as the very zenith of the Board's earlier speculative career.

No opposition developed to the candidacy of William S. Seaverns, for President, and he received 894 out of the 958 votes cast at the annual election. George G. Parker became First Vice-President, by rotation, and E. W. Bailey was elected Second Vice-President over N. T. Wright, by a vote of 555 to 387. The chief contest

was over the Directorate, and there were so many candidates and so much "scratching" that the count was not completed until midnight. The new Directors were August C. Helmholtz, C. B. Congdon, R. G. Chandler, A. Seckel and H. H. Aldrich.

At the annual meeting the Directors were able to congratulate the members over the excellent financial condition in which the Board found itself. The receipts for the year were \$241,091.54, and the expenditures \$223,462.66. The net receipts from rentals were \$37,883, more than \$68,000 having been spent for running expenses and repairs. Taxes and interest on bonds amounted to nearly \$100,000, and bonds of the Board to the amount of \$50,000 had been purchased during the year. Notwithstanding all this expense, the cash on hand amounted to nearly \$20,000. The Directors' report was brief and contained but few recommendations, these relating chiefly to the building, with suggestions that the Call Room be converted into offices, as the Board of Trade Stock Exchange had been dissolved, and that the tower might be removed and offices built above the Exchange hall. As shown by the vote, President Seaverns entered upon his duties with the almost unanimous support of the Board. He had already served the Board in official capacities for nine years, first as a member of the Arbitration Committee, then on the Appeals Committee, and later as Director and as Second and First Vice-President, and had been a member since 1862. He was thus thoroughly conversant with the Board's affairs and his position as a member of the firm of I. N. Ash & Co. gave him an intimate knowledge of the receiving and shipping of grain.

One of the first matters to interest the Board was the question of rate discriminations which threatened great injury to the packing interests of the city. The rate on packing products from Kansas City to Chicago was 12 cents per hundred pounds and on live hogs the rate was 25 cents per hundred. These rates very naturally stimulated packing in the West and restricted shipments of live hogs to Chicago. The packers paid the freights demanded of them under protest, and determined to lay formal complaint before the Interstate Commerce Commission. In this they were backed by the Board and the case came before the Commissioners, in May, with the Board of Trade as a sponsor for the action. At that time railroad regulation under the Interstate Commerce Commission was in its infancy, no sound working theory had been evolved, and it is not to be wondered at that it was several years before the tangled skein of railway schedules was straightened out. Nor was Chicago the only point which had grievances. St. Louis was greatly enraged over the proposed removal of a differential on corn, by the Union Pacific, which would favor Chicago, and threatened to boycott that railroad.

The provision trade was also much interested in the warfare proclaimed against dressed beef and in this, too, they had the co-

operation of the Board. In January the Directors passed a resolution denouncing the bills which had been introduced into the Legislatures of Pennsylvania, Ohio, Kansas, Colorado and other States, discriminating against the Chicago product, and similar resolutions were adopted by the Live Stock Exchange. The Chicago view, that these laws were in restraint of trade between the States, and, therefore, unconstitutional, was the one taken by the higher courts, and during the year the State laws of Indiana and of Minnesota on this subject were declared void on this ground. Opposition to the dressed beef industry took other forms, however. In the Legislature of Illinois a bill was introduced for State regulation of the Stock Yards, and, at St. Louis, a convention was called to express and to organize the opposition to dressed beef. Sixty delegates, from nine States, attended this convention, at which the majority insisted on denouncing the "beef trust" as an acknowledged institution, while the delegates from Illinois insisted that it must first be proved that a "trust" existed. The convention finally resolved against the "trust" and for the inspection of cattle "on the hoof," these resolutions being opposed by Texas and Illinois delegates. In effect the convention approved the Texas Anti-Trust law and the Nebraska Local Inspection law. While this convention was without authority to enforce its wishes, it served to show the sentiment of the people and doubtless had much to do with the appointment of a committee of the United States Senate to investigate the "beef trust" and its alleged relation to depressed prices of live stock. This committee, of which Senator Vest, of Missouri, was chairman, held sessions in Chicago during September, issuing subpoenas for Armour, Swift, Morris, Sherman and others to appear before it. For reasons best known to themselves the prominent packers refused to answer the subpoenas and G. T. Williams, Secretary of the Union Stock Yards and Transfer Company, who did testify, refused to furnish the committee with a list of the stockholders. These actions greatly angered Senator Vest and other members of the committee, and after waiting a few days, without results, the committee continued its investigations in Des Moines, Kansas City and other points. The members evidently felt that the dignity of the United States Senate had been insulted, for, in November, the Sergeant-at-Arms of the Senate appeared in Chicago with subpoenas for those who had refused to testify in September. Mr. Armour and others appeared before the committee at Washington in December, Mr. Armour testifying that conditions of supply and demand had affected prices and not any combination or trust, as alleged. The committee continued its deliberations and its report, declaring that a trust existed, was made the following year.

An entirely different reception was accorded the Interstate Commerce Committee of the United States Senate, which held sessions in Chicago, in July, to investigate as to railroad discrim-

inations and other transportation problems. A. M. Wright and other prominent Board members appeared before this committee and Secretary Stone read a formal reply to questions previously propounded by the Senators. The Board took a strong position against all traffic associations, saying that pooling arrangements always worked against Chicago, and defended the Canadian railways as having been effective in destroying rate combinations.

Other matters of like nature which interested the Board during the year were the bills introduced in the Illinois legislature for the election of the State Railroad and Warehouse Commissioners, and for the legalizing of "option" trading, otherwise known as "puts" and "calls." The Grain Receivers also asked reforms in the sample system and wished the Board to organize such a department under its own control, and they also asked the railways to furnish, so that it could be posted on the bulletin board daily, estimates of the number of cars of grain expected on the following day. Still later, the Receivers asked the State to take official samples for the use of the trade. In October, the Wheat Growers' Federation met and made plans to corner the surplus wheat of the country, being addressed by Robert Lindblom, who wired to Chicago the resolution of the farmers to hold their wheat until they should receive 95 cents per bushel, with the somewhat surprising result that the price fell upon receipt of the news, probably showing the faith the members had in such movements. Still another matter was the complaint filed before the Railroad and Warehouse Commission by the Illinois Grain Merchants' Association that Chicago inspection was too high, and that shippers could do better in Indianapolis and other markets. At the hearing on this complaint much bitterness developed and the Grain Merchants charged that the high inspection was due to a desire to promote speculation. The Commissioners declared that owing to the highly nervous state of the market they should proceed slowly and carefully, and that in no event would a change in grade be made to take effect before July, 1890.

Perhaps the matter of most vital interest to the Board was that relative to the bucket shops and the furnishing of quotations. In January, the Ohio legislature passed a drastic law against bucket shops and a bill, based on this law, was introduced in the legislature of Illinois, in March. These movements showed a healthy tendency in public opinion against the bucket shop evil, but the Board found that the greatest obstacle to reform was in the courts. The Appellate Court for the Third District of Illinois, late in January, sustained the conviction of Soby, an agent of Lindblom & Co., for running a bucket shop at Jacksonville, Ill. The decision of the lower court was affirmed because no delivery was found to have been contemplated. This decision was satisfactory to the Board, but the insinuation of the Court, that most of the trading done on the Board was illegal, was not. A more important decision was

that rendered by the Supreme Court of Illinois, in March, in the case of the New York and Chicago Grain and Stock Exchange vs. the Board of Trade. This case was remanded to the lower court that more evidence might be submitted, and not only put the burden of proof on the Board, but gave the bucket shops the added delay which they desired.

By far the most far-reaching decision, and one which affected the affairs of the Board greatly for a number of years, was that rendered by the Supreme Court of the State, in May. The court decided as follows: "We do not wish to be understood as holding that the Board of Trade is bound by law to continue the business of collecting and furnishing to the public market quotations, or that it may not voluntarily abandon such business, but we hold that so long as it continues to carry it on, either directly or indirectly, it must do so without unjust discrimination as to persons, and must furnish market quotations to all who may desire to obtain them for lawful purposes, and upon the same terms."

This decision spelled complete disaster to the attempt of the Board to restrict the use of its quotations, for before any firm or person was refused it would have been necessary to prove that quotations were desired for unlawful purposes. In this emergency the Directors decided that all quotations, except to members, should be withdrawn after May 31. At this time it was estimated that nearly 200 bucket shops were receiving quotations, and the New York Produce Exchange hailed the new departure with delight, as it was thought that its quotations could be made to take the place of the Chicago markets. The resolution to stop quotations had the effect, however, of raising the price of memberships, as none but members could obtain the official markets. Nevertheless there was opposition to the move and many members declared that such an important matter should be decided by a vote of the Board as a whole. Just as the new rule was to go into effect, June 1, the New York Stock Exchange ordered the removal of the tickers from the Exchange Hall and its quotations were also stopped, so that, suddenly, traders all over the country found themselves without quotations from either of the great market centers. The bucket shops employed runners to secure the markets and received quotations by private wires from New York, but these stopped abruptly, also, not on account of the action of the exchanges, but on account of the Johnstown flood which thoroughly disorganized the telegraph service of the country for a short time. Very soon, however, the bucket shops were receiving from some source about as regular quotations as before.

Injunctions were applied for by a number of bucket shops to compel the Board to furnish quotations, and in order to expedite matters the Board asked that all these cases be consolidated. In the meantime the action of the Board was attended by serious incon-

veniences; the Kansas City Exchange refused to furnish commercial news, "except in exchange for courtesies," and complaint was made that while the bucket shop received quotations reputable parties did not. The New York stock tickers soon resumed and this but accentuated the fact that Chicago quotations were restricted. Three judges sat together to hear the injunction cases, in June, and it was argued that the Board was still furnishing quotations to some non-members. The unanimous decision, rendered in July, was that the Board must supply quotations to all, or none. It was held that the Supreme Court had ruled that by disseminating quotations to a portion of the public for a number of years, they had become in a certain sense public property. The entire public, in consequence, was entitled to the reports on an equal footing, subject to the condition that they must be for lawful purposes, and the Board could exercise no discrimination. In answer to the query if the Board could furnish quotations to members only, the court apparently held that quotations to members were the same as quotations to the public, and that to restrict the distribution to them would be to create a monopoly.

The Directors at once recognized the gravity of the situation and a meeting was called to consider the next step on the part of the Board. It was planned to stop all quotations, but before this was done the Directors resolved to ask for a modification of the injunction. This motion was heard, the Board asking the privilege of sending quotations to members every fifteen minutes. The bucket shops opposed this, and the judges refused to modify their former order. With this decision the Board acknowledged itself completely beaten and the Directors said they could see no way except to furnish quotations to all. By September the bucket shop thrived in Chicago in all its old-time glory. There were institutions exclusively for women. Nohe reopened his concern. Murphy starred as the "Bucket Shop King," and there were twenty-five bucket shops in operation in the immediate vicinity of the Board of Trade. These institutions undoubtedly attracted business which would otherwise have been transacted on a legitimate basis, and in this way were competitors of the Board, and their renewed activities may have had something to do with the amendment, adopted in October, abolishing the penalty for violating the rule that non-members should be charged not less than $\frac{1}{8}$ cent commission, thus practically lowering the rate. At the same time, another amendment was passed debarring suspended members from having transactions executed for them as principals or in their own names through brokers on the floor. In spite of the cut rates there was complaint in the fall months that business was light and unsatisfactory and memberships in December sold for \$800. The Directors did not give up the fight against the bucket shops entirely and the legal department planned to push the Murphy injunction to an

early hearing and to ask the decision of the courts in regard to discontinuing market reports altogether or furnishing them at intervals only, provided all were treated alike.

Relative to the real business of the Exchange, the year opened with markets on the down grade from the high levels established during the previous fall. Cash wheat hovered just above and below the dollar mark, corn was quoted at $34\frac{1}{8}$ cents, oats at $25\frac{1}{8}$ cents, rye at 50 cents, mess pork at \$12.90 and lard, which was still suffering from the effects of an attempted corner in December, had fallen in price from \$8.20 to $7.62\frac{1}{2}$ in three days. The very first business day of the year witnessed a bear raid which sent wheat down three cents, and from that time until the bell sounded on December 31 the market place was the scene of great activity. The bear raids continued during January, with Hutchinson the main strength of the bull side. It was reported that the market was a case of "the crowd vs. Hutch.," and Chas. Jones was the artist who contributed to the merriment of the pit with a cartoon showing Hutchinson at the top of a pole with the bears after him, although they had not been able to get him. Victory was with the bears all through the month of January, in wheat, rye, pork and lard, while corn advanced a trifle and oats held their own.

The February wheat market was a reversal of that in January. By the 4th, May wheat reached one dollar and on the 8th cash wheat passed the dollar mark also. It was reported, from New York, that four Chicago capitalists were long 18,500,000 bushels of wheat, and with each day the market mounted higher, until, by the 19th, cash wheat had reached $1.08\frac{1}{4}$ and May was quoted at $1.12\frac{1}{4}$. This was the height of the bull movement during February, and, by the last of the month, wheat had declined about four cents. A threatened corner in oats, at Milwaukee, had sustained the price of that cereal in Chicago, in spite of large offerings, while corn and provisions were slightly easier.

The first days of March one bear raid succeeded the other in the wheat pit. On the 5th, the price of May wheat fell $3\frac{3}{4}$ cents, and on the 9th, another 3 cents was chipped from the price. Hutchinson, who had been a heavy buyer in January, now figured as a seller. Again, on the 12th, there was a sensational decline and it was reported that the "clique" had sold its holdings. It was about this time that Miss Fanny Blinn and her "system" by which she could not fail to win, were exploited in the public press and she became quite a noted figure in the speculative world. In an interview she declared that she had earned, for her patrons, dividends of 50 per cent within the year, and she expressed her opinion that the Board of Trade members were a stupid set and that she could, if she chose, give them much valuable information about their business. As may be imagined, this was not pleasing to the members, who chose to believe that their business did not depend upon mere chance, but

upon a knowledge of market conditions, and could not be beaten by some mathematical formula such as might be used at Monte Carlo; and it developed later that the traders took great glee in proving that the calculations of the female wizard were wrong. On the 16th of March, Hutchinson about-faced and began buying heavily, while Fairbank was a seller. Hutchinson made a determined bull campaign and on the 20th offered to buy all that anyone had to sell. The crest of the wave was reached on the 23rd, when May wheat reached $\$1.07\frac{3}{4}$ and cash wheat sold at $\$1.02\frac{3}{8}$, and several lines of long wheat were unloaded. The very appearance of Hutchinson in the pit was sufficient to cause wild buying; there were fears of a corner and settlements were made, estimated at several millions of bushels. So great was the fear of manipulation that trading was chiefly for July, and not for May, delivery. The financial situation of many members was somewhat relieved, the latter part of March, when the receiver for Kershaw paid 10 per cent of the indebtedness in cash and another 10 per cent in notes, endorsed by C. B. Eggleston, this meaning a distribution of \$250,000 among the resident members of the Exchange. In the meantime, also, the oats market was somewhat sustained by a corner in May oats, in Milwaukee, and the elevators were kept busy clipping oats for delivery in that market. During the course of the month, pork advanced more than one dollar and lard also showed a substantial advance, while corn barely held its own.

A predicted corner in May wheat in St. Louis failed to sustain the price in Chicago and there were almost continuous bear raids which carried wheat down about 20 cents before the month of April ended. These were unfortunate days for Leopold Bloom, a bold, quick operator, who first came into prominence through his remarkable winnings just after the Franco-Prussian war. He was a persistent bull, and the clique of bears made a sustained attack to force him to sell. In his desperation he appeared on the floor with \$500,000 in securities, sufficient to margin his holdings down to $93\frac{1}{2}$ cents, but Hutchinson smashed the market with huge selling orders and Bloom was forced to stop trading temporarily, his losses being estimated at about \$142,000. The market continued to decline rapidly and at St. Louis the failure of the bull campaign caused the suicide of John Jackson, president of the St. Louis Elevator Company. All other markets participated in this decline, corn sustaining itself the best of any commodity.

May deliveries were light and the market struggle soon centered on July wheat and the contest was said to be between New York sellers and Chicago buyers. Cash wheat sold at $78\frac{3}{4}$ cents on May 2, rallied to $86\frac{1}{2}$ by the 9th and declined, irregularly, the remainder of the month, reaching $77\frac{1}{4}$ cents on the 31st. Other markets just about held their own and there was a general cessation of speculation, the only market feature noted being a determined

effort on the part of some traders to prove Miss Blinn's "system" to be wrong, while, on the 18th, Hutchinson passed his trading cards around through the pit, offering to buy all the corn anyone wished to sell at 34 cents. It was during this month also that the Directors ordered all clipping machinery removed from elevators if the proprietors wished to have them remain regular. Prospects for bounteous crops depressed prices during June, although cash wheat showed a gradual recovery, from $75\frac{1}{2}$ cents the first of the month to $83\frac{1}{2}$ cents near the close. During the month a small speculative duel took place between Miss Blinn and Hutchinson, in which the latter won, and there were numerous market skirmishes between these two antagonists. During June, the wheat market became considerably over-sold and the shorts awoke to that fact soon after the first of July, and their covering carried the market up five cents. Hutchinson conducted a bull campaign during this month which culminated on the 26th, when the heavy shorts settled with him at 83 cents and the price at once fell to $80\frac{3}{4}$ cents. There was consequently no squeeze at the end of July, corn being the only item on the list which showed an advance during the month.

August was another month of declining prices and oats were the lowest they had been since 1879. Hutchinson was the leading figure, and a feature of the market was the shipment of between 250,000 and 300,000 bushels of wheat from Chicago to Uruguay, via New Orleans. Hutchinson was active in all the markets and during the mid-summer days he took advantage of low prices to lay in a goodly supply of mess pork for October and, by the close of August, fears of a corner began to be felt and, for the first time, the question arose as to whether pork, packed during October, could be delivered under the rules. An August market sensation was caused on the 26th by a cable received by M. Strauss, declaring that the European crop of wheat was 200,000,000 bushels short. Mr. Strauss began buying on the strength of this cable, and so did others, and there was a briefly excited market in which wheat advanced about $1\frac{1}{8}$ cents.

With the opening of September, market interest centered chiefly in October pork, which on August 30 had made a sensational advance of more than \$1.00 a barrel. The squeeze was said to be due to a scare among the packers who had sold short for October delivery. Hutchinson declared that October packed pork could not be delivered, and cited the rule to the effect that pork packed in October could be delivered "only in approved ice storage, and must remain in such storage not less than thirty days." Mr. Smith, attorney for the Board, did not coincide with Mr. Hutchinson in his interpretation of the rule and rendered an opinion to the effect that pork packed on and about October 1 could be delivered on October contracts. From this time until after the close of the month of October this was the issue which most interested and

divided the Board. Hutchinson dominated the markets in wheat and corn as well as pork, and was said to have lost heavily in corn, of which he held large quantities, but throughout the month the chief interest was in the pork deal. On the 17th the Anglo-American Company was said to have settled with Hutchinson and on the 25th the Directors fixed the marginal price of October pork at \$9.50, this being a victory for the bears. The closing days of September were signaled by a flurry in wheat in New York, which affected the Chicago market, by a squeezing of St. Louis shorts by the omnipresent Hutchinson and by a further advance in pork with rumors of injunctions to prevent the delivery of October packed pork. On October 1 there was a sharp break in October pork, the price declining from \$11.50 to \$10.40, and on the following day the courts refused the injunction asked to prevent the deliveries to which objection was made. In some instances pork of October packing was accepted and in others it was refused, but on the 4th of the month Judge Shepard granted a sweeping temporary injunction against the so-called "green pork" at the request of W. S. Wallace. In the application charges of conspiracy were made and the injunction restrained the President and Directors from taking any disciplinary action to enforce the acceptance of the pork in question. No notice of the application for an injunction had been given the Board's attorney, and an immediate motion was made by him for its dissolution. Upon a hearing Judge Shepard dissolved the injunction with the result that a motion was filed with the Court of Appeals asking that it be revived. The longs persisted in refusals to accept the disputed pork and several thousand barrels thus refused were sold at auction "for the benefit of whom it may concern." There were rumors of compromise and counter rumors that the matter would be carried to the Federal courts. The Appellate Court, on October 11, sustained the action of the lower court in refusing the injunction and the cause was carried to the Supreme Court of the State, which, in record time, affirmed the former decisions. The Federal courts were next appealed to and an injunction was again refused. In the meantime two of the largest packing houses of the city were working day and night packing pork for October delivery. With all these obstacles against which to contend the clique which had sought to control the pork market was forced to yield and the price declined from \$11.00 on the 29th to \$9.60 on the 30th, with a further loss of 17½ cents the last of the month. The newspaper comment was: "With this miserable fizzle the much-litigated October pork deal went out." The extent of the general speculative activity is evidenced by the fact that at this time, aside from the pork deal, there was a small squeeze in lard. At the end of the October deliveries it was stated that "the clique held all the pork, A. S. White the lard, Armour the ribs, and Hutchinson all the corn and a large part of the wheat."

Early in November Hutchinson was a heavy buyer of May and December wheat and a few days later it was reported that he was making a special campaign against Pardridge, who was known to be heavily short. On the 14th there was an excited bull market in wheat until Hutchinson reversed his tactics and by heavy sales turned it into a bull stampede, this free selling allaying fears of a corner in December wheat. The pork market was demoralized by the fact that the clique held about 150,000 barrels of contract pork, but when shorts tried to cover, the clique did not sell and the price was advanced. Hutchinson's attempt to bull the wheat market was ineffectual and he was dubbed, derisively, the "Sitting Bull." It was at this time also that he was caught napping in the corn market. After he had gone short for an amount estimated at from 400,000 to 1,000,000 bushels, a clique was formed which advanced the price in a few days from $33\frac{1}{4}$ cents to 60 cents, at which price the unfortunate shorts were obliged to settle. Lindblom, Singer and Baldwin, together with Hutchinson, were the sufferers and the deal was said to have been engineered by Cudahy and Linn. The profits of the manipulation were estimated at from \$180,000 to \$200,000 and the managers took particular delight in forcing Hutchinson to pay 60 cents for some 110,000 bushels. After the corner was over the price fell to 32 cents. This squeeze angered Hutchinson, and it is recorded that he was a difficult man for other traders to deal with at this time on account of his ungovernable temper. An interesting question arose in December concerning the transfer of wheat from one elevator to another. A new grade of No. 2 white wheat had been established to take effect October 7. Old grain might be shipped at the same grade at which it had been inspected, but it was decided that when transferred to another elevator in the city it must be reinspected. The attempt to transfer without reinspection and the raise in storage rates announced to take effect the first of the year added to the feeling against the warehousemen, and the elevator question was the main one which entered into the pre-election arguments, Robert Lindblom, George Parker and W. T. Baker, all opposed to the raise, being chiefly mentioned as candidates.

But little needs be added to the story of the year. In May thousands of visitors attended the centennial celebration of the inauguration of George Washington as President of the United States. The Exchange hall was beautifully decorated, a company of Zouaves lent a martial tone to the proceedings and the Elgin band furnished the music. Mr. E. Nelson Blake presided, and two eminent divines, Rev. F. W. Gunsaulus and Rev. Robert McIntyre, were the orators. This display of patriotism was followed by a display of prompt generosity when the great Johnstown flood occurred in June. The Board of Trade Relief Committee acted independently and the sum of \$17,000 was quickly raised among the

members. Question arose as to the use of the funds, and a committee consisting of C. L. Raymond and E. S. Washburn was sent to Pittsburgh to confer with the general relief committee. The Board of Trade fund was not immediately turned over, as it was desired that the money be used for the relief of the flood sufferers and not for clearing debris. As soon as assurances were received that the money would be used as intended, this generous gift of the Board was forwarded to the committee.

The Markets. The receipts of grain and flour in its grain equivalent at Chicago in 1889 aggregated 183,563,208 bushels, showing a gain of nearly 1,000,000 bushels over 1888, which were the largest then recorded. Increases were made in receipts of wheat, corn and barley, and decreases in oats, rye and flour. The receipts of wheat were 18,762,646 bushels and the shipments were 16,138,825 bushels. Concerning the course of the market the Secretary said in his report: "The opening prices of the year were from $99\frac{3}{8}$ cents to $\$1.02\frac{1}{2}$ per bushel, gradually losing vigor, closing in January at $94\frac{1}{8}$ cents. Strength returned after the first week in February, and sales during the first half of the month ranged from $\$1.01$ to $\$1.07$. In March the market was a drifting one, with sales at from $93\frac{1}{2}$ cents to $\$1.04\frac{7}{8}$. The latter price, however, held only for a single day. In April a decided weakness set in, and quotations settled to $79\frac{5}{8}$ cents in the latter part of the month. This depression prevailed throughout the month of May, when sales were made from $77\frac{3}{4}$ cents to $86\frac{1}{2}$ cents. In June the general apathy was prolonged upon a still lower plane of prices, viz.: from $75\frac{1}{2}$ cents to $83\frac{1}{2}$ cents per bushel. The trade in July was very much the same. The market continued dull in August, without a single animating feature. September brought no signs of animation, and quotations were without material change. October saw reviving indications. November brought no improvement, presenting but slight fluctuations in prices, and the closing month of the year brought no relief from the marked monotony of the trade, which had characterized the latter half of the year." The lowest quotation was in June at $75\frac{1}{2}$ cents, and the highest in February at $\$1.08\frac{3}{4}$.

Corn. The quality of the corn crop was good and receipts were heavy, aggregating 79,920,691 bushels, with shipments of 83,861,818 bushels. During the first six months of the year the corn market was almost featureless and the range of prices was from 33 cents to $35\frac{7}{8}$ cents, with an average price of about $34\frac{1}{4}$ cents. Improvement came with July, when the first quotation above 36 cents was recorded. This advance continued until well into August, when a reaction came and the price settled to $32\frac{7}{8}$ cents at the close of the month. The tendency was downward throughout September, $30\frac{7}{8}$ cents being touched on the 30th, a decline of nearly 5 cents from the high price on September 2. The price

averaged about 31 cents during October, with an advance the last days of the month to 33½ cents. The average price, up to the 27th of November, was about 32 cents, but on the 29th, owing to manipulation, the price went to 56 cents, and, on the 30th, unfortunate shorts were obliged to settle at 60 cents, the high price for the year. The December market was brisk, the price going from 31¼ cents the 1st, to 35 cents the 18th, and then declining until the bottom price of the year, 29⅞ cents, was reached on December 31.

Oats. The receipts of oats were 49,901,942 bushels and the shipments were 50,471,836 bushels. This large movement, following the large movement of the preceding year, together with the inferior quality of a large proportion of the crop, forced prices downward throughout the major part of the year. The opening price of 25⅞ cents was fairly maintained until the middle of April, when a decline began which sent the price down to 21½ cents by the end of the month. The market strengthened a trifle the fore part of May, but soon settled to the April price and 22 cents was about the average price during June and July. In August the price declined, irregularly, from 21⅞ cents the first of the month to 19⅞ cents on the 31st. The September range was just ½ cent, every quotation being between 19 cents and 19½ cents. During October the tendency was still downward, 17⅞ cents, the low price of the year, being reached on the 21st. Within the next month the price had advanced to 21 cents, while in December some of this gain was lost, the closing quotations for the year being 20 cents per bushel.

Barley. Receipts of barley were 12,524,538 bushels, and shipments 8,138,109 bushels. The poor quality of the crop of 1888 did not furnish sufficient quantity of the contract grade to form a basis for speculation and no trading for future delivery was done until July, when prices for the new crop ranged from 64 cents to 67 cents for September delivery. The August range was from 63¾ cents to 66 cents, and that of September from 66 cents to 70 cents. In October the course was downward, declining from 66 cents, the 2nd, to 56 cents on the 31st. This price prevailed during the fore part of November, when there was a rising market to 60 cents, followed by a decline to 58 cents. During the remainder of the year there was no trading for future delivery, but sales from samples ranged from 30 cents to 54 cents per bushel for common to fine grades.

Rye. The receipts of rye were 2,605,984 bushels, most of which graded No. 2, and the shipments totalled 2,801,366 bushels. The price averaged about 20 cents per bushel lower for the better grades than in 1888, and the market was dull until a brisk foreign demand set in late in the fall. There was little speculation and the price range was small. Opening the year at 50 cents, the price declined to 47 cents by the end of January, and by February 28 it had fallen to 43¾ cents. There was little change in March, but in

April the market declined to 40 cents, near the end of the month. Cash sales as low as 39 cents were made in May, while there was some recovery in June, the price advancing to 43 cents on the 29th. Little change occurred in July or August. The range in September and October was from 42 cents to 41¼ cents. Prices were a little higher during November, reaching 45 cents, which was the average price for December, the last quotation for the year being at 44½ cents.

Flour. Receipts of flour were only about two-thirds as much as in 1888, being 4,410,535 barrels. This falling off was accounted for by the fact that millers were holding flour at the mill until sales were effected, instead of shipping it for storage in Chicago. City manufacture was 431,000 barrels, and no new mills were erected during the year. Prices ruled high the first part of the year, reducing the export demand, which was much below that of 1888. Winter wheat patents sold at \$5.00@5.50, the first of the year, and the price declined gradually until \$4.00@4.35 was reached at the close of the year. During the year spring wheat patents went from \$6.00@6.50, in January, to \$4.25@4.75 in December.

Seeds. The quantity of grass seeds handled in Chicago was very large, the receipts being 84,599,331 pounds and the shipments 84,961,097 pounds. Owing to the moderate sized crop of 1888, prices for timothy seed ruled fairly good during the first half of the year. Fair to prime timothy seed was quoted at \$1.48@1.58 during January, declining to \$1.15@1.30 by the end of March, advancing to \$1.20@1.45, in May, and falling back to \$1.00@1.28 in June. The price then ranged irregularly higher, until \$1.40@1.55 was reached in August. The large quantity of the new crop lowered the price to \$1.10@1.16, in October, this being the lowest price recorded for eleven years. Prices revived somewhat, and closing quotations for the year were at \$1.10@1.25. The price of clover seed was also well maintained the fore part of the year, opening at \$5.00@5.25, but declining irregularly until \$2.75@3.35 was reached in October, this being the lowest price known to the Chicago market up to that time. There was but little recovery and the price, at the close of the year, stood at \$2.50@3.45.

The receipts of flaxseed were 4,501,266 bushels, while 3,754,079 bushels were shipped. The price was highest in January, reaching \$1.62½ for No. 1. The price for No. 1 averaged over \$1.50 until the middle of June, when there was a sharp decline, the price touching \$1.22 in August. From this point the course was irregularly upward until \$1.36½ was reached the latter part of December.

Provisions and Live Stock. The receipts of cattle were 3,023,281 head and the shipments were 1,259,971 head, the movement being the largest Chicago had ever known. There were a large number of cows and "half fat" steers included in the receipts and prices were the lowest the market had known. Prime beeves sold

at \$5.25 per 100 pounds in January, the price declining to \$4.25 in July, and advancing to \$5.30 by the close of December. The number of cattle slaughtered in Chicago for the year ending March 1, 1889, was 2,050,627, approximately 1,700,000 head being used in the dressed beef packing and canning trade, of which the Secretary said: "Our business in dressed beef is annually growing in volume and importance. Facilities for the prosecution of the work are constantly being improved and multiplied to meet the varying demands of an extensive trade reaching into every market in the world. Thus, at a comparatively small expense, the best of meat food is provided for all classes of people, and is especially appreciated by those who heretofore were but scantily supplied with healthful and substantial fare. The effect of this industry upon the productiveness of human labor in all avenues of effort cannot be otherwise than beneficial."

The receipts of live hogs were more than 1,000,000 greater than in 1888, totaling 5,998,526 head, with shipments of 1,786,659 head. The price for "packers' and shippers'" hogs stood at \$5.00@5.30 the first of the year, and the course of prices was irregularly downward throughout the year, reaching \$4.20@4.45 in July and \$3.45@3.70 by the end of the year. According to the Cincinnati Price Current, Chicago led in pork packing by more than three to one over Kansas City, its nearest competitor, during the packing season ending March 1, 1890. Omaha was third, Indianapolis fourth, St. Louis fifth, and Sioux City sixth, these being the only cities packing more than 300,000 head. Milwaukee was seventh, and Cincinnati, the erstwhile packing center of the United States, stood eighth. The total number of hogs packed in the Mississippi Valley during this season was the largest on record.

Prices for mess pork were the highest in January, at \$13.40, declining to \$11 per barrel in February and advancing to \$12.50 the first of April. The course was downward for several months until \$9.45 was reached in August. The course of the manipulated market of September and October was erratic, going as high as \$11.75, but falling to \$9.42½ the last of October. The market was weak the remainder of the year, reaching the low point, \$8.35, on December 27, with the year closing about 15 cents higher. Lard prices followed the same general course, being high, at \$7.62½, in January, and low, at \$5.77½, in December.

Transportation. Freight rates were more uniform, owing to the working of the Interstate Commerce law. Average rates on wheat per bushel to New York were lower than in 1888 by lake and canal and by lake and rail, but the rate by the all-rail route was a trifle higher. Lake (steam) and rail freights ranged, on wheat, per bushel, to New York, from 8 cents in mid-summer to 10½ cents in November, while the all-water rate for the same, including Buffalo charges, ranged from 6½ cents to 9¼ cents. The

rate on grain, per hundred pounds, all-rail to New York, stood at 25 cents throughout the year, with the exception that a rate of 20 cents was made on corn after July 13.

An important act was passed by the legislature during the year, which enabled the Board of Trade to continue its policy of gradually retiring its bonds, without violating the provision of its charter restricting its holding property to \$200,000 in value. The new law authorized corporations "existing under special charters to own and enjoy so much real and personal estate as shall be necessary for the transaction of their business."

1890

Robert Lindblom was the leader of the radical, or "wide-open," element of the noisy caucus at which Secretary Stone presided on the last day of 1889, and W. T. Baker was the candidate of the more conservative element. That the interest was considerable and the contest close was shown by the fact that 278 votes were cast, of which Mr. Baker received 146 and Mr. Lindblom 126. Often in the Board's history it will be found that the caucus nominee was not successful at the election, but this year was an exception and, after the caucus defeat, the radicals were unable to secure a candidate and Mr. Baker was elected without opposition. The caucus nominee for Second Vice-President was Z. P. Brosseau, but J. G. Steevers was elected, while the contest was over the directors. The directors elected were H. F. Dousman, J. B. Dutch, J. A. Edwards, Jas. T. Healey and E. S. Worthington, all of whom were friendly to the Baker element. The issues of the brief campaign were, the relations of the Board to the warehousemen, to the matter of quotations, and its attitude as to the bucket shops. Owing to the court decisions in 1889, the bucket shops were running almost without restraint and this had had a tendency to demoralize the trade as a whole. Dealing in privileges had grown apace and when the Directors sought to discipline one member by suspension for trading in puts and calls, he calmly announced that he could produce a list of 85 members who were equally guilty. This led to a resolution presented by Mr. Dunham at the annual meeting and approved by the Board, asking the Directors to enforce their rule thoroughly or not at all. Mr. Dunham said these trades in privileges were well known and that those who did not deal in them out of respect for the rules were placed at a disadvantage. He held that the law against such trades was unconstitutional and demanded a free field for all. That Mr. Baker was not entirely opposed to this resolution was shown by his statement that he did not think the Board was obligated to enforce State laws, although he felt that transactions in privileges gave heavy traders the advantage, and feared that the Board would regret having passed the resolution. President Seaverns presided at the annual meeting, which

was exceptionally well attended. The Directors' report gave the receipts for 1889 as \$262,853.60 and the expenditures as \$263,770.36, leaving a balance of \$18,398.63 on hand, which was nearly \$1,000 less than was carried over the previous year. Aside from meeting its fixed charges and paying its running expenses, the Board had, however, bought and retired its own bonds to the amount of \$50,000, for which it paid above par. The report stated that the business of 1889 had been "fairly satisfactory" and that the conservative business methods of the Board had prevented wide market fluctuations. Continuance of the Board's connection with the Freight Bureau was recommended and the litigation in connection with the bucket shops and the matter of quotations was set forth. President Seaverns delivered a farewell address and President Baker spoke, outlining his attitude. He spoke of Chicago as the greatest primary grain market in the world, dwelt upon the unjust discrimination against American products by foreign countries and announced his strong opposition to the bucket shops, which he characterized as "dens of vice." He also discussed railroad discriminations and urged that limited liability corporations engaged in business on the Exchange be compelled to furnish statements of their financial condition for the information of the members of the Board. This latter suggestion was embodied in a resolution which was carried and was later adopted as one of the Rules. George C. Eldridge proposed a resolution authorizing the Directors to stop all market reports if they saw fit. This was opposed by Mr. Dunham who asserted that the New York Produce Exchange was "ready to fight every act of the Board against the bucket shops." The resolution was adopted and was the basis for subsequent action. The members realized that speculative trading had fallen off, and one of the problems was how to restore this business to the Board. Some favored broad-cast quotations; others claimed that the depressed markets were due to the acts of a few big men. E. Nelson Blake, who had been a conspicuous figure on the Board, left, in January, to make his home in Boston, and before his departure he gave what might be called a farewell interview in which he said that the decrease in the business of the Board was in the speculative trade and not in the actual handling of grain. He urged that the cash interests be given a greater share in the direction of the Board's affairs and favored the removal of all restrictions on Puts and Calls and trading after hours. He also characterized B. P. Hutchinson as the "Old Man of the Sea" whom the Board had upon its back and declared his influence was bad.

Trades in Puts and Calls were being made in the corridors of the Exchange building and may be said to this extent to have been winked at by the Board. Public opinion was against them, however, to such an extent that Congressman Butterworth, of Ohio, introduced a bill in Congress practically prohibiting such deals in "op-

tions" by placing a revenue tax upon them, and upon all trades in futures as well. This bill was reported favorably by the committee, much to the indignation of the members of the Board, and a memorial against its passage was forwarded to Congress. The report, in August, that the measure was killed was greeted with satisfaction.

Business became more active as the year advanced and Chicago, in particular, was helped when, by Congressional action, it was finally decided in February that it was to be the scene of the great World's Fair. During the year three matters of major importance, outside the general market movements, interested the Board; these were, the question of market quotations and the bucket shops, the ineffectual struggle to prevent a raise in storage rates and the successful protest against the uniform, "non-negotiable" bill of lading proposed by the railroads; and these will be taken up in turn.

The first step taken under the authorization of the resolution passed at the annual meeting, was in March, when the Directors attempted to get around the injunction forbidding the Board to interfere with the dispatch of quotations (which injunction it was claimed had reduced the value of memberships to \$700), through a motion to amend. Failing in this the Directors resolved to stop all quotations after March 31. This was a very important action and naturally provoked excited comment. While there were many opinions, the bulls, as a rule, favored the new rule, while the bears opposed it. President Baker said the bucket shops must be destroyed at all cost. Before stopping the quotations the Board went before the courts in order to ascertain its exact status, and Judges Tuley, Horton and Collins decided that the stopping of all quotations would not violate the injunction issued the year before. Armed with this authority, the Directors proceeded to put their resolution into effect although it was rumored that a commission house pool had been formed to send quotations over public wires, and it was announced that St. Louis would be supplied from private sources, while New York would try to establish a market of its own and if possible, have its quotations used instead of those from Chicago. The stopping of quotations was followed, on April 1, by the summary action of President Baker in ordering the telegraph companies to remove their instruments from the Exchange, this being done on account of the rumor that a syndicate of Board of Trade members was to furnish continuous quotations. Naturally, everyone was alert to note the results of the new move and the first reports were gratifying, as the Exchange did a big business the first days of April, with increased attendance and, in fact, no one seemed to be hurt, for business was also reported good on the Open Board and in the bucket shops, the owners of the latter declaring that the Board would rescind its action within thirty days. In a few days, however, complaints came from Minneapolis, while St. Louis and Baltimore said they would use New York quotations thereafter and Louisville

reported that it was receiving Chicago markets much the same as before the official quotations were stopped. Steps were next taken to prevent members from sending continuous quotations and messenger boys who were too free with information were stopped, while it was announced that Cincinnati would be furnished news of changes of $\frac{1}{4}$ cent in market prices. By April 5, it was reported that several bucket shops had been obliged to close, and the commission men were pleased at the increase in country orders. It was not all plain sailing, however, for Duluth refused to report stocks on hand, and Minneapolis was voluble in its indignation. Another development was talk of a new telegraph line, between Chicago and the principal Exchanges of the country, to be owned and operated by the Board. In order to prevent leaks, all the entrances, except the one on Jackson street, were closed, and this entrance was guarded by the Board's detectives. O. H. Roche was so angered that he battered down one of the closed doors and although he was cited before the Directors no punishment was inflicted upon him. The use of telephones in the Exchange building was also prohibited, but in spite of all these measures the bucket shops continued to get quotations although not very promptly. Complaints now arose against the private wire houses and it was stated that a Pittsburgh man had been offered continuous quotations for \$15.00 per week, and leading commission houses were posting quotations freely. A meeting of the full Board was held to discuss the situation. This was attended by some 400 members and, after President Baker had related what had been done and told of the attitude of the telegraph companies, the action of the Directors was endorsed by the Board. It was also resolved that private wires must be removed, and that the telegraph companies must restore the rates charged prior to April 1 (they having raised their rates as a retaliatory measure), or the Board would promote a new company. The removal of the private wires would have meant a great loss to a number of large concerns and they fought against removal so strenuously that the Directors decided not to take this action, providing continuous quotations were not sent out. It was insisted that the bucket shops would get quotations as long as commission men took orders from them, and members were urged to sever all business connections with these institutions. For a time it was thought that all leaks had been stopped, but reports from Lincoln and Denver were to the effect that the bucket shops in those cities were receiving quotations the same as during March, although from other cities came more encouraging news. There was an active bull market in wheat and pork just at this time, which, as usual, acted against the bucket shop interests and a number were obliged to close. By the middle of April, it was stated that the bucket shops were "dropping out by the dozen" and that those in Chicago were operating in stocks only. Mr. Lindblom, as a member of the telegraph committee reported

that the companies had been asked to restore the old rates and that, if they did not comply, the Board stood ready to construct a line of its own to New York, and spoke of the success of the line to Milwaukee as proof that the proposed line would be profitable. Strange as it may seem, the next complaint came from the grain shippers, who declared that the closing of the bucket shops affected shipping, as the larger number of actual purchases on Boards of Trade had forced the markets above a shipping price. On the whole the new policy was satisfactory and the Directors, in May, reaffirmed their resolve not to issue quotations, while President Baker was urged to call a meeting to consider plans for the new telegraph company, as the Western Union had refused to restore the old rates. There were continued complaints as to the advantage held by the private wire companies, but the crusade against the bucket shops received fresh encouragement when the Supreme Court of Illinois decided that the law directed against them was constitutional. In June, the windows of the Exchange were soaped to prevent signaling, but this did not prove effective and the messenger boys employed by private wire houses were next stopped, Chairman Steevers, of the Quotations committee, claiming that these houses were sending reports of fluctuations of less than $\frac{1}{4}$ cent. Despite all these precautions, the bucket shops were receiving quotations, and it was reported that from 30 to 40 new concerns had been established in the east and that they were affecting the business of the Board. Other matters occupied the attention of the Board to a large extent during the remainder of the year, although the embargo on quotations was enforced as well as possible and efforts made to enforce the laws. In December, however, when the question of the re-election of President Baker presented itself, there was considerable discussion of the administration's policy, and the quotations question was the chief interest in the coming election. The action of the administration was reviewed and it was claimed that the closing of the bucket shops was due more to adverse market conditions than to any action of the Board. Eleven bucket shops, one of them the largest of its kind in the world, were said to exist in Chicago. It was further stated that the chief benefit of the new ruling accrued to the private wire houses, which sent out continuous quotations and thus took business from the smaller traders, that telegraph rates were higher and that the States Attorney had pigeon-holed about twenty indictments against bucket shop owners so that but little progress had been made towards their suppression. No personal opposition to Mr. Baker was said to exist, although there was opposition to his policies and the names of G. G. Parker, G. G. Moore, E. W. Bailey and R. W. Dunham were suggested as possible candidates. It was stated in the local press that a mysterious man, who had offices within the shadow of the Board of Trade building, was ready to furnish quotations to anyone; that he had expert wiremen in his

employ, and that, in spite of every obstacle, he was able to receive and send quotations within a minute after they were made on 'Change. It was intimated that this was with the connivance of private wire houses and that they would be investigated. President Baker declared that the quotations received by the bucket shops were spurious, as the Board had repeatedly proven, and said that, while he would be a candidate, providing there was no opposition, he should not relax his efforts to suppress the bucket shops.

There was much objection in 1889, when the warehousemen first declared their intention to raise storage rates, but for some time no action was taken and it was generally supposed that the power of the elevator men was such that nothing could be done by the Board. In May, 1890, however, a new rule was adopted which dealt directly with the elevator question and indicated that the Directors proposed to fight the increase. This rule provided that the Directors should have power to declare irregular any elevator not complying with the state law or with the regulations of the Board. Armed with authority given by the passage of this rule, the Directors, in June, announced their intention of fighting the new rates. Notice of this increase had been given the preceding winter, to take effect January 1, but upon the insistence of the Board the increase in rates had been postponed for six months, and in the meantime the newly elected Directors were chosen, largely, for their opposition to the so-called elevator trust. The fact that the elevators were owned chiefly by a British syndicate that had no interest in the welfare of Chicago dealers, heightened the feeling of resentment. The old rates were $\frac{3}{4}$ cent for the first ten days of storage and $\frac{1}{4}$ cent for each succeeding ten days. The proposed new rates were 1 cent for the first ten days and $\frac{3}{8}$ cent for each succeeding ten days. The resolution passed, in December, 1889, had declared: "That the compact made by the public warehousemen of this city for the establishment of exorbitant rates of grain storage must be resisted, and that the united, determined and persistent efforts of this Board shall not cease until this and all other unfair and unjust levies made upon the grain of the West shall be withdrawn or overthrown." When the intention of the Directors was made known it was at first announced that the elevator men would yield, but, after conference, they decided to resist. A meeting of the full Board was held and the Directors were sustained, a committee of three being appointed to investigate the equities of the case. This endorsement was not made, however, until after an acrimonious debate. President Baker read the list of regular elevators and it then developed that the warehousemen had filed the required bonds and that, afterward, the Directors had changed the regulations, so that the warehousemen desired to withdraw their applications to be declared regular and asked the return of their bonds. Dunham and Rogers defended the elevators at this

meeting and A. E. Neeley urged that his elevator should not be declared irregular because he maintained a cleaning establishment, and he denounced the action of the Directors as an "unmitigated outrage." It was Mr. Pope who poured oil upon the waters and secured the passage of the resolution of endorsement. Before this meeting the elevators demanded the return of their bonds and it was stated that one of their chief grievances was the fact that a petition had been circulated, receiving some 75 signatures, seeking to prevent warehousemen from dealing in grain, stored in their warehouses, and that the local owners were willing to accede in the matter of rates, but the English owners were not. The elevator men were said to have paid from 2 to 3 cents above the market for grain, got storage charges on it, and, by means of rebates from the railways, had been able to go into the market and sell at a profit, thus placing the ordinary dealer at a great disadvantage.

The protest of the Board was unavailing and the new rates went into effect July 1, although the Directors refused to declare the elevators "regular." Commenting upon the affair, the Tribune said, editorially, that the Board represented the public in opposing the raise, and that the claim that the raise was necessary in order to make a profit and to bring grain to Chicago was absurd. The Tribune held that the main object was to increase the cost of doing business to Board of Trade merchants and to favor the "insiders." The elevator men replied to this campaign against them by means of an article signed by Murry Nelson, Clarence Buckingham, A. I. Valentine, F. H. Head and George A. Seaverns. Briefly their statement was as follows: That, in January, a committee of warehousemen met with a committee of the Board of Trade, and that the joint committee reported in favor of the raise, to take effect July 1, and the raise was based upon this report. That in May the Directors revised the rules as to deliveries of grain on Board of Trade contracts and the conditions as to regular warehouses, and that they also asked the elevator men to make the customary applications and to file bonds. That was done during June, no notice being given of any intention to interfere as to rates. That after applications and bonds had been filed the Directors Amended Rule 3, adding conditions as to the cleaning of grain and fixing a maximum rate at less than the proposed advance, whereupon the warehousemen had withdrawn their applications. The right of the Board to fix rates was denied and its action was declared to be unbusiness-like and for the protection of the middle men, and the warehousemen claimed that they were the men who had maintained Chicago's supremacy as a grain market. This circular letter aroused bitter comment and one member declared the raise was prompted by pure greed, and that the storage rates were worse than the weevil, for the weevil left the husk, while the storage rates ate up everything. A. M. Wright, on the contrary, held that the Board was bound by

the agreement made in January. When no compromise had been made by August, some alarm was felt as to delivery of receipts in warehouses which were not regular, but it was declared that such grain could be transferred to regular houses. However, the trade was so disquieted that, by petition, a meeting of the full Board was called, at which time C. L. Raymond presented a resolution which was almost a complete backdown for the Board. The resolution was to the effect that the disagreement had caused great disturbance and should end; that rates were under state control; that the Directors were requested not to require the warehousemen to furnish bonds to comply with future rules of the Board, that the warehousemen were requested to make the rates $\frac{3}{4}$ cent for the first ten days and $\frac{3}{8}$ cent for each succeeding ten days; and that if the elevators complied they should be declared regular by the Board of Directors. This resolution precipitated an acrimonious discussion, but no action was taken, and on August 5 a second meeting of the full Board was held and at this time resolutions offered by Mr. Nichols were adopted as follows: (1) That the Board rescind the act of July 24; (2) that elevator bonds should cover only the rules as existing prior to June 24; (3) that all elevators "regular" on June 30 be made regular—the Neeley concern to separate its cleaning warehouse from its regular warehouse; (4) rates to be $\frac{3}{4}$ cent for the first ten days and $\frac{1}{3}$ cent for each succeeding ten days. The warehousemen finally accepted this agreement, the further stipulation being added that storage charges from December 1 to May 1 should not exceed 4 cents in all.

However ignominious may have been the failure of the Board in its contest with the warehousemen it was signally successful in its struggle with the railroads over the uniform bill of lading proposed by the Central Traffic Association. The Board was in favor of a uniform bill of lading, but not such a one as offered by the railroads, the most objectionable features of which were the "non-negotiable" clause and the provisions by which the railroads sought to evade responsibility for losses en route. This new "uniform" bill was adopted and put into effect by the railroads, on August 1, but in the meantime the Chicago Board of Trade started a movement of protest to include all the prominent Exchanges of the country. The railroads refused to attend this meeting, which was held in Chicago, in August, and which was attended by representatives of many of the great commercial organizations of the country. Secretary Stone, of the Chicago Board of Trade, presided and an invitation was extended to Chairman Blanchard, of the Central Traffic Association, to present his views, to confer with the shippers and to postpone the adoption of the proposed bill of lading until agreement could be reached. Mr. Blanchard's answer was not satisfactory and the convention proceeded to adopt resolutions asking for a uniform bill based on the law only, without

special conditions and with the objectionable words, "not negotiable" stricken out. It was also planned to have a permanently organized "National Committee on Transportation," the expenses of which were to be paid by the different Exchanges and to be effective when twelve such organizations had accepted the plan. One cause of the railroads weakening was that Chicago shippers at once began to favor the Grand Trunk and Wabash railroads, which had refused to accept the proposed uniform bill. The railroads called the first joint committee meeting held in Chicago to discuss this question and the shippers were invited to express their views. At this meeting the shippers won their main point, which was to strike out the words "not negotiable," but other objectionable features were retained and the bulk of Chicago's business continued to go via the Grand Trunk. Later four lines refused to accept the uniform bill, and Boston banks refused to make loans on the new bills, and, finally, the railroads yielded completely and the proposed uniform bill was abandoned.

The year 1890 was one of great interest and importance to dealers in provisions and to the packing interests, not only on account of normal business and speculative activities, but on account of the great changes in ownership which took place and the enactment of new laws affecting the trade. British interests had become large factors in the elevator business and in the packing trade, as already noted, and during the year these interests were extended to the control of the Union Stock Yards. This sale was first rumored in May, when it was said that an English company had bought a controlling interest in the yards for \$10,000,000. By June it was said that the sale had practically been made, although small stockholders, who bought at \$200, objected to selling at \$150, and F. R. Baker went into court asking that a receiver be appointed for the Stock Yards on the ground that a conspiracy had been formed to sell the yards and then to buy them back at a lower price. It was also announced, about this time, that the Chicago Packing and Provision Company had sold its plants at Chicago and Nebraska City to an English syndicate which would sell bonds in London and Chicago. The latter part of June it was stated that the Stock Yards deal had been completed, for \$19,000,000, and at the same time announcement was made that there was a project to establish new yards at the town of Lyons, on the Stickney tract, and that twelve railroads had already been interested in the scheme. Judge Horton refused the injunction asked by F. R. Baker to restrain the Union Stock Yards and Transit Company from issuing bonds, and the organization of the new company was announced. Among the proposed directors were such distinguished financiers as Chauncey M. Depew, Hon. Hugh Childers, ex-Minister of Finance of England; Mr. Hoey, President of the Adams Express Company; James Bland, of London, and John Adams, of New York.

Bonds for \$10,000,000 were to be issued, together with \$6,500,000 in preferred stock and a like amount in common stock. The sale of these bonds was widely heralded, but was not a success, on account of the rival company which was rumored and the fear that a removal of the yards would soon be necessary. In August there was a strike by the switchmen at the yards, and for a short time this assumed such proportions that nearly 4,000 men were laid off and the packers believed they would be obliged to close their plants. The railroads were compelled to do their own switching for a time and the Railway Switching Association was disbanded, this leading to a settlement of the strike. These new features disturbed the entire trade in provisions and Nelson Morris proposed and incorporated a company to establish packing houses on the Atlantic and Pacific seaboard for the export trade, the Robert Warren packing house was sold to the North American Provision Company for \$100,000, and the Fowler Bros.' plant was sold to an English syndicate just a short time before it burned with a loss of \$750,000. The continued reports that the big packers would remove their plants to new yards finally drove the new owners of the Union Stock Yards to propose plans for building packing houses of their own if the packers carried out their threat. While the packing magnates were making these moves and counter-moves, Congress was busy formulating laws regulating the trade. It was admitted that something must be done to restore foreign confidence in American meat products, as the prohibition of American pork by Germany and France was estimated to be taking \$5 from the value of each hog raised in the United States. There were divergent opinions as to how this should be accomplished and upon whom the expense should fall. The Edmunds bill providing that meats for export must be packed in dry salt for sixty days was greatly opposed by the packers and exporters, and a committee was appointed to draft changes and present them to the United States Senate. Senator Vest, in the meantime, as a result of the investigations of his committee, announced that the Chicago packers were contravening the laws of supply and demand, and prepared to introduce bills for United States Government inspection of dressed beef, and against freight discriminations. In July, the United States appointed inspectors at the ports of Liverpool, London and Glasgow in the effort to overcome what Secretary of Agriculture Rusk declared were unjust discriminations. The Edmunds bill as it finally passed the House, in August, provided for inspection of meats at packing points, and also for retaliation, where unjust prohibitions were made by foreign countries, and the lower House of Congress next turned its attention to the "Lard Bill," which was strenuously opposed by Congressman Mason in behalf of the packers. In spite of this opposition, the lard bill was passed, providing that all "lard compound" should be labeled as such and also imposing a tax upon its manu-

facture. In November, the Sherman law, which provided for the inspection of live cattle for export, became effective, and the shippers, generally, agreed that it was a wise statute. One result of the acts for proper inspection was the move made by Italy, in December, to remove its restrictions from American pork.

In the market place there was no lack of excitement or activity throughout the year. Such great operators as Hutchinson, Bloom, Linn, Ream and Partridge were in their glory, and the speculative battles between them were hard fought. Natural conditions favored the bulls during the year, in that crops were short, both here and abroad, but financial and business conditions, especially in the latter part of the year, were favorable to the bears. These two sets of conditions naturally caused wide difference of opinion as to the probable course of the market and created much bold speculation. The year opened with Hutchinson as the great bear in the wheat market, holding the price at $83\frac{3}{4}$ cents for May in spite of the efforts of the bulls. A little later the oats pit was the center of interest and a corner was feared, as there were but a million bushels of contract oats in the city. The effect of the October deal in pork still hung heavily over the provisions market and to this was added the report of "sour meats" as the mild, damp weather of January prevented curing, the season being the worst in this respect since 1874. The interest in pork increased when it became rumored that Partridge was heavily short in this commodity, as well as in wheat. Later in the month Hutchinson covered his short wheat and took the bull side, but in spite of his efforts the price of wheat continued to decline, reaching 79 cents for May, by January 27, and the market soon became the scene of a duel between Hutchinson and Partridge. The battle between the giants continued through the month of February with Hutchinson winning, as the fear of crop damage helped to advance the price. It was said that this contest was personal as well as speculative on the part of Hutchinson, as he had had some words with Partridge and wished to punish him. There were no sensational features during the next two weeks, but it was rumored that Hutchinson was getting very long on wheat, and, on March 19, he went into the pit and bought 750,000 bushels in a few minutes at from $79\frac{7}{8}$ cents to $80\frac{1}{2}$ cents. As before stated, the Board did an increased business in April, after the quotations were stopped, and there was a general upward trend in prices. The very unfavorable government report as to the condition of winter wheat caused great excitement and a heavy buying movement April 11, and on the following day wheat advanced to 91 cents for May and pork to \$15.75. Partridge was heavily short of both of these commodities, and it was said that the bull movements were directed against him.

On May 3, May wheat reached \$1, an advance of twenty cents per bushel in five weeks. Corn and oats were also higher,

and, on the 8th, it was reported that the bucket shops sold 500,000 bushels of July wheat in the vain attempt to break the price to 90 cents, and they were heavy losers. The markets were lower on May 10th, and there were exciting scenes on 'Change which extended until after trading hours, the halls and corridors being so jammed with people that the doorkeepers and police were kept busy. As usual in times of excitement, the market was subject to all kinds of rumors; Hess was said to be running the oats deal, with the backing of the brewers and elevators, and Hutchinson was said to be at the head of a "blind pool" in wheat, with sufficient capital to margin 5,000,000 bushels. In June, came the suspension of Robert Warren, one of the most respected traders on the Exchange, who had been a member since 1863. It was said that, after a long illness, he resumed trading, buying just at the time of the big rise in wheat, and made in the neighborhood of \$250,000. He engaged passage for a trip abroad but was detained by litigation in which he was interested. Provisions were booming and he then bought, largely at the top. A subsequent reaction wiped out his profits and left him with a loss estimated at \$100,000 in wheat and corn and \$75,000 in ribs and lard.

He received much sympathy as his losses left him a poor man and it was reported that a prominent packer not only refused to loan him money, but entered the market as a bear and thus increased his losses. A meeting of Warren's creditors was called and a statement made showing liabilities of \$105,253, with cash assets of \$14,212. He also had two memberships on the Exchange and claims in litigation amounting to \$25,000 to \$30,000. This was a much worse showing than was expected and a motion was made for a committee to investigate, whereupon Mr. Pope stated that he would guarantee the correctness of the statement and pleaded so earnestly for mercy to an aged and honorable man, using the quotation from Sir Walter Scott: "When the hour of trouble comes or death is near, then the good we have done others and not for ourselves is what we think of most kindly," that the creditors, unanimously agreed to accept the proposed settlement at 15 cents on the dollar.

The movement of grain was interrupted, in July by a strike of the stevedores which tied up the railroad propeller lines and extended to the freight-handlers in the warehouses, but otherwise the course of the markets was quite normal until reports of the great European shortage forced wheat to advance a few cents, the latter part of the month. This upward tendency extended to coarse grains and Ernest Hess was compelled to suspend, being short some 1,500,000 bushels of oats.

The session on August 1 was enlivened by the auction of the first bale of cotton of the season for the benefit of the Houston Orphan Asylum. Bloom first bought the bale for \$500 and it passed

through forty-eight hands, bringing in a total of more than \$2,000, after which it was shipped eastward to be re-sold on other Exchanges. By August 6 wheat passed ninety-five cents and all other markets were higher. Bloom sold his holdings at a large profit and there was a scramble of the shorts to cover. The advance continued, causing the failure of a large bucket shop in Kansas City, and Hutchinson, Bloom and others got behind the bull movement and advanced wheat above one dollar. It was not until the 18 that the bears were heard from effectively, and in spite of heavy buying by Hutchinson, they forced a temporary reaction. News of damaging frosts in North Dakota came to the aid of the bulls on the following day and the excitement was such that the newspapers stated that the shouts of the traders could be heard for a block. Wheat advanced $4\frac{1}{4}$ cents and Bloom was again a heavy winner. One prominent commission man rejoiced that the bucket shops were practically out of business and stated that the country orders were the largest since 1876. Dunham, however, took a gloomy view and prophesied starvation for the country with potatoes at \$1.80 per bushel. Later in August, the market was affected by the report of the formation of a bear syndicate of which Linn, Roche, Bloom and Champlin were said to be members. Continued reports of damage by frost advanced wheat, however, in spite of heavy selling by Bloom and Hutchinson and, by one of the quick turns of market sentiment, the situation soon developed as the crowd against Hutchinson, with Bloom as a heavy buyer.

In the fore part of September, came the announcement of the failure of Sawyer, Wallace and Co. of New York, for \$2,000,000. This was one of the largest commission houses and did an international business, having houses at New York, Louisville and London. It was this concern which engineered the disastrous deal in October pork the year previous, with an estimated loss of \$750,000.00. The failure caused a decline in wheat and also in provisions, mess pork falling below \$10.00 for the first time since March. Hutchinson, who acted as a broker for this firm, was reported as a large loser, but other commission men insisted they were not hurt by the failure. The depression caused by this suspension was of short duration and wheat soon resumed its upward course, with Hutchinson, Bloom and Pardridge as the chief operators. The advance in wheat of September 11, was four cents, and, on the 12th, the shorts in wheat hastened to cover, while the excitement in the corn pit was still greater, Pardridge covering some 3,000,000 bushels. It was during this advance that Smith and Co. who had been heavy plungers, failed for \$200,000. It was at this time also that the tightness of the money market began to make itself felt, and in spite of the unfavorable crop statistics, prices began to range lower.

This stringency in the money market had but a temporary effect as opposed to the undoubted shortage in production, and the

advance in prices continued, and with it came great speculative activities whetted by many reports similar to the one that a certain M. Sands of Salina, Kansas, came to Chicago and by the judicious investment of \$350 in cash, retired from the market in three months with \$32,000 to his credit. The price of wheat became too high for export purposes and there were repeated rumors of a corner in oats. In October, markets were high with oats especially active. The signing of the McKinley tariff law at this time was also considered a bull factor by many. This era of advancing prices held fairly well until the close of the first week of November, when there came persistent reports that all was not well with the financiers of the nation and that a panic was impending on Wall Street. This caused an excited bear market which bordered on panic and this was aggravated by the tremendous declines in the stock market. Hutchinson was belligerent and tried to stem the tide as reports from the East were more favorable, but renewed failures in New York and elsewhere, overcame his efforts and there was a rush to sell both in wheat and corn. The money situation was so bad that elevators in the Northwest were obliged to issue "certificates" in payment for grain and, on November 15 came the stupendous and almost incredible news that the great London house of Baring Bros. was in difficulty. This concern was a very Gibraltar of finance and was considered second only to the Bank of England in solidity and solvency. Early news, on this eventful day, was good and Bloom and Hutchinson were trying to support the market. When word came that Baring Bros. had failed they stopped buying and, almost without a sale, wheat declined $2\frac{1}{4}$ cents and the break was so sudden that brokers could not execute stop orders. Immense quantities of long wheat came on the market and the price fell to $89\frac{1}{2}$ cents, when Bloom came to the rescue and by heavy buying forced a sharp re-action. The markets during the remainder of November were both interesting and exciting. Every report of crop conditions was favorable to an advance and whenever there was a rift in the financial clouds the bulls took courage; thus on the 17th there were higher prices, and, on the 18th almost a panic, with wheat touching 89 cents, on the receipt of more bad news from New York. The 20th was another bear day on account of news of failures in Philadelphia and runs on New York banks, and cash wheat declined to $88\frac{5}{8}$ cents. On December 1, there was a desperate market struggle when buying by Hutchinson, Mitchell and Ream kept May wheat above \$1.00, in spite of the news of bank failures in New York, Boston and Indiana. Hutchinson continued as the leading bull, especially in corn, but the financial news continued to depress the market; May wheat declined to $98\frac{1}{2}$ cents, and the failure of V. and A. Meyer, the great cotton house of New Orleans, weighed down prices of all commodities. This depression continued through the remainder of December, the last news of the year being that of the

failure of the commission house of A. E. Bateman & Co. of New York, with liabilities of \$1,000,000. It speaks volumes for the stability of Chicago institutions and Chicago traders that during this period of financial gloom there were no important local failures.

The National Board of Trade met at New Orleans, in December and Messrs. Dousman, Pope, Stone and Aldrich were among the Chicagoans who took prominent part in its deliberations. Resolutions were passed urging the strengthening of the Inter-State Commerce Law and in favor of state appropriations for the World's Fair. At the suggestion of Chicago delegates the railroads' proposed uniform bill of lading was opposed and a resolution was adopted favoring the improvement of the Mississippi river.

The commercial record of Chicago for 1890 presented far greater variety of incident and movement than usual. Business was active on the whole, although the first three or four months were comparatively dull, and prices were depressed, the weakness being led by farm produce. Exceedingly irregular weather, especially during the first six months, a comparatively poor crop yield in the West, the passage of the Silver bill increasing the coinage of that metal, the animated discussion of the McKinley bill which did not cease when it became a law, the excitement incident to preparations for holding the great Columbian Exposition, and the financial stringency due to the semi-panic in railroad and other securities in England and New York, were the most salient features.

The market for produce was more active, and prices averaged well as compared with those of 1889, though the quotations of the first three months were exceedingly low, and not a few of them were near the minimum figures known in the Chicago market for more than a quarter of a century. The movement in wheat was nearly 25% less, but that in other cereals and flaxseed exhibited a large increase. The gain in other cereals than wheat, was due to the large crops of 1889, and the loss on wheat was in part caused by the fact that the yield in the Northwest was each year more and more absorbed by the millers of that section, while the Lake Superior route was actively pushed as a direct one to Europe.

Wheat.—The receipts of wheat were 14,248,770 bushels and the shipments were 11,975,276 bushels. The price was lowest in February, at 74¼ cents, and highest in August, at \$1.08¼. The market opened at 77¾ cents to 78⅞ cents per bushel, and was steady with slight variations until, at the close of January, it declined to 74½ cents. During February, prices ranged from 74½ to 76½ cents. There was nothing during these months that imparted any well-defined character to the market. In March there was an irregular advance, from 76¼ cents, the 1st, to 80½ cents, the 24th, and this tendency continued until 90 cents was reached on April 26. This movement was accentuated during the first days of May, the market opening at 90 cents and reaching \$1.00 by the 3rd. More

favorable weather and free selling caused a reaction to 89 $\frac{3}{4}$ cents, on the 31st. During June the tendency was downwards, the price touching 84 cents, and the month closing at 85@86 cents. July showed improvement, but with considerable fluctuation, the range being from 85 cents the 16th, to 94 cents the 24th, with the month closing at 90 $\frac{1}{4}$ cents. Unfavorable weather and increased foreign demand caused an almost steady advance up to the 27th of August, when the top price of the year was reached at \$1.07 $\frac{3}{4}$, for cash wheat, with September at \$1.08 $\frac{1}{2}$. The reaction carried the price down to \$1.01 $\frac{1}{2}$ by the last of the month. In September the price advanced to \$1.04 $\frac{3}{4}$ the 12th, and then declined, irregularly, the remainder of the month, touching 95 $\frac{1}{2}$ cents the 29th. The general trend during October was higher, 96 $\frac{1}{8}$ cents the 1st, being the lowest quotation of the month. The high mark for October was \$1.03 $\frac{1}{2}$ on the 21st, and the closing price was \$1.00 $\frac{7}{8}$ @1.01 $\frac{3}{4}$. November was a month of lower prices, the market going from \$1.01 $\frac{7}{8}$ the 1st, to 87 $\frac{1}{4}$ cents the 19th, rallying to 95 cents the 25th, and the month closing at 92@93cents. The December range was small and prices were lower. The low price, 87 $\frac{1}{2}$ cents, was reached on the 8th, followed by a reaction to 92 $\frac{3}{4}$ the 13th, and the year closing at 90 $\frac{1}{8}$ cents.

Corn.—With the exception of the year 1880, the receipts of corn for 1890 were the largest Chicago had known, aggregating 91,387,754, with correspondingly large shipments, amounting to 90,574,379 bushels. The quality of the crop of 1889 was excellent, with the crop of 1890 below it both in quality and quantity. Prices were depressed the fore part of the year by the large offerings and advanced the latter part of the year in view of a smaller prospective yield. The opening quotation was 29 $\frac{3}{8}$ @29 $\frac{1}{2}$ cents, and there was little variation during January and February, although the general trend was downward. The March range did not exceed 1 cent, 28 $\frac{1}{2}$ cents, being about the average price. The price advanced to 33 $\frac{3}{8}$ cents by April 22, and to 35 cents by May 9, following which there was an irregular decline to 33 $\frac{1}{8}$ cents the last of the month. During June the market was comparatively steady at from 33 $\frac{1}{4}$ cents to 34 $\frac{1}{2}$ cents, while, during July, there was a sharp advance to 46 $\frac{7}{8}$ cents on the 31st. This advance continued in August, hot and dry weather in the corn belt forcing the price to 50 $\frac{1}{2}$ cents, the 7th, and causing it to remain near that figure until the latter part of the month, when there was a decline to 46 $\frac{1}{4}$ cents. September prices ruled at, or below, this price until the 10th of the month, when there was a quick upturn to 51 cents by the 12th. This was followed by an equally quick reaction, the prevailing price being between 47 cents and 48 cents during the remainder of the month. In October the price ranged irregularly upward, from 47 $\frac{5}{8}$ cents, the 1st, to 54 $\frac{1}{8}$ cents, the 31st. The market was well sustained during November, opening at 53 $\frac{5}{8}$ cents, reaching 48 cents on the 14th,

and closing at $49\frac{3}{4}$ @ $51\frac{5}{8}$ cents on the 29th. There was a good shipping demand throughout this month which reduced stocks in store to the smallest quantity known in many years. December prices were steady, with a slight advance until the 17th, when there was a quick upturn to 56 cents. This was but a temporary bulge, however, and the price receded to 47 cents the 27th and the year closed at $49\frac{3}{8}$ cents.

Oats.—The movement of oats was the largest Chicago had known, the receipts aggregating 75,150,249 bushels and the shipments 70,768,222 bushels. Owing to the large crop of the preceding year prices ruled low during the first months of 1890, the low price, $19\frac{1}{2}$ cents, being reached in February, while the high mark was 45 cents, in November. The opening price of the year was $20\frac{1}{4}$ @ $20\frac{3}{8}$ cents with but small range until the low price was reached. Prices during March increased from 20 cents the 1st to 22 cents the 31st, with an additional gain of $2\frac{5}{8}$ cents during April. May also showed almost steady improvement and the price reached 30 cents near the close of the month. The June range was from $26\frac{1}{2}$ cents the 1st, to 29 cents the 23rd, the month closing at $27\frac{3}{4}$ @28 cents. The market was steady with an upward trend until the middle of July, when unfavorable crop reports sent prices quickly up to 34 cents, the month closing at $34\frac{1}{2}$ cents. During the fore part of August there was a sharp advance to $40\frac{1}{2}$ cents, followed by an irregular decline to $36\frac{1}{2}$ cents by the end of the month. In September the range was from $34\frac{1}{2}$ cents the 1st, to $39\frac{3}{8}$ cents the 23rd, 38 cents being touched the last of the month. There was an upward trend during October, a price of $44\frac{1}{2}$ cents being reached before the month was three weeks old. Something of this was lost, however, the month closing at $43\frac{1}{4}$ cents. November markets were strong, the price holding well above 43 cents until the panicky day, November 14th, when it declined to $40\frac{1}{4}$ cents. This decline was temporary, however, and the high price of $44\frac{1}{2}$ cents was reached before the close of the month. The price of oats stood at or above 43 cents during the first ten market days of December; it then declined irregularly, reaching $39\frac{7}{8}$ cents the 27th, although the closing price for the year was 42 cents.

Rye.—Chicago held the lead of all other western markets in the movement of rye in 1890. The receipts were 3,520,508 bushels and the shipments were 3,280,433 bushels. Short crops abroad stimulated exports and maintained a good market throughout the year. The price opened at $44\frac{1}{2}$ cents per bushel and varied little during January. The average price for February and March was about two cents lower, while there was improvement to 50 cents per bushel before April 30. The May market was also a rising one, reaching $54\frac{1}{2}$ cents. Prospects of a large crop caused declining prices during June, $45\frac{1}{2}$ cents being reached the middle of the month, followed by an advance to 47 cents the 30th. Unfav-

orable weather and market manipulation caused an advance in July, which culminated with a price of 58 cents on the 28th, the price falling to 53 cents by the close of the month. Crop conditions carried the price almost steadily forward, in August, until 67 cents was reached on the 27th, $2\frac{1}{2}$ cents of this advance being lost by the end of the month. The September range was lower, the month opening at $62\frac{1}{2}$ cents and closing at $59\frac{1}{2}$ cents, while in October there was a brisk market and advancing prices, up to $67\frac{1}{2}$ cents, the 22nd, with but little reaction before the close of the month. November opened at 67 cents, declined to 66 cents by the middle of the month, advanced to $69\frac{1}{2}$ cents and closed at 69 cents. December markets were weaker, showing an almost steady decline from $68\frac{1}{2}$ cents the 1st to 65 cents the last of the month.

Barley.—The barley crop of 1889 was of very poor quality, very little of it being of contract grade. The demand from malsters was restricted on account of the poor quality and the bulk of the barley received was sold as screenings or mixed with oats. The better barley was sold by sample entirely and there was no speculation in barley until the appearance of the new crop. This was of much better quality, though a comparatively small quantity passed the rigid requirements for No. 2 barley. The price was advanced the latter part of the year by the passage of the McKinley law, imposing a tariff on Canadian barley which had been largely used by eastern malsters. Receipts of barley were 19,401,489 bushels and shipments were 9,470,971, nearly 10,000,000 bushels being used by Chicago brewers and feeders. No. 3 barley, by sample, sold at 26 to 52 cents in January, this being about the average price for the first months of the year, although the spread gradually lessened, the poorer samples selling as high as 38 cents, while better samples declined to 40 cents in July. Trading in the speculative grade began in July at 60 cents, the price advancing until 80 cents was reached in September and October. The range was somewhat lower the remainder of the year, No. 2 reaching 76 cents the latter part of November and No. 3 selling at from 49 to 71 cents at the close of the year.

Flour.—The receipts of flour for the year 1890 were 4,358,058 barrels; the city manufacture amounted to 430,609 barrels and the shipments were 4,134,586 barrels. Spring wheat patent sold at $\$4.25@4.75$ in January, declined to $\$4.15@4.60$ in February and advanced to $\$4.75@5.25$ in May. This advance was lost in June, the price declining to $\$4.50@4.85$. The latter part of August the price rose to $\$5.25@5.75$, this advance being held until the latter part of September. The price declined during the remainder of the year and closed at $\$4.60@5$. The prices of other grades corresponded in range to those of spring patents.

Seeds.—The receipts of grass seeds were less by more than 12,000,000 pounds than in 1889, aggregating 72,086,100 pounds,

while the shipments showed a decrease of about 25,000,000 pounds, amounting to 59,213,036 pounds. Fair to choice clover seed was quoted at \$3.40@3.45 in January, with no marked fluctuations until August, when there was a sharp advance from \$3.75 to \$4.60 for choice seed. This was the top price for the year, the market declining irregularly until \$4.10 was reached for choice clover seed in December.

The market for timothy seed was without special features. Opening at \$1.23@1.25, the fluctuations did not exceed ten cents for contract timothy seed until about the first of June, when there was an advance of ten cents or more on account of reduced supplies. After a decline to \$1.30 the first week in July, dry weather and some demand for export caused another advance which culminated in August at \$1.45, the highest price of the year. These prices were well maintained until September, when assurance of a good yield of fair quality caused an irregular decline which lasted the remainder of the year, the closing price being \$1.17@1.19.

The movement of flax seed was the largest the Chicago market had known and transactions for future delivery were a marked feature of the trade. The receipts were 6,642,905 bushels and the shipments aggregated 6,594,581 bushels. Opening at \$1.34½ for cash flax seed, the price advanced steadily until \$1.50 was reached in April. From this point the market declined, with almost as much steadiness as it had advanced, until \$1.28½ was touched in July. The course was irregularly higher during the next three months, the top price for the year being reached at \$1.56 the latter part of September. During the remainder of the year there were numerous sharp fluctuations in price but the general course was downwards, the low price, \$1.10, being paid December 19, with a reaction of about four cents by the close of the year.

Provisions and Live Stock.—Eighteen hundred and ninety was the banner year for the packing industry of Chicago up to that time. Cattle, calves, hogs, sheep and horses to the number of 13,607,366 were forwarded to the Chicago market, in 311,557 cars, and to the value of \$231,344,879. Of beef cattle alone the receipts were 3,484,280 head, or more than one million above the receipts of 1887. The large forage crops of 1888 and 1889 induced an increase in stock raising, while the apparent shortage in corn in 1890 encouraged cattle shipments, thus making the receipts uniformly large. The number of cattle slaughtered was 2,206,185 for the season ending March 1, 1890, and was more than 150,000 in excess of the figures for 1889. Shipments of live cattle were 1,260,309 head and of dressed beef 964,134,807 pounds. Prices for live cattle averaged about 20 cents per hundred pounds higher than in 1889. The opening price for prime beeves was \$5.30, gradually declining to \$5.15 in April and advancing to \$5.45 in May. During parts of June, July and August the top price for prime beeves was at or under

\$5 while during the remainder of the year the price ranged from \$5.15 to \$5.35.

The receipts of live hogs were, by 500,000, the largest Chicago had ever known, exceeding the receipts of 1880 by that amount and reaching a total of 7,663,828 head. The total shipments of live hogs were 1,985,700 and of dressed hogs 148,858. The number of hogs packed in Chicago was 4,473,467, being approximately one-third of the total number packed in the West. The top price for packers and shippers hogs stood at \$3.80 the first week in January and advanced irregularly to \$4.50 in April, declining to \$3.75 early in July. In September there was a sharp advance to \$4.75, the top price of the year, and from this point the market declined irregularly until \$3.75 was again reached the third week in December. The closing price was \$3.90, just ten cents above the opening in January. Prices of beef products were steady and satisfactory, "Extra Mess" ranging from \$5.75 to \$6.25, while "Beef Hams" went from \$10.75 in January to \$17 in August and back to \$11 in November.

Mess pork opened at \$9.02½@9.10 in January and advanced irregularly until \$10 was reached on March 12. There was little trading in cash pork during this month, while May pork was favored by the speculative trade. In April cash pork advanced from \$10.57½ the 2nd, to \$13.55 the 24th, reacting to \$12.05 by May 17 and advancing to \$13.25 before the close of that month. June prices were fairly steady and slightly lower in average, this downward tendency being continued through July, although with sharp fluctuations, and by August 30 the price had worked down to \$9.80. A price of \$10.35 was reached on September 3rd, but it was not until October 20th that the \$10 mark was again touched. After November 1st the price ranged irregularly downward for the remainder of the year, reaching \$7.60 on December 23rd, and the year closing at \$8.10.

Transportation.—The marked feature of the transportation situation was the large increase in the number and size of steam craft operating on the Great Lakes. The number of steam propellers of over 1,500 tons burden, increased from 21 in 1886 to 110 in 1890; while the number of steel vessels increased from 6 to 68 during the same period. In view of this development and the possibilities which it suggested, the Secretary, in his report, strongly urged that the 71 miles of restricted navigation which constituted a barrier between the West and Liverpool should be overcome without delay. Regulation of railroad freight rates was still far from perfect and Chicago suffered greatly from unjust discriminations, excessive terminal charges, and vexing rules about demurrage. The number of boats plying the Illinois and Michigan canal had decreased, but it was still an important factor in transportation. Freight rates on wheat per bushel to New York by lake (steam)

and rail stood at $8\frac{1}{2}$ cents during nearly all the season, while rates by lake (sail) and canal, including Buffalo charges, varied from $8\frac{3}{8}$ cents, at the opening of navigation, to $5\frac{5}{8}$ cents, near the close. The average rate was about $6\frac{3}{4}$ cents. All rail rates on grain, per 100 pounds, to New York were 25 cents, with a reduction to $22\frac{1}{2}$ cents from June to November.

1891

It has been thought best to divide this history into yearly chapters, the divisions naturally falling by years and by the administrations of the various Presidents, but history is continuous and the problems and vexations of the old year have a most pernicious habit of forcing themselves upon the new. Thus we find that it was the question of the discontinuance of quotations and the fight against the bucket shops which first claimed the attention of the members of the Board in 1891. Perhaps it was fitting, however, that all should be forgotten for a time in the glorious celebration of the dying year. It was the close of a prosperous year for the traders and they resolved to celebrate it in royal style. There was a large crowd in attendance and the fun was boisterous. A silk hat was reported to have lasted but five seconds by the watch; and corn, wheat, hay and flour samples flew thick and fast until stopped by the Directors. A young greased pig, let loose on the floor of the Exchange to be captured by the messenger boys, was followed by a football game, and the strains of "Annie Rooney" mingled with those of "Auld Lang Syne" as the celebration drew to a close. The surplus of \$300 left from this celebration was devoted to charity.

The great sensation of the first of the year was the announcement that B. P. Hutchinson was to quit speculation out of deference to the wishes of his family, and that a conservator had been threatened in order to prevent the dissipation of his fortune. It was estimated that, in 1881, he was worth some \$20,000,000, but that in 1891 he was worth but little more than \$1,000,000. With the declining markets of the previous year he had been a heavy loser and his actions had become somewhat erratic, as he had cut himself off from his old associates, ended two partnerships of long standing and lived by himself in his office. Mr. Hutchinson denied all these rumors and became indignant with those, especially with Mr. Pardridge, who sought to commiserate with him. He declared that "many will need a receiver before I need a conservator," and became very active in the pit, the later course of the market showing that he had meant what he said.

Early in the year a caucus was held by those who favored Mr. Baker for re-election as President, but who were opposed to his policies concerning quotations. W. W. Catlin presided and resolutions, introduced by Robert Lindblom, were adopted, declaring

that speculative trade was the basis of all business and should be fostered, and that experience proved that it was impossible to keep quotations from the bucket shops and that the method employed to close them should be through the enforcement of the laws against them. The resolutions declared that stopping quotations merely gave the bucket shops a monopoly of information and asked for telegraph facilities that should be impartial, reasonable and adequate for the transaction of business and for the restoration of the lower telegraph rates. An opportunity to discuss these matters with the Directors was also demanded. No candidate was named for President, but T. M. Baxter was nominated for Second Vice-President and Robert Lindblom, F. P. Schmitt, E. H. Phelps, Joseph Watte and John Barrett were named for Directors. Resolutions from Detroit, Duluth and Toledo favoring a return to public quotations were also read.

At the election Mr. Baker received 1,042 out of the 1,090 votes cast for President. The contest centered on Second Vice-President and Directors, and what was known as the "Lindblom ticket" was badly defeated. J. T. Rawleigh received 874 votes for Second Vice-President, to 182 cast for T. M. Baxter, and the Directors elected were W. H. Bartlett, J. S. Hannah, J. M. Fiske, E. A. Beach and M. C. Mitchell, none of whom were on the opposition ticket. At this election an amendment for the restoration of the telegraph companies was defeated and thus the administration of 1890 was given thorough endorsement and full warrant to go ahead in its fight against the bucket shops. The minority was not satisfied, however, and resolved to carry the fight for the restoration of quotations into the annual meeting and, if not successful in this, to attack the private wire houses.

The annual meeting was a triumph for President Baker, the members being strongly against the telegraph restoration and the bucket shops. In his address President Baker said continuous quotations were only necessary to gamblers who wagered on prices regardless of conditions and declared that the Western Union Telegraph Company had always been the open or secret enemy of the Board, had fostered the bucket shops and given them the best facilities and, when excluded from the floor of the Exchange, had raised its rates and caused vexatious delays and inconveniences. He further advised that the Board own its own wires and the report of the committee of three advocating this plan was read. A new committee to carry through the project of an independent telegraph line, to be constructed and owned by the Board, was appointed, the membership being D. E. Richardson, F. G. Kammerer, Wm. Dunn, Robert Lindblom and E. H. Phelps. Feeling injured that he was not appointed as chairman, Lindblom, and, with him, F. G. Kammerer, soon resigned from this committee.

The Directors' report gave the financial status as follows:

Cash on hand January, 1890, \$18,398; receipts, \$266,243; expenditures, \$262,672; cash on hand January, 1891, \$21,969. The expenditures included \$50,000 for bonds purchased and retired and the annual assessment was fixed at \$65. The report defended the action of the Directors in suppressing quotations as necessary to defeat the bucket shops and pointed to the prosperity of the Board during 1890 as proof that the policy was a good one. In conclusion the report referred feelingly to the three ex-Presidents, C. E. Culver, Asa Dow and A. M. Wright, who died during 1890.

The Board's position as to discipline and as to quotations was strengthened at this time by two judicial decisions, one dismissing the bill of M. B. Crafts and others who sought to restrain the Board from interference with their transactions on the Open Board, and the other refusing the application for an injunction by J. A. Murphy and A. J. Lichtstern to restrain the Board from withholding quotations, this being dismissed on the ground that the Board had stopped all quotations.

The tendency of the markets was upwards during the first part of January, with rye reported scarce, and a bulge in oats to 43 $\frac{1}{4}$ cents on the 8th. Amusement was caused by the figures compiled by the Board of Trade for the previous year which showed that shipments exceeded receipts by 8,000,000 bushels of corn, 4,000,000 bushels of oats and 77,000 bushels of rye. It was declared that this "spoke well for Chicago as a producer of grain," and Secretary Stone explained the discrepancy by saying the western roads were careless in their reports. The provision trade was pleased with the fact that the meat inspection law of Virginia was declared unconstitutional and steps were taken to test the Georgia law imposing a license tax of \$500 on agencies for packing houses, and the produce trade rejoiced that a reduction had been recommended in French tariffs. Near the middle of the month the operations of Partridge, as a bear, became the prominent market feature, but Hutchinson entered the lists against him, uttered his famous threat and forced the market upward. Partridge had sold short a line of wheat estimated at 6,000,000 bushels and the duel which followed was one of great interest. On the 27th Partridge made a determined raid upon the market, beginning his operations in the Open Board and forcing wheat one cent lower. Every step of the way was contested by Hutchinson and on succeeding days the market turned and by the first days of February Partridge was hard hit, with losses estimated at \$500,000, he having been short about 5,000,000 bushels of wheat, 3,000,000 bushels of corn and 2,000,000 bushels of oats, with an average loss of about four cents per bushel. This was a severe lesson to Partridge and was said by many to be but a part of Hutchinson's revenge for a remark which Partridge contended was made in friendliness. During this contest there was much feeling between the principals,

Hutchinson making slighting remarks and Bloom declared that it was "the world against Partridge." Partridge was obliged to ask his creditors to accept his notes until he could turn real estate investments, but he was not the only loser, for Tyson of St. Louis was forced to suspend and Kaufman of St. Louis and the so-called "St. Louis Art Club" were hard hit. Hutchinson was the showy figure on 'Change at this time and his profits were estimated at \$200,000 in the brief but sensational advance in wheat from 93 cents for May to \$1.01 $\frac{5}{8}$. Interest at the Stock Yards during January was focused upon Springfield, where the farmer members of the Legislature declared war on the Union Stock Yards. A bill for state regulation was introduced in the Legislature to which the Live Stock Exchange was much opposed, and another resolution was introduced to investigate the boycott charges which had been made against the Exchange. The Live Stock Exchange declared that it courted investigation and the result was a joint committee of senators and representatives to examine into stockyards affairs which reported in April that the Exchange was guilty of boycotting and recommended legislation to prevent such acts in future.

February was marked by several market sensations, one of which was a manipulation of the rye market which brought a sudden advance of 7 $\frac{1}{2}$ cents on the 13th. This deal was believed to have been managed by Sibley and brought about an advance of 10 cents in two days, forcing the shorts to cover and threatening to increase the price of rye flour. There was also a bulge in oats which advanced that commodity to 48 $\frac{3}{4}$ cents by the 26th, while, with the packers, the hog receipts for February were 933,000, the largest for February ever known to that time. The main interest was in the wheat pit, however, and in the operations by Hutchinson. Of these the Herald said, on February 15th: "Hutchinson's operations in the speculative market are amazing. For a short time after the first of the year he took little part. About four weeks ago he became the prominent and successful figure. Partridge, without meaning it, gave Hutchinson mortal offense about a month ago by seeking to condole with him over his losses. Hutchinson rebuffed him and said his sympathy would be needed at home. This proved prophetic, for Hutchinson headed a campaign against Partridge which cost the latter half a million and severely humbled him. Hutchinson commands the markets in wheat, corn and oats. He is as keen as ten years ago and the signs of age are gone."

In March, Robert Warren returned from a long stay in Scotland and, having won his lawsuit against the Davis-Atkinson Co., it was announced that he would be able to pay his creditors from 40 to 50 cents on the dollar instead of the 15 cents, accepted by them at the time of his failure. During this month, also, the Board was called upon to mourn the death of one of its most prominent members of the earlier days in the person of S. H. McCrea. Mr.

McCrea was born in Goshen, N. Y., in 1826. His youth was spent in poverty and he served as a tinner's apprentice. He was one of California's forty-niners, coming to Illinois in 1852 and to Chicago in 1861. He was President of the Board of Trade in 1870 and later was interested in politics as an alderman and as treasurer of Cook County.

Reports of crop damage in Europe gave strength to the March markets and caused advances in all commodities. By the 21st May cotton was the highest it had been since 1882 and this was said to be a fight between cash handlers in which Weare was worsted. By vote of the Board several new rules were adopted, among which were provisions for the registration of flax seed receipts, for a standing committee on transportation, for a change of session hours on the first day of the month and for a new rule as to provisions. The latter caused much confusion as it provided that the standard weight of 250 tierces of lard should be 85,000 instead of 80,000 pounds, and it was to take effect at once. This left the trade in a badly confused condition and immediately steps were taken to provide that the new rule should not go into effect until October. The advance in prices continued, and on the 23rd of March wheat touched $\$1.04\frac{3}{4}$ for May, corn $69\frac{7}{8}$, oats $55\frac{3}{4}$ cents and pork $\$12.85$. On the following day there was great excitement in pork, May pork at the opening selling simultaneously, on different sides of the pit, at $\$13.05$ and $\$13.50$, and the range for the day being $\$2$ per barrel.

In April, Pardridge, having secured ready cash, returned to the market and immediately renewed his operations as a bear, selling short to the amount of about 2,000,000 bushels. This was another unfortunate move for him as, by the 16th, May wheat reached $\$1.08$, corn $72\frac{7}{8}$ cents, oats $56\frac{1}{2}$ cents, and pork $\$13$. The prices of provisions were helped by the removal of the prohibition of American pork products by the German government, it being satisfied with the working of the new inspection law enacted by the United States. This was expected to have an influence with other countries and gave great encouragement to the trade, as for many a day American pork had been excluded from a large part of the continent.

It was during April, also, that W. T. Baker, President of the Board of Trade, was elected President of the Board of Directors of the World's Fair, at a salary of $\$12,000$ per year. This action was highly satisfactory to the Board of Trade and his first appearance on 'Change after his election to his new office was the signal for enthusiastic congratulations. He rendered distinguished service in this capacity, aiding largely in making the Fair the great success which it was, and reflecting credit on the Board from whose ranks he came. The Board was a loser in one way, however, for his duties as the head of the Fair was so onerous that he was able to give but

little attention to the affairs of the Board during the remainder of the year.

Towards the latter part of April the new "Central Stock Yards" being established by Nelson Morris, with the co-operation of Swift and Armour, neared completion, and the Union Stock Yards Company refused to allow cars to be switched to the new yards over its tracks. The three packers went to the courts for a restraining order to compel the Transit Company either to do the hauling or to let some one else do it. At the hearing the Transit Company maintained that it was not a common carrier and that its lines were built wholly for its own business. The next move by the "Big Three" packers was to declare their intention to establish yards and packing plants at Toleston, Indiana, and, in July, it was reported that the packers had forced an agreement with the Union Stock Yards by which they were to receive \$3,000,000 for 1,000 acres of their Toleston land and certain price concessions, they agreeing not to start new yards within ten years and to dismiss the pending suit. Directors of the Stock Yards Company objected to this and declared it a "holdup" and for a time it was thought all negotiations had failed and there was renewed talk of the Toleston venture. On the last of July, London cables announced that the compromise had been made, the terms being as follows: The Stock Yards company to pay the packers \$500,000 for the Central Yards and \$500,000 for 1,000 acres at Toleston, Indiana, and to guarantee five per cent interest for fifteen years on \$2,000,000 of bonds of the Toleston Stock Yards Company. The packers agreed to stay in Chicago or to move to Toleston as the Transit Company desired, and guaranteed business to net \$2,000,000 during the succeeding five years. This was a great victory for the big packers, but it made conditions harder for the sixteen small packers, who received no consideration. These smaller packers, under the lead of Henry Botsford and Samuel W. Allerton, got together and formed the "Chicago National Stock Yards Company," with the evident intention of pursuing the same tactics which had been so successful for the "Big Three." These yards were to occupy the "Stickney tract," with Elmer Washburn as manager, and to operate with reduced charges. The smaller interests also presented evidence upon which Federal indictments were returned against the railways and Swift & Co. for rebating, and they were also back of the fourteen suits brought to prevent the carrying out of the agreement between the big packers and the Stock Yards Company. This agreement was, however, ratified by a decision of the Supreme court of New Jersey, in December, and the year ended with the smaller packers at a decided disadvantage in meeting the competition of the larger houses.

It was on April 29 that the Exchange was well-nigh overwhelmed by the news that B. P. Hutchinson, the great trader, had disappeared. Business was neglected and there was a semi-

panic on the Exchange, for Hutchinson's outstanding deals were large and it was not known what disposition would be made of them. All sorts of rumors were rife and members recalled that Mr. Hutchinson had bid them "Goodbye" with more than the ordinary earnestness. It was reported that he had taken a train for Kankakee, then that he had been seen at Evansville, and then that he was at Terre Haute. On the day following his disappearance the announcement was made that Congdon & Co. would assume all his deals and the market was thus made easier. While there were many reports as to Mr. Hutchinson's solvency, and the tongue of gossip did not spare him, it is well to note that he also had many friends, as is shown by the resolution passed by the Board of Trade guests at a dinner given by George F. Bishop, as follows: "As associates for many years of B. P. Hutchinson in all the vicissitudes of business on the Board of Trade, the subscribers desire to express to him and to the public their appreciation of his character as a business man, and to say to the world that he has for thirty years stood for the very highest type of honor and integrity in all business transactions between man and man; and he does not, and never did, owe a dollar which he did not pay." Near the end of June, Mr. Hutchinson was heard from as an interested and interesting guest of the New York Produce Exchange and within a few months he was again a powerful factor in the Chicago markets, although operating from New York. With Hutchinson gone, the bears had their own way with the market the fore part of May, but there was reaction when the French Chamber of Deputies took action looking to a lowering of duties on grain.

The fact of a great shortage in European crops was becoming better known daily. In Germany the people were sharply divided over the question of tariff reduction on foodstuffs and this agitation had a tendency to advance prices in America. The beginning of the microscopic inspection of pork by the government was another favorable market factor. This inspection department was first established at the corner of Halsted and Root streets and fifteen girls and fourteen men were employed in examining pork for traces of trichinae.

The Board had barely returned to normal after the abrupt disappearance of Mr. Hutchinson, when it was started by the announcement of the retirement of R. W. Dunham & Co. and the turning of the trades of the firm over to Norton & Worthington. The Dunham affairs were brought into court on an application for a receiver and were found to be very much involved. The liabilities were given as \$348,923 and the assets as \$368,043, of which \$183,000 were listed as "doubtful or bad." Mr. Dunham had been President of the Board and a member of Congress and the failure was more of a sensation on account of his personal prominence than for any effect on the market.

In July a question of interest arose when it was proposed to make No. 2 hard winter wheat deliverable of contract. The Directors refused the petition for this rule, saying that its adoption would be a discredit to the Exchange and would ruin the reputation of Chicago as a market. Sufficient signatures were soon secured to compel the posting of the rule and it became the subject of much discussion, the elevator men, generally, favoring it. At a meeting of the Board, held July 24th, an amendment was adopted making the change effective in 1900, thus effectually killing the movement.

The Farmers' Alliance was at this time at its height as a national organization and about the first of July there was issued from the office of its organ at Minneapolis the first of the famous "Hold Your Wheat" circulars which formed a market feature of the year. It was at once stated that this was merely a bull canard and a market plot, but it had no appreciable effect upon the marketing of grain. The latter part of July the Minnesota Alliance distributed 1,000,000 copies of a second "Hold Wheat" circular, and, whether on account of this or other causes, there was a quick advance in prices which, however, proved only temporary. In August it was reported that the farmers both of Kansas and of Tennessee were storing wheat, and the bears sought to offset these movements by an "expose" to the effect that the Alliance circulars were issued and paid for by parties who were heavily long on wheat and wished to bull the market.

Pardridge was the head of the bear side of the market and the advance during the first days of August was as bad, if not worse, for him than his bear campaign in February. His losses were estimated at \$750,000, one-third of which was in cash, and it required a certified check for \$100,000 to settle his balances on August 13th. He was forced to stay out of the market until he could recuperate his finances, and this was perhaps fortunate for him, for on the following day wheat went to \$1 on news that the German cabinet had decided to suspend the duties on rye and wheat on account of the European crop shortage. Ream, Lindblom and Roche were among the losers, and while it was acknowledged that a New York syndicate headed the bull movement it was believed that the directing force was one B. P. Hutchinson, and this theory proved to be correct.

Rye partook of the upward movement and reached 96 cents, while corn went to 65½ cents as wheat advanced to \$1.08, with heavy buying by eastern parties. There was much excitement during these days and after the close of the Exchange on the 15th. It was reported that Russia had prohibited its railroads from transporting grain to Germany, and in New York the markets were excited, with a large export movement, September wheat reaching \$1.15 and rye \$1.12 with but little of the latter to be had at any

price. The Farmers' Alliance people claimed much of the credit for the advance, which reached high tide in Chicago on the 17th at \$1.13½, only to decline to \$1.03 before the close of the day. Other markets were up and down on that day, and calls for margins were heavy. The East and foreigners unloaded at top prices and it was said that, roughly speaking, the West and South lost while the East and the farmers won. The net advance in wheat was 23 cents in less than two weeks. New York markets were in a turmoil, 22,000,000 bushels being bought and sold during the day, and at St. Louis a compromise on December wheat at \$1.06 was effected in order to prevent disastrous failures. On the 18th the market was more quiet and on the following day the excitement was transferred to the corn pit, with fears that Hutchinson, directing his campaign from New York, was back of a corner in September corn. That all conditions were favorable to the bulls may be seen from the following events which transpired in quick succession during August and September. In Germany there was an active demand for lower grain duties, which was opposed by Chancellor Caprivi, and the cabinet was threatened with disruption which finally forced the suspension of the grain tariffs. The German removal of the embargo on American pork also became effective and on September 3rd Swift & Co. made the first shipment of American hams to that country under the new government inspection rules. The Russian government prohibited the export of wheat containing more than 8% of rye, and all exports of rye, and the European wheat shortage was estimated at 320,000,000 bushels. A heavy frost damaged the wheat fields of North Dakota and Manitoba. The farmers of Oregon organized to hold their wheat and the Alliance sent broadcast another circular urging farmers generally to store their wheat, promising from \$1.50 to \$2 per bushel if this was done. Together with all of the above, there was a strong clique, headed by Hutchinson, which was persistently buying, especially in the corn market. Partridge was almost the single bear in the market. Perhaps the very multiplicity of these bull influences brought their own defeat, for the high prices began to attract more and more grain to the markets, and the farmers who had followed the advice of the "Hold Wheat" circulars became anxious to sell, and wheat declined to 90¾ cents on the 10th of September. A great crash came the latter part of September when the well-known firm of S. V. White & Co of New York was forced to suspend. S. V. White, familiarly known as "Deacon" White, was a great figure in the market places of both New York and Chicago. He was long immense quantities of corn, much of it bought at about 60 cents, and when it declined to 48 cents the house was obliged to suspend with estimated liabilities of about \$2,000,000. This failure restricted business in all markets and much sympathy was felt in Chicago for Harry Lester, who was

the broker for the New York firm. In October White's Chicago creditors met and listened to a report of his condition. It was stated that the liabilities were \$310,000 with good assets of \$107,000 and doubtful assets of \$203,000. This would have meant an assured payment of about 27 cents on the dollar, and a committee was appointed to investigate. Mr. White's secretary offered 50 cents on the dollar in settlement, but this was not at once accepted. Later, in December, New York bankers came to Mr. White's aid and his Chicago creditors received 50 cents on the dollar. This money was said to have been advanced by the New Yorkers on the theory that if the Chicago claims were settled they could get more for their claims, when the amount due from the Field-Lindlay firm was paid. This firm also failed, however, and the New York banks lost the 22 cents on the dollar which they had advanced for the benefit of Chicago parties.

September markets the latter part of the month were well sustained, except in flax seed, which reached 90 cents, the lowest price for twenty-one years. There were also reports that France and Italy were about to remove restrictions on American pork.

By the first of October came confirmation of the rumor that there was a real famine in Russia, and this gave rise to frequent announcements that the Russian government either had issued or was about to issue an ukase prohibiting all exports of grain. These varying reports led to the writing of the following by some unknown Board of Trade bard:

“By Gotham fakers bad and bold
A ukase was predicted;
But wheat bought on the fake was sold
When ‘news’ was contradicted.

And so, while traders ‘long’ of wheat
Are badly out of sorts, Sir,
We see upon the anxious seat
A lot of grumbling ‘shorts’, Sir.

This matter of a Russian ukase became a considerable sensation on the Board in November, when a message, purporting to be signed by Chas. Emory Smith, American ambassador at St. Petersburg, was exploited on ‘Change, causing a bulge in wheat. This dispatch was said to be bogus, especially as Mr. Smith was in Philadelphia at the time, and it was traced to the firm of Kennett & Hopkins, who said they got it from Minneapolis. Much indignation was felt and a petition for an investigation was circulated. The investigation was held behind closed doors, but before it could be completed official confirmation of the issuance of the ukase was received. The investigation was dropped and

the market was wildly excited for a brief time, although the advance was not great, as the news had already been discounted.

In October arrangements were completed to allow the telegraph companies to resume their place on the floor of the Exchange. This did not mean open quotations, however, and there was much discussion as to proposed methods, and particular opposition developed to the private wire houses. The Western Union and the Postal Telegraph companies ordered the private wires on the floor of outside exchanges taken out, and this was resented by Mr. Logan, on behalf of the seven firms interested, as a "high-handed outrage." A petition for the resumption of quotations on the old basis was refused by the Directors, and Robert Lindblom, who favored open quotations, announced that he would offer to furnish quotations, giving fluctuations of one-sixteenth of a cent to St. Louis, Milwaukee, Toledo and New York. He stated that any rule to prevent was illegal and unconstitutional and that he should ask for an injunction if any interference was attempted. It was planned to revive the old "Ticker" company and, while many conservatives opposed, the element in favor of widespread quotations was evidently growing. The telegraph operators were back on the floor of the Exchange the first of November but the market report committee did not propose to have continuous quotations sent out, and Chairman J. G. Steevers took occasion to call Mr. Lindblom's attention to the rule against continuous quotations passed in May, 1890. Mr. Lindblom's reply was very sarcastic. He stated that he would not appear if called before the committee and that the rule in question was not printed with the other rules of the Association, but was passed in secret session and was not binding. He asked for a special meeting of the Board and secured twenty-four other signatures to a call. This meeting was held and was a spirited affair. Wm. Young moved that the old resolution be rescinded and Mr. Lindblom made a strong speech in favor of the motion, urging that the rule against continuous quotations was a dead letter, that leading cities were receiving quotations and that the bucket shops had an advantage over members of the Board. A reading of the minutes showed that Mr. Lindblom had voted for the resolution of which he complained, and, on motion of W. J. Pope, the course of the Directors in carrying out the resolution was approved.

Another controversy which rose to some importance began in October, when a petition was presented to the Directors asking that trading be permitted in "old" pork for delivery during the next year, it ceasing to be regular after January first. The Directors acceded that it might be so dealt in when specified, some 275,000 barrels being involved. The caller was directed to give two calls for January pork, viz., "regular January delivery" and "old pork for January." The packers favored and the commission men op-

posed this call and when it was first made it was greeted with hisses. The commission men continued this opposition, jeering the caller, but the ruling was not changed. The closing days of October saw a still further advance in rye, which was said to be too high for milling purposes, and the general markets were influenced to some extent by the controversy between the United States and Chile, which had reached such a stage that American warships were sent into Chilean waters.

In November the National Transportation Association met in the Directors' room of the Board of Trade. Fifteen great commercial bodies were represented and F. L. Greenleaf of the Minneapolis Chamber of Commerce was elected President and Geo. F. Stone of Chicago, Secretary, the main object of the meeting being to secure the adoption of a more satisfactory bill of lading. Another general movement was instituted by the Detroit Chamber of Commerce when it suggested a Deep Waterways Convention to meet at Chicago. The Board of Trade commended the project but yielded the honor of the meeting place to Detroit and the convention was held in that city during December. This convention was of much importance and many states were represented. Governor Fifer appointed delegates from Illinois and the Board of Trade selected J. S. Hannah, J. S. Dunham, Jesse Spaulding, H. Mac Millan and T. T. Morford as its representatives. General Thomas W. Palmer presided and resolutions were adopted favoring a canal around Niagara Falls and the construction of a 20-foot channel from the Great Lakes to tidewater.

The corn pit furnished the chief market excitement during November and December. The traders woke up to the fact that there was danger of a corner about the 20th of November and the covering by the shorts advanced the price at that time to 60 cents. The clique strengthened its hold and by the 27th was able to run the price up to 80 cents. This was the top price and was not maintained. On November 30 corn opened at 70 cents but soon rose to 75¼, at which price some 250,000 bushels were covered, leaving about 100,000 bushels in default. One feature of the day was an injunction served upon the Ryan Commission Co. restraining them from settling for or delivering 40,000 bushels of corn for H. B. Schloss & Co., who claimed that they had sold this corn at 49@49½ cents, that they had the corn at Memphis but were unable to deliver it on account of the rail blockade, and that there had been a conspiracy to advance the price above the real market value. Five firms were said to be interested in this manipulation and it was an open question as to whether they made or lost by it, as they bid corn up to \$1.10 in the New York market in order to establish the Chicago quotation as a fair shipping price, and they were left with some 1,750,000 bushels, bought at about 60 cents, on their hands. Many defaults were settled at 75 cents, but others claimed

the right to settle at the average for the day, which was considerably less. With the close of the manipulation, cash corn fell to $46\frac{1}{2}$ cents, a decline of $28\frac{1}{2}$ cents. The November manipulators sold year corn freely, buying January, thus going short and being caught when the railroad blockade cut off receipts and the price was forced from $48\frac{3}{4}$ cents up to 60 cents. The corn in store at this time, December 9th, was only about 300,000 bushels and the elevators bought No. 3 corn in order to kiln-dry it for delivery as No. 2.

During the last days of the year considerable interest was manifested in the approaching Board election. Steevers, Raymond, Trego and Linn were among those first mentioned as Presidential candidates and at the "regular" caucus J. G. Steevers was nominated for President and R. G. Chandler for Second Vice-President. A second and larger caucus was held the following day and at this time C. D. Hamill was nominated and the issue between the conservatives and radicals was fairly joined.

The rail blockade already mentioned prevented the movement of grain and made business poor for the commission men. The markets, in spite of another "Hold Wheat" circular issued by the Alliance, tended downwards and it was at this time that Partridge laid the foundation, by heavy short selling, for the great bear campaign of 1892 which was to more than recoup his losses during 1891.

In reviewing the year 1891 the Secretary of the Board said in his report: "A general diffusion of commercial benefits has marked the year. Reasonable contentment of nearly all the laboring classes, arising from business activity, not spasmodic but uniform not confined to one industry or few industries not true of one section only, but extending into every section of our country, has been a gratifying feature of the year. The wide distribution of profits derived from the business of the year immediately preceding, in a large measure explains the enterprise which has pervaded the country, giving employment at fair rates to the common laborer the artisan and the mechanic. This distribution has also inaugurated and promoted extensive public improvements, not the least advantage of which is the employment of a floating population, whose idleness is always a menace to public tranquility. Added to these salutary conditions, food had been bountifully provided at moderate cost, affording at the same time a fair profit to the farmer. The basis of this national prosperity is in the enormous crops of the country. The fields of the South and the prairies of the West have yielded cotton and grain in unstinted measure. The mines have given profusely of their stores, and from the rich pastures have come vast herds of cattle, sheep and hogs." Of these bounteous harvests the Chicago market was one of the chief beneficiaries, its receipts being largely in excess of those of any other

market in the United States. The total receipts of grain and flour in its grain equivalent were 234,423,240 bushels, exceeding by more than 7,000,000 bushels the receipts of 1890, which were the largest then recorded. The capacity of "regular" warehouses for grain storage was increased to 30,075,000 bushels and the business of the Board of Trade Clearing House exceeded that of 1890 by nearly \$18,000,000.

Wheat.—The receipts of wheat were 42,931,258 bushels and the shipments 38,990,169 bushels, the movement being by far the largest the Chicago market had ever known. The incidents of the speculative market have already been mentioned, the controlling influences were the shortage of crops abroad and the abundance of the new crop in America. Opening at $88\frac{1}{4}@89\frac{3}{4}$ cents, the price advanced irregularly during January, the month closing at $96\frac{1}{8}$ cents. In February the general course was downward, $93\frac{7}{8}$ cents being the closing quotation. Reaction came early in March, the price reaching \$1 for the first time during the year on March 9. There was a slight decline immediately following, but the month closed strong at $\$1.03\frac{1}{2}$. The tide of speculation, based on foreign shortage, carried the price to the high point of the year at \$1.14 on April 20, but the last quotation for the month was $\$1.05\frac{3}{8}$. The market held strong throughout May, the range being from $98\frac{7}{8}$ cents to $\$1.07\frac{5}{8}$, with a closing price of $\$1.02\frac{3}{8}$. During June the trend was downward, closing at $92\frac{1}{2}$ cents. This movement was accentuated in July, the price reaching $84\frac{3}{4}$ cents the 16th, with something of reaction to $87\frac{3}{4}@89$ cents the last of the month. Export demand and doubt as to the new crop advanced the price during August to $\$1.13\frac{1}{2}$ the 17th, with scenes of much excitement. This was the climax of the second advance movement of the year and the price declined to $98\frac{1}{2}$ cents before the close of the month. The Government report of a large yield deprived the market of confidence in higher prices and there was a decline to $90\frac{3}{4}$ cents by the tenth of September, after which the market steadied and the quotation on the 30th was $94\frac{7}{8}@96$ cents. The October range was from $92\frac{1}{8}$ cents to 99 cents, the month closing at 94 cents. In November, also, the general trend was downward, with a net loss of nearly three cents during the course of the month, while in December the price dipped below 90 cents on several days and was just above that figure at the end of the year.

Corn.—The receipts of corn were rather above the average for the preceding ten years, but were nearly 19,000,000 bushels below the bumper year of 1890. The receipts aggregated 72,770,304 and the shipments were 66,578,300, about 24,000,000 bushels less than in 1890. A larger export demand was a feature of the trade and prices were influenced by unfavorable weather, by manipulations, and, in December, by lack of railroad facilities. The price on January 2nd was $48\frac{3}{4}@49\frac{1}{2}$ cents, with little advance up to the close of the

month, when the price stood to 50½ cents. The price was slightly higher the first twenty days of February after which the advance was more marked, the price reaching 54¼ cents the 28th. During March the advance was rapid and well sustained, the price gaining about 15 cents per bushel during that month, the closing price being 67¾@69½ cents. This advance continued until April 17, when a price of 73½ cents was recorded, with a reaction to 67¼ cents by the close of the month. May was a month of lower prices, 54½ cents being reached by the 23rd, with a sharp rally to 61¾ cents the 27th, and a price of 56¼ cents at the close of the month. The June range was about seven cents with an average price of between 57 and 58½ cents, which was the quotation on June 30th. The market was comparatively steady until the latter part of July, when continued unfavorable weather carried the price in a few days from 58 cents to 67 cents, but the month closed with a decline to 61@62 cents. Under the influence of manipulation the market advanced to 70 cents on August 17, much of the strength being lost in a few days, however, and the month closing at 63@65⅞ cents. A price of 69 cents was reached on September 5, but receipts were too heavy for the manipulator, S. V. White, prices broke rapidly to 50 cents and his failure was announced, causing a further decline to 48¼ cents, with recovery to 54⅜ cents by the end of the month. October markets were of small range and of no marked interest, the net price gain being but small. The range was from 50¼ to 55¾ cents up to the 20th of November, when the large short interest suddenly awoke to the fact that the market was greatly oversold, as already related. This bulge in prices induced large receipts and with December the market settled to a basis of real values, the opening price for cash corn being 46¼@47⅞ cents. Prices were affected by a railroad blockade which checked shipments and the price rose sharply to 60 cents the 9th of the month. This was but temporary and the decline was swift the remainder of December, 39⅞ cents, the low price of the year, being reached on the 31st.

Oats.—The movement of oats was somewhat less than in 1890, the receipts being 74,402,413 bushels and the shipments being 68,771,614 bushels. The market was less affected by speculative manipulation than were the markets for wheat and corn and while there were decided price movements they were influenced more by crop conditions and the varying needs of consumers. The price on January 2, 1891, was 41⅜ cents, advancing to 44 cents and remaining steady at that price the latter part of the month. During February there was an irregular advance of about 4 cents, and this continued until 54 cents was reached the latter part of March. The movement was irregularly higher until 56½ cents, the highest price of the year, was reached the middle of April, from which point the trend was downwards, 45¼ cents being touched on May

23. During June the decline in values was still more marked, the price falling from 10 to 12 cents during the course of the month, with a quotation on the 30th of $32\frac{7}{8}@34$ cents. The price advanced irregularly until the third week in July, when it reached 45 cents, followed by a quick decline to $27\frac{3}{4}$ cents at the end of the month. August was a month of low values and small fluctuations, closing prices being about one cent above the opening. The market for September was similar, though with a slight decline, $26\frac{1}{2}$ cents being reached before the end of the month. The low point for the year, 26 cents, was reached on October 5th, but the month closed $4\frac{1}{2}$ cents higher. This advance was carried through November, with a price gain of from 3 to 4 cents per bushel, while the December range was from $31\frac{1}{4}$ cents the 31st to $33\frac{5}{8}$ cents the 11th.

Rye.—The great shortage in European production of rye and the high prices consequent in this country brought to market every available bushel of rye and made the year a banner one for the Chicago trade in this product. The receipts were nearly three times as large as those during 1890 and nearly twice as large as in any previous year. The aggregate receipts for the year were 9,164,198 bushels, and the shipments were 7,572,991 bushels. The price of cash No. 2 rye on January 2nd was 65 cents, improving by 7 cents by the close of the month. The advance continued, uninterruptedly, during February, 86 cents being reached by the end of that month. During March the price advanced to $94\frac{1}{2}$ cents, but the opening was the same as the close, viz., 86 cents. The price advanced until after the middle of April, 94 cents being the high price for the month, but it declined to 83 by the 30th. Again in May the price rose to 92 cents, only to fall to 85 cents on the 31st, while June was of much lower range, the market falling to 76 cents and closing at 78 cents. In July the price of cash rye fell to 63 cents, on July 1st, advancing until $74\frac{1}{2}$ cents was paid on the 29th, while the month closed slightly lower. In August the European shortage and the uncertainty as to the crop led to an advance movement which culminated at $\$1.11\frac{1}{2}$ near the middle of the month, rye being at this time nearly as high as wheat. Nearly 14 cents of this advance was lost the following day and by the close of the month a price of 87 cents was reached. This was about the average price for September, the market easing to $82\frac{1}{2}$ cents the latter part of the month and rallying to 89 cents at the close. October witnessed a steady market at good prices in spite of the large shipments, 92 cents being paid before the close of the month, while the November range was still higher, rising to 95 cents and closing at 92 cents. December was a month of declining prices and rye touched 86 cents and closed at 87 cents. Taken as a whole, the year was one of great profit both to producers and dealers, for, in spite of the large movement, prices were on a much higher level than in preceding years.

Barley. The passage of the McKinley law imposing a high duty on Canadian barley stimulated the planting of a larger acreage to this cereal but this was not apparent in the receipts for the year which were more than 7,000,000 bushels less than in 1890. The total receipts for 1891 were 12,228,480 bushels, and the shipments were 7,858,108 bushels. The quality of much of the crop of Iowa and Nebraska was poor and sold for feed at from 28 to 31 cents per bushel. As usual the trade was largely by sample with a wide range according to quality. The price for No. 3 barley, by sample the first of the year was 58@70 cents and advanced to 76@80 cents in April, declining to 46@56½ cents early in July. The best No. 3 averaged higher the remainder of the year while the poorer samples brought less, 63 cents being about the price of the best No. 3 and the poorer selling under 40 cents a large part of the time. Trade in No. 2 barley opened, in August, in the neighborhood of 67 cents and the price was comparatively steady, but with a lower tendency during the year, the last quotation being 63 cents.

Flour. Chicago receipts of flour were about the same as during the preceding year, aggregating 4,516,617 barrels. The amount manufactured in the city was 578,180 barrels and the shipments were 4,048,129 barrels. This did not fairly represent the business of Chicago commission merchants, however, as large quantities were shipped direct from the mills to the consumers, on the order of Chicago dealers without passing through the city. Using the price of the best spring wheat patents as a basis, the price was \$5 in January and was without great fluctuation until the middle of April, when there was an advance which reached \$5.75, followed by a decline to \$5.10 which lasted well into September. The price stood at \$5 the last three months of the year.

Seeds. The receipts of grass seeds were 68,166,231 pounds and the shipments were 55,152,971, the movement being less than in 1890. The market was devoid of speculation and prices ruled monotonously low. Fair to contract timothy seed sold in January at \$1.12 to \$1.24; \$1.35 was the highest paid for contract grade and \$1.14 the lowest, while "fair" touched 95 cents, in October. The Eastern crop was especially large and of good quality and this lessened the demand for the Western product and made the market dull.

The market for clover seed was equally uninteresting and as a whole, unprofitable. Choice clover seed sold at \$4.30 early in January and soon advanced to \$4.60. This higher level was maintained until April, when there was a decline, \$4.25 being the ruling price the fore part of August. In November a price of \$5 was reached and this improved until \$5.60 was paid, in December, and the year closed at \$5.50.

Special efforts on the part of the Board of Trade to foster the trade in flax seed and to promote its cultivation, gave ample return

in increased business. The receipts for 1891 were 11,120,138 bushels and the shipments were 9,990,798 bushels, being largely in excess of the preceding year. No. 1 seed sold in January from \$1.14½ to \$1.23 per bushel. During the months of February, March and April there was little change from this range in quotations. The market was decidedly weak in May, owing to the prospect of a large crop of superior quality and sales were made as low as \$1.12½. This decline continued through June and into July, reaching 99½ cents, the 21st of that month. August prices were higher, ranging from \$1 to \$1.08½, while September showed great weakness and the price declined to 89½ cents by the 28th and closed at 95 cents. On account of an export demand the price reached \$1, in October, but during the remainder of the year the market ruled below that figure, the year closing at 94@94¾ cents.

Provisions and Live Stock. The receipts of cattle for 1891 were 3,250,359 head and the shipments were 1,066,264 head, the movement being less than in 1890. The number of cattle packed for the season ending March 1, 1891, showed a marked increase over the preceding year, the total being 2,680,333 head, an increase of more than 400,000 head. Dressed beef shipments were 877,295,875 pounds and the price of beef hams ranged from \$11.25 in January, to \$18 during the summer months, to \$11.50@12 the latter part of the year. Top prices for prime beeves ranged from \$5.40 to \$5.75 up to the middle of March. The high price, \$6.65 was reached in April, from which time the price was irregularly downwards, the year closing at \$6.10.

The outside price for packers and shippers hogs was \$3.85, in January and did not rise above this figure until March, when \$4 was quoted.

The advance continued until \$5.50 was paid in April, this being followed by a decline to \$4.65 in June. The high price, \$5.70 was paid in August, but the price fell below \$5 in October with a downward tendency during the remainder of the year, reaching \$4.05 the last of December. The receipts of live hogs were nearly 1,000,000 head more than in 1890 and were by far the largest Chicago had known, the aggregate being 8,600,805 head, and the shipments were 2,962,514 head. The number packed in Chicago was 6,119,562 head, being nearly 45 per cent of the total packed in the West. The price of mess pork opened at \$10.27½@10.60 and ranged downward during January, closing at \$9.75@9.85. Still lower prices prevailed during February, and it was not until March 11 that the price was again above \$10. During the remainder of March the advance was marked, \$12.70 being reached on the 30th. The price was maintained well above \$12 during April and touched \$13 on May 1, but there was a steady decline through the month, the price at the close being \$10.70. By June 26 the price had worked down to \$9.80. July was a month of better prices, \$11.62½ being reached the 27th,

and the month closing at \$11.30. The July advance was lost in August, the price working down below \$10 during the month and closing at \$10.02½. September gave a still further decline, the price settling to \$9.85 by the 30th, with added losses in October, the closing price for that month being \$8.12½. There was but slight reaction in November and in December the lowest price of the year, \$7.40 was reached near the close of the month.

Transportation. Lake traffic was of increasing importance and the Secretary, in his report, protested vigorously against the discriminations made against American ships going through the Welland canal, by the Canadian government. Freight rates averaged higher than in 1890, the Secretary giving the following figures: Average freight charges per bushel for wheat to New York, by lake and canal .0695, by lake and rail .0857, by all rail .1500.

1892

Taken as a whole the year 1892 was one of marked prosperity both for the Board of Trade and the country at large. Chicago was busy with preparations for the great World's Fair and thousands of laborers and millions of dollars were employed in transforming the site of the exposition into a veritable wonderland. Private enterprise was also busily engaged in the erection of hotels and other places of entertainment for the millions of expected guests. These were the days when the Chicago motto "I Will" seemed to inspire the mind of each citizen and to fill the city with the vim and vigor of accomplishment. This activity along other lines did not detract from the speculative market but on the contrary seemed to stimulate it.

The adverse conditions were found in the business uncertainty usual in a Presidential year, unfavorable weather early in the season, the great cholera scare, labor troubles, and the agrarian agitation which resulted in proposed legislation which if enacted, would have practically ended the existence of the Board of Trade.

The outstanding event of the Association's history was the return to open quotations and the restoration of the telegraph lines to the floor of the Exchange. Spasmodic attempts were made to stop trading in privileges and to curb the bucket shop evil. The prominent operators on the speculative market were Partridge, Bloom, Wright and Cudahy, with Armour and Hutchinson as large figures in the background, and the market features were the successful bear operations by Partridge, the unsuccessful manipulation in May corn by Coster and Martin and the Wright-Cudahy deal in October ribs. With the packing interests the great event was the settlement of the differences with the Union Stock Yards company on a basis favorable to the small packers as well as to the large ones.

The celebration at the close of the dying year of 1891 degen-

erated into a rough and tumble, pitched battle in which flour samples figured largely. President Baker sought to stop the battle and he and some of the Directors, who were taking the names of the offenders were roughly handled, hay samples were fired and cannon crackers added to the noise and confusion. Not only did the dignity of the Board suffer, but the material loss was considerable as it was only with difficulty and expense that the flour and grain samples were restored for the purposes of trade.

The election issue was between the regular conservatives, with J. G. Steevers as their candidate and the more radical liberals, led by C. D. Hamill. The election of Mr. Hamill, by a vote of 737 to 552, foreshadowed a reversal of the policy of the Board in regard to quotations, but for 2nd Vice-president the "regulars" won, R. G. Chandler defeating Michael Cudaby by the close vote of 648 to 642. The Directors chosen were Thomas A. Wright, L. J. Smith, John Hill, Jr., W. S. Booth and R. S. Lyon. The campaign was a quiet one, but canvassing committees were active on both sides and many who seldom frequented the Exchange turned out to vote, 1308 ballots being cast.

Between the election and the holding of the annual meeting the Directors held a special meeting to consider charges brought by Elick Lowitz against the firm of Baldwin & Farnum. Lowitz, who had been in the employ of Baldwin & Farnum, accused the latter of uncommercial conduct and claimed to have in his possession trading cards which proved their guilt. The matter was brought before the directors and continued from time to time at the request of Baldwin & Farnum and at last was to come up for final hearing. When the Directors met, a deputy from Judge Tuley's court appeared with an injunction to prevent a hearing and with warrants for the arrest of Lowitz for blackmail and with a demand that Secretary Stone should surrender certain papers in the case. The Directors resented these measures of force, the attorney for Baldwin & Farnum was ejected and an attempt made to rescue Lowitz from the officer. President Baker quieted matters by accepting service for himself and the Directors, but the membership, as a whole, resented this, which Secretary Stone characterized as the most sensational episode in the Board's history. The Directors claimed that they and the Board had been insulted, while the representatives of Baldwin & Farnum held that the Directors were hostile to their interests and were proceeding in an irregular manner. At the annual meeting Mr. Hamill, in his inaugural address, referred to this unseemly interruption of the Director's meeting and expressed every confidence in the fairness of the Directorate. The Lowitz case was taken to the courts and he was held under bond on charges of larceny and blackmail and the feeling was so tense that it led to a personal altercation between Leopold Bloom and A. H. Farnum. When the case came up for hearing before the

Directors in March, Lowitz was unable to substantiate his charges and Baldwin & Farnum were cleared.

The Directors' report, made at the annual meeting, showed that the receipts for 1891 were \$269,716.20, and the expenditures \$259,538.79, including the purchase of \$50,000 of the bonds of the Association. The Directors favored the continued reduction of the bonded debt and its refunding, later, to reduce interest charges, and fixed the annual assessment at \$65. The rentals for 1891 were given as \$112,281.99 and the expense of the Real Estate committee as \$53,864.93. The report suggested the fitting up of the Call room for offices and commended the work of the Freight Bureau. The work of the Deep Waterway convention at Detroit was approved and special mention made of the death of Mr. S. H. McCrea, President of the Board in 1870. Relative to the settlement with the telegraph companies, the Directors thanked the Board for the support given their policies in the contest and said that the instruments were to be restored and the tolls reduced to the old figures.

Secretary Stone in his report dwelt upon the Anti-option bills¹¹ then pending in Congress and said that speculation was of real value to trade, quoting the statement of John Stuart Mill, that "When speculation in a commodity proves profitable, it is because in the interval between buying and re-selling the price rises from some cause independent of the speculators, their only connection with it consisting in having foreseen it," and Mr. Stone adds, "Now the converse of this is also true, that when speculation in a commodity proves profitable to the short seller, it is because in the interval between selling for delivery at a future time, and buying in order to make that delivery, the price declines from some cause independent of the speculators, their only connection with that decline consisting in having exercised a sagacity, intelligence and courage with reference to it not exercised by the majority of their fellows. Speculators do not in any sense hold in abeyance the governing law of supply and demand, much less annul it; they simply, by virtue of a quicker intelligence than is exercised by others, detect and interpret that law, and receive their legitimate reward." This proposed legislation was first introduced into the House by Congressman Butterworth, but later, in slightly different form, became known as the Hatch bill. A like measure was also introduced in the Senate by Senator Washburn of Minnesota. This bill provided for a broker's license of \$1,000 and prohibited all trading for future delivery where the property involved was not in actual existence at the time the deal was made, thus preventing all transactions based on growing crops. The National Board of Trade declared against this anti-option legislation, and, in February, H. F. Dousman, H. H. Aldrich and Murry Nelson appeared before the House committee, presenting a memorial from the Chicago Board

of Trade, and Mr. Aldrich making a strong and exhaustive statement of the Board's views in the matter. President Hamill also went to Washington to oppose the measure and upon his return to Chicago his report that the bill would probably pass the House caused much uneasiness and had a depressing effect upon the market. The Directors met to consider the situation and in order to strengthen the Board's position as to legitimate trade, an effort was made to stop trading in Puts and Calls. Leading traders were asked to abandon the practice, and the private wire houses, with one or two exceptions complied. They soon resumed, however, charging that the Directors had failed to institute the vigorous campaign against Privileges promised by them. A committee, consisting of Messrs. Hamill, Allerton, Cudahy, Norton and Wright, next appeared before the Congressional committee and President Hamill stated that the Board was opposed to trading in "options" but not in "futures," which, he said, maintained prices. He urged that the proposed act was class legislation which would completely revolutionize the business of the country. So serious was the situation considered that the large Logan commission house sent out circular letters to all customers with blank petitions to be signed and forwarded, opposing the bill. At the suggestion of the committee the Directors passed a resolution that the settling room should be used for settlement purposes only and that the halls and corridors should be kept clear. Although privilege trading was not mentioned in this resolution, the action was in direct opposition to it, for the settling room had been used largely for the purpose of dealing in Puts and Calls. The Directors had the room locked and police on guard in the halls, so that privilege traders were driven to the alley. The Open Board took similar action and the leading houses gave notice that they would not be responsible for defaults in transactions in Puts and Calls. For the time being these combined efforts were effective and the trade in privileges was almost stopped. As vigilance relaxed, however, this trading was renewed and, in a few months was quite general. It is unnecessary to follow the ups and downs of this legislation except to say that they were many, and formed a serious and depressing market influence. So serious was the situation considered that Secretary Stone gave out the following argument against the bill, in advance of the appearance of the printed Annual Report of which it was a part:

"No man, no edict of a tribunal, legislative or judicial, can prevent one man from stipulating with another to deliver a bushel of wheat, a pound of sugar, a bag of gold, or any other article, at an agreed price, upon a certain date, or during a specified month; nor can any power exempt a seller from liability for non-fulfillment of the terms of any such stipulation. The seller is held, and must be held, to the performance of his contract and to the delivery of merchandise or any property upon such terms, and at or within

such a time, as may be agreed upon by the contracting parties. The right to make such a contract is an inalienable one.

"Speculation explores all countries and markets; and, not as a monopolist, but for the common good, dispenses its information with an unstinted hand for the benefit of producer and consumer alike. Speculation breaks down all schemes for the enrichment of the few at the expense of the many, and contributes to a general commercial prosperity; speculation in grain shatters syndicates of millers and of capitalists formed to depress prices of grain; speculation is not selfish; it is broad, frank, generous and belongs to the most enlightened influences of the century, and has brought about, more than anything else, its triumphs. It spreads valuable information, statistical and otherwise, upon the commercial bulletins of the world, that all may know the conditions and factors which enter into the proper determination of values, and the intelligent transaction of business in farm products.

"If the Hatch bill should be enacted, instead of having prices of wheat, corn and provisions made in Chicago, whose interests are identical with the interests of American agriculture, they would be made in Liverpool, London or Montreal. Is it not enough to have our agricultural products carried to foreign markets under foreign flags, enriching foreign nations, without having the value of these products determined in foreign and buying countries?"

Despite all the efforts of the Board of Trade and other commercial bodies, the Hatch bill passed the House of Representatives, in June, and went before the Senate. Such alarm was felt that prominent commission houses warned their customers against trading in futures beyond September delivery. In the Senate, the chief advocate of the bill was Senator Washburn, the Minnesota flour magnate, and it was freely charged that his support of the measure was in the interest of the milling industry. The Senate discussed the bill at great length, the conservative senators prolonging the debate to such an extent as to cause the postponement of further consideration until the December session. This delay was hailed with delight as showing a weakening upon the part of the advocates of the measure and as giving opportunity for further amendments, which should strike out some of the most objectionable features. The Senate took up the bill again, just before the Christmas recess, but no action was taken and it still hung as a cloud over the Exchange at the close of the year.

In January the "non-Associated" packers began suit against the big packers and the Union Stock Yards syndicate, charging that their agreement amounted to a conspiracy in restraint of trade. This was followed, in March, by a suit brought by Henry Botsford, et al, in which the Union Stock Yards company was denounced as an illegal trust. On this suit a hearing was held and the agreement made with the big packers, in July, 1891, was at issue, but before

any decision was reached the announcement was made that the International Packing and Provision Company, of London, had purchased, and would consolidate the plants of the Allerton Packing Co., John Cudahy, T. E. Wells, J. C. Hately and Hately Bros., International Packing Co., and Jones & Stiles, and a few days later came the announcement that an agreement had been reached between the small packers and the Stock Yards company, by which the former were to be treated on equal terms with the big packers and were, in turn, to abandon the project of using the Stickney tract as stock yards. It was not until August, however, that it was definitely stated that all litigation was at an end and the terms of the agreement made public. It was said that the big packers were paid \$2,700,000 in bonds and \$300,000 in cash, while the smaller packers received \$300,000 in bonds and \$100,000 in cash. They also retained the Stickney tract, for other than packing purposes, and were to receive the same rates given their larger competitors. Another important event with the packing interests was the merger of the International Packing and Provision Company and the Chicago Packing and Provision Company, which took place in November.

The financial condition of the country was apparently good at the beginning of the year. Money was easy, bank deposits large and interest rates fell to five per cent. Nevertheless, the course of the markets was downward, except in pork, and the low prices of grain induced shipments to interior points. Exports of corn were large and this increase was attributed, to some extent, to the exploiting of that cereal in Europe by "Corn" Murphy. Partridge was the great bear influence on the Exchange and until the latter part of January prices of wheat, especially, seemed entirely within his control. When the market advanced he did not lose courage and he added another million bushels to his short line about the 20th of the month. News of a warlike nature as to Chile failed to have much market effect and by the close of the month Partridge was in full control of the wheat pit. Deliveries, the first of February, were small and it was stated that his January operations had netted Partridge a handsome sum. Large sales for export soon caused an advancing market and those who had suffered from Partridge's tactics took occasion to call him for as large margins as possible, it being estimated that not less than \$250,000 were required of him for this purpose. Prices during February were seemingly affected more by the news, for or against, the passage of the Hatch bill than by any other consideration, although about the middle of the month May rye enjoyed a boom of its own until the price was but four cents under that of wheat for the same delivery. A brief market excitement was caused by a first page article in the Chicago Tribune regarding an alleged corner in wheat. The article said that P. D. Armour and his brother H. O. Armour of New York were

charged with heading the manipulation, and that while this was untrue, there was a powerful clique which at first intended to bear the market, but later turned to the buying side, and that Pardridge was caught with a very large short line. This article produced a tremendous rush to buy and May wheat advanced to 95 cents. Pardridge was compelled to margin his short sales of 5,000,000 bushels, up to \$1, and Rockefeller, Mackey and North were said to be backing the bull campaign. This excitement was short-lived, as the report appeared to be without foundation, and the markets declined, Pardridge pinning his faith to a price of 80 cents for wheat. The markets ruled almost steadily lower during the first part of March, until Pardridge declared that he had made enough to satisfy him and should retire. This resolution was short-lived, however, and within a day he was back in the thick of things, vowing that he would "cover his shorts at 80 cents or go broke," although his friends urged him to let well enough alone. During March there was a re-awakening against the bucket-shops, twenty-five of which were said to be running, not in the old way with barren looking offices, but with fine fixtures and enticing surroundings. The Chicago Public Stock Exchange was the latest of these and it was furnished in resplendent style. The Grand Jury resolved to investigate, under the law of 1887, and newspaper exposures of bogus tickers led to a sensational raid on the new concern in which twelve arrests were made. This was but a spasm of civic virtue and not an extended campaign and the bucket shops were soon gathering in their golden harvest as before. Another sensation of the month transpired when it was found that two clerks of Lamson Bros. had, by means of fictitious purchases and sales, been speculating on their own account and had involved the firm in a loss of some \$60,000.

The return of Pardridge to the pit was a happy one for him. His prediction of 80 cent wheat drew nearer and nearer to fulfillment and he was a steady winner in his fight with the whole market against him. The humor of the situation was expressed in a cartoon drawn by Jones, a Board member, in which the great figure of Hutchinson was shown looking down upon the diminutive figure of Pardridge, and saying, "Has that little chap taken MY place?" Pardridge offered to buy the cartoon and he could well afford to do so, for before the end of March wheat had reached 81½ cents and his profits were estimated at \$1,500,000. His mail was filled with requests for donations and one enterprising mendicant requested a loan of \$500, failing which he would kill himself.

An instance of Pardridge's cleverness was told in that when a certain party went to the pit to make a large wheat purchase, Pardridge took him quietly aside and sold him 400,000 bushels a fraction below the market, rather than that his open buying should send the market up. May wheat sold at 80½ cents, March 25, at 79 cents,

the 28th, and at 78 cents, the 31st, thus fully justifying Partridge's prediction of 80 cent wheat. This last day of March was a "blue day" on the Exchange, for while Partridge was a winner there were many losers and they were in no mood for the April Fool jokesters who called Patten and other prominent traders over to the Armour offices on important business only to be informed that they were hoaxed.

General business conditions were not good in the fore part of April and business on the Board was particularly depressed by news that the dreaded Hatch bill had received a favorable committee report.

There was some talk of manipulation in corn, but the price was only slightly affected by the purchases of the so-called clique. An advance soon set in, however, and May wheat went to 86 cents by April 9 with Partridge almost the only bear on the market. His brokers sold wheat right and left and when, on the 11th, with bearish foreign news, the market fell to 80 $\frac{3}{8}$ cents, his winnings on a short line of about 10,000,000 bushels were estimated at \$500,000. Following this market coup came a wierd story from New York to the effect that Partridge was backed by a New York syndicate, the guiding spirit of which was Hutchinson; that a bull campaign was planned but was spoiled by the premature exposures made by the Chicago Tribune and a change made to a bear movement. Partridge denied this very promptly and said he was dealing for himself alone, that a large part of his line had been sold at \$1.05 and that this last deal was the best he had ever made, fully repaying him for his losses the previous August.

It was soon after this market excitement that the question of the restoration of open quotations was brought before the Board. There had been agitation of the question during previous months and the rule was posted April 13, calling for a vote in ten days. The proposition as made by the Directors was this: "Is it advisable that the Directors of this Board make provision for the early and general distribution of market quotations according to the provisions of Section 19 of Rule 4?"

Three plans as to the distribution of quotations were discussed, viz.: to sell them to the Western Union Telegraph Company; to allow private parties to give quotation service; or to have them collected and distributed by the Board. Many still opposed open quotations, but the many bucket shops running in Chicago furnished a good argument against the continuance of the old policy. A meeting was held at which these three methods were discussed and a resolution, by Lindblom, favoring free quotations was voted down. The balloting on the 23d was enlivened by a circular comparing the "Blue Laws" of New England in 1692, with those of the Board of Trade in 1892, and the proposal for open quotations was carried by 111 majority, the vote being 544 to 433. The method was left

to the Directors, but the sentiment seemed to be against allowing the Western Union a monopoly.

An arrangement was entered into with the Western Union and the Postal telegraph companies in June, by which the Western Union was to collect the quotations, the Postal to share the expense and have equal use of them. The work of re-wiring and the demands upon the telegraph companies during the National political conventions was such, however, that it was not until July 18 that the service was resumed in the old way, and without restrictions as to service to bucket shops.

Business grew dull on 'Change and it was not until after the middle of May that there was a marked revival. At this time continued bad weather brought about a rush to buy corn and suddenly there came the knowledge that there was great danger of a corner in May corn. The price rose from 47 cents the 16th, to 71 cents the 21st. Coster & Martin, and R. E. Pratt were the heavy longs and many shorts hastened to settle. Partridge was thought to be among those caught, but he insisted that he had made settlement at 54 cents and was not badly hurt. The price fell to 60 cents the following day, but advanced to 70 cents by the 27th, while the shorts continued to make every possible effort to bring the grain to market. On Saturday, May 28 sales of May corn amounted only to about 50,000 bushels, the price advancing to 82 cents. On Sunday and Monday, which was a holiday, the elevator men, who were largely short, were very busy, and by Tuesday, the 31st, a large quantity of corn had been inspected and stored and was ready for delivery, as all efforts to settle with Coster & Martin had been in vain. With the opening of the market a broker for Coster & Martin offered \$1 per bushel for May corn. The shorts who had been prepared to deliver on contracts already made, saw their opportunity and instead of holding their receipts for delivery, poured a perfect deluge of cash corn on the astonished broker. For nearly two hours he bought all that was offered. Then Bartlett, who was also supposed to be interested in the deal, entered the pit and offered to sell May corn at 90 cents. For a moment the crowd did not grasp the significance of the offer, which meant that the corner had collapsed, but in a moment the rush was on and within thirty seconds the price fell to 50 cents. Soon it became known that checks given by the firm had been thrown out by their bankers and that by special trains, and by the day and night work of the elevators, some 400,000 bushels of corn had been made ready for the market. Less sympathy was felt for the failed firm on account of their uncompromising attitude, than for the commission men who sold corn for their customers at \$1 and who were obliged to make up the deficit caused by the failure. One of the rumors following the failure was that Armour had been permitted to settle his shortage at 10 cents under the market provided he would stop drying corn

for re-inspection, which he had been doing at the rate of 15,000 bushels per day. Coster & Martin stated that they had no intention of running a corner until they found they had bought so much May corn, and sold so much for July as to make a corner easily possible. On May 28 they were long about 560,000 bushels of which 460,000 bushels had been paid for at from 60 to 65 cents. The firm claimed that it had reported its situation to the Chicago manager of the Bank of Montreal and had been assured of sufficient credit, as they thought, to carry the deal through. The offerings at \$1 were much heavier than they expected and the bank refused to honor their checks for this high priced corn, thus making their failure inevitable. There was a re-action of sympathy when the young men gave up all they possessed towards the payment of their indebtedness, but even this did not suffice to pay over 25 cents on the dollar. Notwithstanding a sharp advance, a few days later Partridge reiterated his faith that wheat would sell at 70 cents and manfully put up the large sums demanded in margins. He was greatly helped by the news that the House had passed the Hatch bill, which had the effect to lower the market nearly 2 cents. Bad crop news sent the price upward again and there was a wild rumor that Partridge's checks had been dishonored. With better weather conditions prices declined and then came the government report which showed the condition of the crops to be very much better than the traders had believed possible. Wheat declined from 86 cents, June 9, to 78 cents, the 15th, and Partridge looked happy and declared he was not a loser. During the remainder of June wheat had a range of but little more than 2 cents, the threat of the passage of the Hatch bill holding the market down even when other news was favorable.

Early in July the wheat pit was comparatively deserted and activity centered upon corn, but labor riots at Homestead, the menace of the Hatch bill and of free silver legislation, together with large receipts of oats combined to depress all markets. July markets were very steady and almost devoid of interest, the opening and closing prices both of wheat and corn being almost identical, while oats declined and provisions were higher. By the first week of August, the long-continued drought began to be felt and there were many reports of damage both to wheat and corn. Corn, oats and provisions all benefited in price by these conditions until rains came to the farmers' relief. The reaction sent the markets downward, with pork as the weakest article on the list, and toward the close of the month there came alarming reports as to danger to the United States from the spread of Asiatic cholera. In a short time there was serious talk of closing American ports and the advisability of the postponement of the World's Fair was considered. President Harrison issued a proclamation stopping immigration from the infected portions of Europe, and the fear of

cholera, together with continued shipments of gold to Europe, had a disastrous effect upon the grain markets. Through the first weeks of September reports of damage by frost contended with the cholera scare for control of the markets, and it was not until the 20th that any real resistance was felt to the general decline. About this time those who had sold ribs for September or October delivery suddenly found that there was not enough of that commodity to fill their contracts and began the bidding which continued until the close of October. It soon became known that Wright and Cudahy were back of the deal in ribs and Armour was reported as a heavy short and Fairbank was credited with a deal in October lard. Before the close of the month Cudahy bought 800,000 pounds of ribs at 10 cents, in order to sustain the market, and on September 30 October ribs were quoted at 10½ cents, an advance of more than 3 cents per pound during the month. Wright stated that he was forced into the deal to support the market during the cholera scare, and that the bears oversold in the hope of making him let go. This he did not do, but he sold his cash ribs in other markets, so mutilating them that they could not be reshipped to the Chicago market and delivered as regular. In this way about 1,000,000 pounds a day were sent out of Chicago, and it was conceded that Wright was in control of the situation. On October 1, T. J. Rousch filed through his attorney, K. M. Landis, conspiracy charges against John Cudahy and A. W. Wright, claiming that he could prove that they had conspired to manipulate the market. Wright and Cudahy gave bond for their appearance and when the case came to trial, the middle of October, they were discharged for lack of evidence. In the meantime the long interest received a set-back when the official statement as to the stock of ribs was announced. They had stated, and it was generally accepted, that the stock available for October delivery was about 23,000,000 pounds, but the official report placed the figures about 10,000,000 pounds higher. Nevertheless the price held above \$10. The government crop report was also bearish on wheat and there was a large selling movement in all the leading cereals, with Partridge a buyer to cover his short line. It was at this time that Partridge, McHenry and Barrett were cited before the Directors for dealing in puts and calls.

A matter which interested the Board outside of the market movements, at this time, was the insurance of members. The old mutual society was about defunct and an effort was made to rehabilitate it, a large number signing an agreement to join it under some plan of reorganization. A committee consisting of J. W. Fernald, G. Montague, J. M. Fort, Howard Jackson and John Hill, Jr., was appointed to formulate plans, and in the meantime the project of insurance by the Association, through the purchase of memberships of deceased members, for \$5,000 each, was seriously

discussed until adversely reported on by the Board's attorney, Mr. Green. The markets were without special excitement until near the end of October. Prices of cereals declined, until Partridge's prediction of 70-cent wheat was made good, and prices of provisions advanced. Ribs ranged from \$9.75 to \$10.85 until the 28th, and shorts were allowed to settle freely at the market. On the 28th the price of ribs reached \$11, and on the day following many settlements were made at \$11.75. The deal closed, without any scene of excitement, with a top price of \$12, which was the quotation at which about 1,000,000 pounds were settled on the last day of the month. It was estimated that the clique bought their line of ribs at an average price of about \$6.25 and had sold nearly 70,000,000 pounds for consumption at an average profit of 1 cent per pound. The defaults were placed at between 5,000,000 and 6,000,000 pounds, T. J. Ryan refusing to settle and declaring that he would carry the case to the courts. According to the newspaper reports, cash ribs sold at \$7.75 on November 1, but the Secretary's report gives the quotation at \$7.30.

The National election interested all during the first days of November and by special arrangement members of the Board and their wives received the returns at the Exchange hall, with a minstrel troupe for entertainers. When it became apparent that Cleveland had carried both New York and Illinois and was undoubtedly elected, the disappointed Republicans left the hall to their jubilant Democratic friends. November markets were largely without incident. The price range for produce was small, with a slightly advancing tendency in all cereals except rye. Provisions were stronger, pork advancing about \$2 during the month and lard advancing from \$7.70, the 1st, to \$12, the 30th, with a squeeze by the Fairbank interests. With more tranquil markets the members gave attention to other matters. Those interested met with the Directors to urge the establishment of a Sampling Bureau, under the control of the Board, and a committee was appointed to consider the matter, which reported adversely, although many members favored it. The Board also interested itself in the Nicaragua Canal project, sending N. K. Fairbank, W. H. Beebe, J. Stiles, G. D. Rumsey and C. W. Brega as delegates to a convention held at New Orleans, and upon receiving their report, forwarded a petition to Congress favoring the building of a canal by this route.

The first of December occurred the death of Jay Gould, affecting the stock markets, but having little immediate effect upon the markets of the Board of Trade. A little later, however, the depression in Wall street was reflected in Chicago and cereals ruled irregularly lower; wheat advancing somewhat after the Christmas holidays. Mess pork furnished the speculative excitement of the month. The packers had sold January pork short to a large extent, the receipts of hogs were unexpectedly small, and the effort of

the packers to cover forced the price of mess pork, for January, from \$15.47½, on the 3rd, to \$16.25, on the 5th. No corner developed, however, and the market eased off, the year closing at \$15.87½. The last days of the year there were rumors of the formation of a strong bull clique in wheat, which was said to have accumulated a line of about 20,000,000 bushels and to be preparing for a great campaign. Wheat was higher in Chicago than in any other western market, and Minneapolis newspapers sounded the alarm, that another Chicago coup was under headway. The year closed with a firm market for wheat and large buying by New York parties.

During December there was a reminder of the Harper corner, when the Supreme Court of the United States rendered a decision affecting the liability of Harper and Cincinnati parties for indebtedness to the firm of Preston & McHenry. Of still greater importance to many members was the announcement that checks had been mailed to the creditors of S. V. White, to settle their claims in full. The White failure was the great sensation of September, 1891. Mr. White's creditors were very lenient with him, those in Chicago accepting 50 cents on the dollar. This leniency enabled Mr. White to continue his business on the Stock Exchange and by a series of fortunate investments, it was possible for him in little more than a year, to pay his large indebtedness in full. These checks came as most acceptable New Year gifts to his creditors, and it was stated that the heartiest kind of a welcome awaited him should he ever appear on the floor of the Chicago Exchange.

Board politics received considerable attention during December, but no serious opposition developed to Mr. Hamill's re-election as President. One strong argument for his retention was that he was conversant with the situation as to the still pending Anti-Option legislation and was in good position to carry on the fight against it. W. S. Jackson was first nominated for Second Vice-President, but, upon his declination, M. C. Lightner was placed in the field and Michael Cudahy, W. L. Kroeschell, Thomas Bennett, E. L. Jones and Z. R. Carter were nominated for Directors.

Speaking of the year 1892, the Secretary said in his report: "The year just closed has been in many respects an eventful one in its commercial aspects. * * * Nothing has occurred to seriously mar the general prosperity, which in an exceptional degree has characterized the trade of the United States. The crops of the land have been abundant and have on the whole yielded fair returns to the farmer. * * * The business of buying and selling for future delivery was unsatisfactory, throughout the year. Never was the speculative business of this Board so harassed. Legislative meddling, silver discussion, unfavorable weather conditions early in the year in the winter wheat belt, despondent foreign markets occasioned by heavy stocks purchased at high prices, heavy failures in prominent continental markets, steady accumulations of

grain at easily accessible points for shipment, not only disturbed, but subdued the markets all over the world, and speculators grew weary waiting for business and distrustful of indications which under normal conditions would have infused animation to trade."

Two additional events are worthy of mention in closing the history of this year. In June a campaign was started looking to the erection of a suitable monument to the dead of the famous Board of Trade Battery, in fulfillment of the pledge given the members upon their enlistment. The Directors gave this movement their full approval, but counsel advised that no appropriation could legally be made from the Board's funds. Accordingly a committee consisting of C. T. Dwight, S. M. Randolph, J. H. Hildreth, B. F. Nourse, J. B. Hall and H. B. Chandler, was appointed to solicit funds from the members. The other event of great importance to Chicago was the beginning, in September, of the great Drainage Canal.

Wheat.—The chief market events of the year have been outlined, and it is but necessary to give the details of the movements in the various departments. The wheat market throughout the year was unsatisfactory, partially owing to the fear of anti-option legislation; other factors were the diplomatic complications with Chile, financial disturbances, heavy receipts of grain, car famine, and eagerness for farmers to market their crops. The receipts of wheat aggregated 50,234,556 bushels, against 42,931,258 bushels in 1891. The shipments for the year were 43,833,795 bushels, against 38,990,169 in 1891. The year opened with No. 2 spring wheat at 88½@90 cents per bushel, declining irregularly, the month closing about 3 cents lower. There was a gradual advance in February until 91¾ cents was reached the 18th with a decline of about 2 cents by the end of the month. Prices were well maintained the fore part of March, when there was a decided downward trend, 77¼ cents being reached the 31st. There was sharp reaction to 86 cents by April 9, after which the market sagged, reaching 80 cents on the 28th, the month closing but a cent higher. The May range was small, but with a net gain of about 4 cents during the month. Prices were higher the early part of June, touching 87¾ cents the 7th, but this was followed by a sharp decline, the average price for the remainder of the month being about 79 cents. During July the range was from 76 cents to 80 cents, with the opening and close almost identical. Harvest conditions brought a reduction of about 3 cents in August, 74½ cents being the lowest quotation for the month, and this decline continued through September until 71⅝ cents was reached on the 19th, with a reaction to about 73 cents the end of the month. These prices held during the first 20 days of October, when large receipts forced the price below 70 cents, 69¼ cents being reached on the 29th. For the remainder of the year the range was exceedingly small, the price at no time exceeding 72⅝ cents and not fall-

ing below $69\frac{1}{2}$ cents, the year closing at 72 cents, a loss of nearly 20 cents for the year.

Corn.—The movement of corn was considerably larger than for 1891, the receipts being 78,510,385 bushels and the shipments 66,104,220 bushels. Cash corn stood at about 39 cents the first of the year, with a very steady market and few fluctuations during January. February showed some improvement, with average price a little over 41 cents, but this advance was checked in the first week of March, the price declining sharply until $36\frac{7}{8}$ cents was reached on the 19th, this being the low point of the year, according to the table of daily prices, although the Secretary mentions $37\frac{1}{2}$ cents, reached in January, as the low price, and also on another page mentions 37 cents, in March, as the low point. Many of these discrepancies are found upon careful study of the reports, especially during this period, making the task of the historian difficult. There was a reaction of about 2 cents the remainder of March and the price was carried well above 42 cents by April 20, when a corner for May delivery was suspected. This suspicion seems to have been allayed, for the price declined fully 3 cents by the end of the month. The great speculative excitement of the year took place in May, the details of this manipulation having already been recounted. Opening at $40\frac{5}{8}$ cents, the price advanced until 55 cents was reached on May 20. During sessions of great excitement the price bounded up to 71 cents the 21st, only to decline to 60 cents the following day. Succeeding waves of excitement carried the price up to \$1 on the 31st, but with the collapse of the deal and the failure of the manipulators the price fell to $48\frac{1}{2}$ cents. With this manipulation closed, the market was governed more largely by the laws of supply and demand, and the range of prices was small during the next three months. In September the fairly good prospect for the crop caused a decline to $43\frac{3}{8}$ cents by the 30th, and there was a further loss of about 2 cents during October. The price was remarkably steady at about 42 cents during November and December, with a noticeable decline toward the end of the year, the closing price being a fraction above 40 cents.

Oats.—The oats pit was devoid of speculative sensation through the year. The quantity was an average, the quality ordinary and much was of light weight. The large surplus from the crop of 1891 depressed prices and offered few inducements to speculators. The receipts were 79,827,985 bushels, the shipments 67,332,322 bushels, and the amount in store was nearly 2,000,000 bushels larger at the close than at the beginning of the year. No. 2 cash oats sold at $30\frac{1}{8}$ cents January 2, and the range was largely between 27 cents and 29 cents until the fore part of May, when decided improvement was made on account of adverse weather conditions and the strength in corn, until $33\frac{1}{2}$ cents was reached the 25th. The June market was about on this level, with a higher tendency during

the closing days, a top price of $34\frac{1}{2}$ cents being reached on the 29th. During July the range was small, but with a net price loss of from 3 cents to 4 cents for the month. This course was reversed in August with an advance up to $34\frac{5}{8}$ cents near the end of the month. The price was well maintained in the early part of September, after which there was a decline to $31\frac{1}{4}$ cents, reached the 30th. The market during the remainder of the year was without interest, the price being slightly above 30 cents until the middle of December, and slightly below that figure the remainder of the month.

Rye.—The receipts of rye were 3,633,308 bushels, and shipments 2,775,600 bushels. The demand for export was not large, as European crops were ample and the price was further depressed by liberal supplies of low grade wheat at very low prices. The year opened with sales at 87 cents, and there was an irregular decline until 77 cents was reached on February 3. This was followed by an advance to 89 cents the middle of the month, and a decline to $84\frac{1}{2}$ cents at the close. The March market was irregularly lower, the month closing at 75 cents, while another 5 cents was lost during April. In May there was a speculative movement which carried the price to 79 cents the fore part of the month and again to $78\frac{1}{2}$ cents near the close. June opened at $72\frac{1}{2}$ cents and advanced to 80 cents within a few days, the price declining sharply and the month closing at 75 cents. The July range was from 72 cents, the 6th, to 65 cents, the 13th, while 66 cents was the ruling price the remainder of the month. The August trend was downward and the price below 60 cents for the first time in the year on August 31, touching 57 cents. The September market was depressed and with but small range, $55\frac{3}{4}$ cents being reached the middle of the month, and this being also the closing quotation. This demoralization continued through October and the first quotations below 50 cents were made at $47\frac{1}{4}$ cents the latter part of that month. During November the price was just above and just below 50 cents, and the low price of the year, 46 cents, was reached the fore part of December, with improvement to 51 cents by the end of the year.

The barley crop was inferior, both as to weight and color, and there was a wide range of prices between the best and the poorest grades. There was no speculation, sales being made almost entirely by sample. Low grades sold as low as from 28 cents to 30 cents per bushel, and there was not sufficient export demand to influence the market. Prices for the best grades were from 68 cents to 72 cents, but it was not until September that regular No. 2 barley was quoted in the Secretary's report, these quotations ranging from 60 cents to 70 cents, with an average of 65 cents, which was the last quotation.

Flour.—The fact that Chicago was the world's best market for wheat constantly operated against the growth of the milling indus-

try, for Chicago millers were frequently compelled to pay higher prices for grain than were their competitors at other points. For this reason the manufacture of flour in Chicago showed no material increase. The merchandising of flour also passed largely from the hands of commission men into those of jobbers and wholesalers, thus limiting the transactions in that commodity upon the Board of Trade. The receipts for the year were 5,919,343 barrels and shipments 5,710,620 barrels. The prices declined throughout the year, choice winter wheat flour which sold at \$4.40 in January selling at \$3.40 in December, while inferior grades of spring wheat flour sold as low as \$1.35 per barrel at the end of the year.

Seeds. The receipts of timothy seed were 40,627,156 pounds, and the shipments 36,568,384 pounds, while the receipts of clover seed were 5,772,423 pounds, and shipments 9,396,227 pounds. There was no speculative activity in either market, the large surplus from 1891 preventing any advance in the price of timothy seed in the early part of the year, while prices of clover seed were on a higher level. Prices for fair to prime timothy stood at \$1.08@1.23 the first of the year, advancing irregularly to \$1.27@1.38 in August. Following this there was a sharp advance, owing largely to covering by shorts, until \$1.75@2.08 was reached in November. This was the high price of the year, and by the last of December it had settled to \$1.85@1.98. Choice clover seed sold at \$5.60 in January, with a sharp advance to \$7.80 in March. With good crop prospects the price declined to \$6 in June, but advanced to \$7.10 in August. A sharp decline carried the price to \$5.75 in September, from which point there was an advance to \$8 the latter part of November, with lower prices the remainder of the year, closing at \$7.90.

The trade in flaxseed was without the speculative features of 1891, and prices were materially lower. The cash business was large and price fluctuations were small, with a strong export demand during the spring and summer. The receipts were 9,473,824 bushels, and shipments 8,802,220 bushels. No. 1 cash flax seed was quoted at 96 cents on January 2, with but little fluctuation during the month. There was a decline to 92¼ cents the first week of February, but the price advanced to \$1.01½ the fore part of March. The price was again below \$1 until May 11, with an advance to \$1.07½ by the 21st. The range was between \$1 and \$1.09 until early in October, when the price advanced to \$1.12½. The range was small and the market slightly lower the remainder of the year, the price on December 30 being \$1.10.

Provisions and Live Stock. As a packing center Chicago fully maintained its prestige, both as to cattle and hogs. The receipts of cattle were the largest Chicago had known, aggregating 3,571,796 head, with shipments of 1,121,675 head, showing that more than 2,450,000 head were slaughtered in the city, this being about 200,000 head in excess of any preceding year. The highest prices for cattle

during the year were realized at its beginning, when native farm-fed steers sold at \$5.75 to \$6 per hundred pounds. From this point prices declined to \$4.50 to \$4.65 in April. A recovery soon set in, and in July sales were made at \$5. From this time the market was well sustained, and during the fall and early winter the range was from \$5.60 to \$6, with a few sales at \$6.10.

The total receipts of live hogs were 7,714,435 head, and the shipments 2,926,145 head. The receipts were nearly 900,000 head less than in 1891, although exceeding those of any other prior year. This decrease as compared with 1891 was responsible for a decided advance in the prices both of hogs and of pork products the latter part of the year. The top price for packers' and shippers' hogs, January 2, was \$4.15, with an irregular advance until \$5.10 was reached early in March. The range was lower during the spring months, and \$5.10 was not again reached until May 31. During the latter part of June the price advanced sharply, and by the close of July \$6.10 was paid. August prices advanced to \$6.20 the 8th, but declined the remainder of the month, and were under \$6 until the latter part of November, when the shortage in hogs forced a sharp advance, reaching \$7 before the close of December.

Many of the incidents of the provision market have already been given, the excitement of the year having culminated in November, both as to mess pork and lard. Opening sales of mess pork were made at \$10.30@10.50, with an advance to \$11.92½ on January 25. The market was dull and declining during February, and this downward movement was accentuated in March, mess pork touching \$9.80 the 21st. No marked or permanent improvement was shown until the latter part of May, when an advance set in which carried the price to \$11.50 before the close of June. During July the range was still higher, the high price for the month being \$12.20, paid on the 26th. During August there were few transactions in cash pork, but much activity for the September delivery, the price of which reached \$13.35 the 8th, but declined to \$10.02½ the 31st. The market was much easier during September, but with an irregular advance, from \$9.85 the 1st to \$11.07½ the 29th, which lasted well into October, carrying the price to \$12.35 on the 25th. November markets were active and excited, the speculative movement culminating in a price of \$13.65 for cash pork on the 29th, while December delivery sold as high as \$13.75. This manipulated market extended through December with fewer transactions in cash pork and heavy trading for January delivery. The highest price paid for cash pork was \$14.85, the 16th, and the last quotation was \$14.40, the 23rd. January pork was subject to sharp fluctuations, reaching a high price of \$16.30 the 16th, with a lower range the remainder of the month. The general course of the lard market followed that of pork quite closely, opening at \$6 and reaching \$7 early in July and \$8.15 early in August. A decline of about 1 cent

a pound culminated September 6, but the advance continued during the great speculative movement which culminated at \$12 on November 30. The range was lower during December, but \$10.30 was quoted on the 28th.

Transportation. The rail facilities of the country increased steadily during 1892, and there was continued agitation for improved waterways in which the Board of Trade took an active part, especially as to the Nicaraguan Canal, and the ship canal from Lake Erie to the seaboard. Freight rates averaged much lower than in 1891; the average rate on wheat per bushel to New York by lake and canal was \$.0645, by lake and rail \$.0759, and by all-rail \$.138.

CHAPTER IX

From the Columbian Exposition in 1893 to the Close of 1916

1893

VIEWED in the light of history the year 1893 is one of the most painful and pitiable in the narrative of the Board of Trade. In December, 1892, President Harrison, recently defeated for re-election, issued his famous message in which he spoke of the high tide of prosperity which had been attained by the nation. The business record of the year had been excellent and with the Board of Trade business was buoyant and full of hope. It was true that during the last months of 1892 there had been ominous signs, but these were heeded only by the most astute. The large exportations of gold were noted, and financiers saw that the purchase clause of the Sherman Act was gradually depleting the gold reserve. With the election had come the certainty of tariff changes and, whether for better or for worse, this prospect of change caused business uneasiness. As Senator J. P. Dolliver once said: "The waters of Niagara are safe and placid, above the falls, and equally safe and placid some distance below, but the passage of the falls is fraught with danger."

However easy it may be to philosophize in retrospect, it is a merciful act of Providence that the future is hidden from the minds of men, and thus it was that the New Year opened full of confidence and activity. The markets were strong, wheat and provisions leading the advance. Prices, while not abnormally high, were good. Wheat opened at 72 $\frac{5}{8}$, corn at 40 $\frac{7}{8}$, oats at 30 $\frac{1}{4}$ cents. Pork was quoted at \$16.30, lard at \$10.72 $\frac{1}{2}$ and ribs at \$8.87 $\frac{1}{2}$. Light receipts of hogs, together with the operations of Wright, caused frightened shorts to cover and pork went to \$18.50. This was the signal for Wright to unload a large part of his holdings, some of which he claimed to have been forced to buy, with the help of Cudahy, during the cholera scare of the year before, the advance being largely helped by the fact that hog receipts from October to January were nearly one million head less than during the same period in 1891. At the same time John Cudahy was a large buyer of wheat, with Armour and the elevator interests as heavy sellers. The serenity of the market place was disturbed by the action of the Directors in bringing charges against E. W. Partridge, C. R. Barrett and W. E. McHenry for trading in privileges. Mr. Partridge applied for an injunction to restrain the Directors from disciplining him, but this was refused on the ground that the application was premature as no action had been taken by the Board. Partridge declared himself indifferent as to the outcome, saying that he did little trading per-

sonally on the floor. The case against Partridge and McHenry was based upon a transaction in October, 1892, by which Partridge sold calls on 10,000 bushels of wheat to McHenry. The trial of McHenry was held behind closed doors and but one witness was called who was so non-committal that McHenry was acquitted for lack of evidence and the charges against Partridge and Barrett were also dismissed. The utter failure of the prosecution so disgusted one of the Directors that he introduced a resolution rescinding the former action imposing a penalty for transactions in privileges, urging that the Directors should not retain a rule which could not be enforced. This resolution was adopted, and while these trades in privileges were not sanctioned, they were permitted without let or hindrance and became a still more prominent factor in influencing the course of the markets. This trial of Mr. McHenry was held at the last meeting of the old board of Directors and at the same time a resolution, which was telegraphed to the President and to Congress, was passed opposing the proposed abrogation of the transit system over Canadian railroads, the effect of which would be to deprive shippers of the benefits of competition, and urging that the troubles concerning discriminations against American shipping via the Welland canal be settled by arbitration. This meeting also passed resolutions looking to the strengthening of the Interstate Commerce Act.

It was not until two days before the election that opposition developed to the candidacy of C. D. Hamill, who had been nominated by the regular caucus, held at the close of 1892. J. H. Hurlbut was the opposing candidate, and the election was much closer than had been expected, Mr. Hamill receiving 554 votes, but ten more than were needed for a majority. M. C. Lightner was elected 2nd Vice-president, without opposition and the contest for Directors was a leading feature of the balloting. The most bitter fight was against W. L. Kroeschell, it being reported that he had expressed himself as favoring the Hatch anti-option bill. This was denied by a formal announcement made by the Secretary, but Mr. Kroeschell was still opposed as an opponent of "privilege" trading. The strong argument used by the supporters of Mr. Hamill, for President, was that he had appeared several times at Washington to oppose the Hatch bill and was in the best position to lead the continued effort to defeat that measure. The Directors elected were Jas. L. Clark, Edward S. Jones, Michael Cudahy, Zina R. Carter and Thos. Bennett.

At the annual meeting, President Hamill thanked the members for his re-election and devoted his inaugural to a statement of the Board's attitude in opposition to the Hatch bill. The Directors reported receipts for the preceding year as \$280,997.94, of which \$123,695 were derived from assessments, and upwards of \$119,000 from the real estate department. The expenditures were \$282,238.11

and included the purchase of \$50,000 in Board of Trade bonds at a premium of \$1,658.34, and there remained \$30,906.55, cash on hand. The Directors advised against the purchase of additional bonds and accordingly fixed the annual assessment at \$45, a reduction of \$20 from the assessment of the previous year. The work of the various committees was reviewed in this report and particular stress was laid upon the results attained by the Freight Bureau and the Transportation committee which were said to have prevented the institution of switching charges to regular elevators, thus saving the trade not less than \$50,000 during 1892.

Another important meeting was that of the National Board of Trade at Washington. The Chicago delegates were G. M. How, W. J. Pope, W. T. Baker, J. T. Rawleigh, W. H. Beebe, H. F. Dousmann, M. Cudahy, T. A. Wright, F. G. Logan, G. Montague and G. F. Stone, the high character of the delegation showing the importance placed upon the acts of the National body. A resolution opposing the Hatch bill, introduced by the Chicago representatives, was adopted, and other resolutions covered amendments to the Interstate Commerce Law, favored good roads, urged Government aid to the Nicaragua Canal, and asked Congress to appropriate \$100,000 to make a survey for a ship canal around Niagara Falls.

As the month of January progressed there was marked excitement in the pork market, outsiders forcing the price to \$19.10 by the 9th. The wheat pit soon came into its own again, with an advancing market, which Partridge sought in vain to stop by the sale of millions of bushels. The excitement increased and when May wheat reached 82½ cents many margin calls were made on Partridge to which he quickly responded. Indications of growing opposition to the Hatch bill aided prices and there was talk of a concerted effort to force Partridge to cover. The bear plunger laughed at his opponents, predicted very much lower prices and increased his short line until it was estimated at some 10,000,000 bushels, with John and Michael Cudahy, Bloom & Lyon as the leading men on the long side of the market. The statement, by Senator Washburn, that the anti-option legislation would surely pass Congress weakened the market, and the clique strengthened its hold as the price lowered. The decline continued for several days, enabling Partridge to cover a portion of his short line. For a time the market was dull and privilege trading grew to such an extent that there was serious consideration of a project to establish a clearing house especially for these deals, but outside the Board of Trade, which did not recognize such transactions. Another market feature was the first trading in grass seeds for future delivery on the Cental system, the Illinois Seed Company selling March timothy seed to Dickinson at \$4.51 per 100 pounds, the equivalent of about \$2.03 per bushel. In the provision market there was a flurry in lard when Hatley & Fairbank bid the price up to \$11.40,

forcing Bloom to settle at a loss of some \$150,000 and there was an echo of the old ribs deal of 1892 when the courts decided against Ryan who was in default.

With the penalty removed, trading in privileges grew to an enormous extent, the trading on the curb being fully as exciting as that on 'Change. May wheat closed on January 27 at $78\frac{7}{8}$ cents and broke on the curb to $77\frac{1}{2}$ cents. On the 28th the market opened at $77\frac{3}{4}$ cents and rapidly declined to $76\frac{7}{8}$ cents. This wild market was attributed directly to the trade in privileges and created much adverse comment. President Hamill stated that he did not know that any action could be taken and Directors, when appealed to, said there was no rule against privilege trading. The protest resulted, however, in the Secretary reading the rule against trading after hours, before the full Board, with the statement that it would be rigidly enforced. This was followed by an "honor agreement" signed by many, to stop after hours trading. The price of pork, lard and ribs continued to advance but all the grain markets were depressed by the progress of the Hatch bill, which passed the Senate, but with amendments which, it was hoped, would render it less obnoxious to the grain trade. Before the close of the month of January, May pork had advanced to \$20 and wheat holdings were largely in the hands of the bull clique. The markets, during the first part of February, rose and fell as crop reports helped prices, or the progress of the Hatch bill depressed them. The single exception was lard which showed signs of manipulation and advanced steadily until 13 cents was reached. It was soon after the middle of February that there came rumors of trouble brewing among the financiers of Wall street, causing the market to halt while awaiting developments. The failure of Mr. Hatch to secure precedence for his favorite measure kept the grain markets steady, but the provision market failed to hold and there was a sharp break in pork, that commodity declining to \$18 on the 25th. The atmosphere was cleared, so far as adverse legislation was concerned, when the House refused to concur in the Senate amendments to the Hatch bill, thus effectually preventing legislation during that session of Congress. While the vote, which was very close, was being taken, the pits were deserted, the brokers crowding about the bulletin boards to get the news from Washington. With the defeat of this measure outside orders were greatly increased and all markets advanced, wheat gaining two cents per bushel.

With the 4th of March came the inauguration of President Cleveland and the younger democratic element of the Board took possession of the pits to celebrate the event. While the anticipated troubles in Wall Street had not fully materialized, the business world was disturbed by the prospect of a railroad strike and bankers sounded a note of warning that breakers were ahead on account of the inflation in industrial stocks. The Government report showed

larger stocks of grain in farmers' hands than had been expected and wheat and provisions tended downwards, this decline being increased as all awaited further developments in the financial world. Under these conditions the market was a nervous and hesitating one, there being no marked movements until the latter part of March, when there was fear of a corner in May wheat, which produced a semi-panic among the shorts, who hastened to cover at 80 cents. The situation was such that the Directors passed a resolution stating that an emergency existed in storage, thus paving the way for declaring additional warehouses "regular." The excitement in May wheat culminated on March 29, when it opened at 81 cents, advanced to $82\frac{3}{4}$ cents, at which price the clique sold several millions of bushels, forcing the price down to 80 cents, after which there was a general rush to sell and the price broke to $75\frac{3}{4}$ cents, the clique again buying on the decline. It was reported that private settlement of 10,000,000 bushels was made at 82 cents, supposedly by shorts in the Northwest, or by Pardridge, and the next day there was the quiet which generally follows storm.

The next storm center was in the pork pit when the longs attempted to realize, forcing the price down to \$16.15 for May, while the best live hogs declined in price to \$7. A further decline in provisions caused the failure of two small concerns and it was found that the only part of the provision trade which seemed to have strong support was September lard.

The reported losses made by Pardridge did not discourage that incorrigible bear but as the wheat market declined to 77 cents he was again a heavy buyer to cover a part of his short line. Reports of damage to the growing crops in April caused a temporary advance in July wheat to $77\frac{1}{4}$ cents. Although he had done some buying as above noted, Pardridge was still estimated to be short between 5,000,000 and 6,000,000 bushels, most of it for May delivery. Margins were called up to 93 cents and Pardridge was obliged to sell large amounts of stocks in order to protect his trades and it was reported that he had settled with Cudahy. The bulls were in control of the market and their campaign seems to have been directed particularly against Pardridge. On the 12th of April the market was forced up 3 cents in a very few minutes, this being followed by a decline of 6 cents in as short a space of time, after Pardridge had been forced to surrender. It was reported that Pardridge had been forced into bankruptcy, but, although he was badly crippled, he was able to withstand the assault and continue trading. The high price of wheat in the Chicago market attracted large receipts and the Directors twice added to the storage capacity by declaring the Hess and the Swanell houses regular and Armour rushed the construction of a new elevator on Goose Island. The situation also brought forth a sharp protest from those who declared that a conspiracy existed to raise the standard for con-

tract wheat. The Chief Grain Inspector was attacked as incompetent and as having raised the inspection requirements without due notice and contrary to the rules. Upon appeal being taken several cars of wheat inspected as No. 3 were passed by the Appeals Committee as No. 2. The Railway and Warehouse Commissioners were disposed to stand by their Chief Inspector and it was rumored the resignations of the members of the Appeals Committee would be asked, and the Chicago Tribune demanded an investigation of the entire inspection department. Chief Inspector Bunker denied the truth of the Tribune story, but there was much friction between the Inspector and the Appeals Committee and its members were later forced to resign. The financial situation became more and more the dominant market feature, however, forcing prices downwards as money tightened, until, by the middle of April some of the banks were refusing to make loans on wheat and the price for July delivery declined two cents. The condition grew worse rapidly, prices declined and trade came to a standstill. Within a few days it was felt that a panic was imminent and in a short time the first break came with the bursting of the boom at Sioux City, Iowa. Pork held its own and even advanced in price, but wheat declined as it became more and more difficult to secure money. Before the end of April, May wheat sold at $70\frac{3}{8}$ cents, and it was only the disastrous floods and continued rains which prevented a further break in the price of wheat, in view of the financial stringency. There was much liquidation at the close of April, and May opened with the money market in bad condition. It was difficult to float paper in the East, the "gold clause" had become a necessity if loans were to be obtained and interest rates advanced sharply. The May deliveries of wheat were small and fell into strong hands so that the market advanced temporarily. This was the close of the manipulation in May wheat, which culminated early in April, as already described. Cudaby was said to have started buying in December at $77\frac{1}{2}$ and to have sold, in settlement to shorts, about 7,000,000 bushels at 88 cents, so that his profits were large. Pardridge was the heaviest loser and his losses were placed at between \$500,000 and \$600,000.

With May the panic came in deadly earnest, stocks fell, banks called their loans, a bond issue was suggested to maintain the credit of the government. The National Cordage Company of New York failed and this was followed by the failure of the Chemical National Bank and the Columbia National Bank of Chicago, and the Northwestern Guarantee Loan Company of Minneapolis.

In the face of all this, it is no wonder that the financial editor wrote that in spite of adverse crop reports "wheat absolutely refuses to bull." All markets declined except that for September pork, which advanced to \$23 on the 26th of the month. The condition of finances rendered caution double necessary and the Direc-

tors posted a rule providing that the President and Secretary of a corporation doing business on the Board of Trade must be members of that body, this being adopted by a vote, taken the last of May. The record for June was nothing but one of disaster for the country at large and for many members of the Board of Trade. On the first of June the Plankinton Bank of Milwaukee failed and prices of wheat in Chicago were the lowest they had been for thirty years. Within a few days these prices were further reduced, with provisions the only high-priced articles on the list. Soon there came the report that a special session of Congress was to be called in order to repeal the silver purchasing clause of the Sherman Act, and this was followed in quick succession by such business and market reports as these: "Two Minneapolis elevator companies suspend, lowering all markets;" "prices still lower with July wheat quoted at 63 cents;" "New York banks issue clearing house certificates;" "July wheat at 62½ cents, with longs selling on account of high carrying charges and tightness of money;" "July wheat at 61⅞ cents and September wheat at 68¼ cents." This latter was the record for the last day of June.

With the large July deliveries of 6,000,000 bushels the situation was easier in wheat, and post-holiday weakness after the Fourth was followed by a slight rally based on reports of damage to the growing wheat crop. But nothing could long avail to advance prices in the face of the financial storm. The more courageous of the bulls made the effort time and again only to be beaten back by news of additional failures. The National bank's statements showed a great decrease in deposits, there was a tremendous crash at Denver, markets grew duller and duller, and failures were the chief news features of every day. The latter part of July the Directors adopted a memorial to Congress against the "unwise legislation" which had depreciated our currency, and asked for the immediate repeal of the Sherman law, and the authorization of \$250,000,000 in gold bonds, together with an amendment to the National banking law to permit the issue by National banks of currency to the par value of any of the government bonds held by them. By July 28th wheat, at 58¾ cents, was the lowest it had been for thirty-two years, or since the summer of 1861, the decline of four cents in twenty-four hours meaning a loss of \$680,000 on the wheat in store in Chicago, and the financial situation was recognized as the sole cause of the depression. B. P. Hutchinson, who had returned to Chicago, but who was not trading, stated that he had predicted 60-cent wheat, but that he now felt the bottom was reached. However good a prophet he may have been he was wrong in his last surmise, for wheat continued on the down-grade reaching 54¾ cents by July 31st. During all this time the price of pork and lard had remained high, and all out of proportion to other commodities, on account of the steady support of the market given

by John Cudahy, A. W. Wright and others. This naturally attracted many sellers who believed that the product could not be disposed of at the high price, and the increasing demoralization of the money market made it continually more difficult to obtain the cash with which to finance the manipulation. There was an all-night session with prominent bankers, at which Mr. Cudahy did his utmost to obtain a further loan of \$400,000 with which to carry the deal through. Finally the loan was agreed upon and it lacked but one signature, that of Michael Cudahy, to complete the transaction. This signature at the last moment, was not forthcoming and the deal collapsed. September pork stood at \$19.25 on July 31st and opened August 1st at \$18.75. When the clique brokers ceased buying the price fell 50 cents and \$1 between sales and the decline did not stop until the big packers, who had been rallied by Ogden Armour during the course of the night, came to the rescue, stopping it at \$10.50, a loss of \$9 in thirty minutes. But the loss on the 70,000 barrels of pork which A. W. Wright was supposed to be carrying, was entirely overshadowed by Cudahy's loss on some 200,000 tierces of lard, about one quarter of which was bought just before the collapse in a desperate effort to sustain the market. While the price of pork was tumbling eight or nine dollars a barrel, Cudahy's brokers held September lard above 9 cents a pound, and their principal does not seem to have abandoned hope of success until about noon. At 12:30 Secretary Stone announced the failure of John Cudahy and, in **one minute**, according to the newspaper reports, the lard market dropped from 9 cents to 6 cents, and reached 59/10 cents per pound before there was a halt. The loss on this gigantic lard deal was estimated at \$2,000,000 to \$3,000,000. How much interest N. K. Fairbank had in this attempt to corner the lard market is unknown, but there is reason to believe it was considerable. Nor is it known how much interest, if any, Cudahy had in A. W. Wright's pork deal. At all events the two "deals" were closely related, and the failure of the pork corner made the collapse of the lard corner almost inevitable. With the collapse of these deals came the announcement of the suspension of Wright & Haughey, the North American Provision Company, J. G. Steever & Co., A. Helmholz & Co., and E. W. Bailey & Co. The failures of D. Eggleston & Son, Geo. G. Parker & Co., and Thomas Greig were announced the next day and the total liabilities of the suspended firms were placed at from \$4,000,000 to \$4,500,000, although subsequently it was found that the amounts involved were not so large. That the financial crisis was not confined to the Board of Trade is evidenced by the fact that it was at this time that the great mercantile firm of J. H. Walker & Co. and the Silverman bank went under. With "Cal" Favorite, Armour's confidential assistant, buying feverishly, and with half a dozen of the leading packers of the city on the floor buying all the provisions offered,

the big interests were able to stop the decline and actually to advance prices to some extent and then came the clearing of the wreckage, in which all the great interests of the market were concerned, the tragedy of which was deepened by the suicide of Nelson Van Kirk, who killed himself on account of an unpayable balance of \$56.25. The creditors of Wright & Haughey met and were informed that the liabilities were \$100,000 and that the concern expected to be able to pay in full. E. W. Bailey & Co. offered 25 cents on the dollar, in cash, and more later; G. G. Parker offered 50 cents on the dollar and more when settlement could be made with other members of the clique, while Cudahy pledged 50 cents on the dollar, based on good real estate security, and the balance in full to be paid later. These were gloomy days for the Exchange and for Chicago and for the whole country. A band of 3,000 of the unemployed marched through the streets of the city demanding work, New York exchange fell to 1½ per cent discount, and perhaps nothing illustrates the stress of the times better than the front page sensation which was made in the Chicago papers of the fact that Armour & Co. were to receive \$500,000 in gold for the payment of wages. By the middle of August Mr. Helmholz gave his creditors checks for 30 cents on the dollar in order to be able to resume business and John Cudahy turned over \$830,000 to meet his obligations, this amount being increased \$500,000 by notes signed by his brothers, a final settlement of 100 cents on the dollar being pledged. At the packing houses 10,000 idle men fought for the chance to work; there were parades of men with "We Want Work" banners and riotous scenes at every establishment where work was to be had. It is no wonder that memberships in the Exchange were offered at \$850. Among those asking transfer of membership at this time were B. P. Hutchinson, Moses Fraley and S. V. White, while Phil Armour, junior, was one of the few applicants for membership. Following the track of the great crash we find that Wright & Haughey were able to offer to pay but 10 per cent of their indebtedness in cash, but with secured notes for the balance, which offer was accepted; that Steever offered 10 per cent in cash and 15 per cent in securities; that Thos. Craig paid 50 cents on the dollar, in cash, with good security for the balance, and that nearly all of Cudahy's creditors agreed to accept the offer made to them. The continued support given the provision market by the big packers throughout August was all that saved the entire market from panic. Confronted by these calamitous times, the members gave little thought or attention to other matters. In July there was pause to mourn the death of G. M. How, one of the oldest and most respected members of the Association. Following Horace Greeley's advice, Mr. How gradually worked his way westward from his birthplace in Portland, Maine, coming to Chicago in the staunch old steamboat "Sam Ward," at an early day. He

went into the grain business at La Salle, then a long journey from Chicago, and later transferred his business to Chicago. He assisted in preparing the first annual report of the Board of Trade and was a Director for several years previous to his elevation to the Presidency in 1874. For nineteen years he represented Chicago as a delegate to the National Board of Trade, and for ten years he was a Vice-President of that organization, so that he was well known not only in Chicago but throughout the country.

A matter of concern to the Board arose, in August, when a petition was circulated against the removal of Thos. Foster as a member of the Appeals Committee. This opened up the whole subject of the inspection service and a committee consisting of Messrs. Pope, Rogers, Nash, Bartlett, Norton, Richardson, Seaverns, Hannah, Rosenbaum and Young was appointed to see if some better understanding could not be reached with the Railroad and Warehouse Commission concerning this service, but no definite agreement was reached.

With September there came a very slight improvement of conditions but they were still serious. President Cleveland had called an extra session of Congress and demanded the unconditional repeal of the Sherman act, and, on the Exchange, wheat and corn showed improvement, while the packers maintained the price of provisions. On the other hand the great Illinois Steel Company was obliged to close down for lack of orders, and doubt was felt as to the value of the wheat certificates issued by the elevators of the Northwest, and it was feared that the banks would refuse to loan on them, thus forcing grain to market. Some of this "Wheat Scrip" was shown on 'Change. It read as follows:

Minneapolis, Minn., Sept. 1, 1893.

On demand we promise to pay the bearer Five Dollars (\$5.00) for grain purchased. This obligation is good only when countersigned by K. R. Guthrie, Secretary, and payable at the First National Bank of Minneapolis.

(Signed)

Empire Elevator Company,

Chas. A. Pillsbury,

By G. W. Porter, Secretary.

President.

The scrip was finely engraved and of bank-note size. Comments upon this scrip were free, but it was generally agreed that it was probably the best that could be done, and a benefit to trade.

With the financial pressure somewhat relieved, prices responded more to natural conditions and the Government report of crop shortage served to cause advancing markets. While the Board of Trade and Transportation Convention held at New York, at which 175 delegates represented 69 organizations from 21 states, passed resolutions favoring the immediate repeal of the silver purchasing clause of the Sherman Act, the bankers of Chicago ban-

queted in celebration of the "end of the financial panic." Fear of delay in the desired legislation in the Senate caused business men to be timid, and the record of State and private failures, issued in September, giving the number, from January 1st, as 560, Kansas being first with 45 failures and Illinois second with 41 failures, showed that there were ample grounds for business caution. This list did not include failures of National banks. Many affairs of the August crash were still open and a paper was circulated among the creditors of the Eggleston firm agreeing to accept the settlement offered of from 20 to 25 per cent in cash and the balance in secured notes. Some creditors felt that more cash should be offered and the unanimous consent necessary was not obtained at that time. On the whole, however, conditions were better, especially in the provision market, for lard was back to the price before the August break and pork had regained six dollars of its lost price. December wheat, the last days of September, was still under 70 cents.

During all these months the business conditions in Chicago were better than in many sections of the country, partly on account of the great influx of money brought by the World's Fair. What they would have been without the millions poured into the city by its guests is hard to determine. As the close of the Exposition drew near it was proposed to make "Chicago Day" the greatest of the many special days for which the Fair had been noted. The Board of Trade took great interest in this event, closing the Exchange on Chicago Day and entering the great civic parade with a handsome float in which "Commerce" was represented in an argosy with single sail, with "Fortuna" as the guide. Gold and white were the colors used and the heads of the eighteen horses used to draw the float were decorated with electric lights supplied with power from a storage battery. This float was one of the most beautiful of the magnificent parade.

Before Chicago Day could come to pass, however, the Board of Trade was the scene of one of the most sensational events in its history. During the Fair the Exchange was one of the great objects of interest for visitors from far and near. In order to accommodate these guests the galleries had been thrown open to the public and it was impossible to scrutinize the character or appearance of the many spectators. On the morning of September 27th, while the galleries were filled and while the floor of the Exchange was the scene of the usual animation of the market, a maniac, Belden, by name, arose in the gallery and fired five revolver shots into the crowd below. There were nearly a thousand people on the floor and as the shots rang out, followed by the cries of the wounded, a mad panic ensued. The crowds rushed from the galleries, trampling over those unfortunate enough to fall and, on the floor of the Exchange, there was a "rush to cover" such as had

never been seen in the wildest days of market excitement. Thos. Barrett was the first to move for the capture of the insane man. He ran to the gallery, rushed at Belden and succeeded in knocking him down and disarming him. He was helped by Henry Hudlum, a bootblack, and soon others came to the rescue. With the scene of violence and bloodshed before their eyes, for A. M. Bennett, secretary of the Board of Trade Mutual Benefit Association, was shot in the neck, C. W. Roswell, assistant chief operator for the Western Union had his jaw shattered by a shot, and Mrs. W. W. Lewis was wounded in the side, the brokers ran to the gallery intent upon wreaking summary vengeance upon the guilty man. There were shouts of "Lynch him," "Fling him over," "Kill him." A rope was obtained and fifty men rushed for the gallery to secure the culprit and to visit swift punishment upon him. They were met by President Hamill and Vice-President Chandler, who implored them not to disgrace the Board by any act of violence. Most of the crowd desisted, but some pushed their way to the gallery and there met Belden and his captors. A struggle followed in which Belden was roughly handled, and in which Mr. Trieber, who was mistaken in the confusion for the guilty man trying to effect his escape, received some stinging blows. Belden was finally taken to the police station, and it there developed that he had a record of insanity, having been confined in an asylum and released as cured. The attack was not that of a crank or of any man who had a grievance against the traders, or who was driven to desperation by losses. It was simply the mad act of an insane man who should not have been allowed at large. When from his excited talk and from his record, these facts were learned there was no attempt to punish him save to have him so confined that he could not again endanger the lives of innocent people. As an aftermath of this exciting episode a collection was taken to provide a suitable testimonial for Mr. Barrett who had shown his bravery by being the first to rush to the capture of Belden and he was presented with a handsome diamond studded medal with the inscription: "For Distinguished Valor." Neither was the boot-black, Hudlum, forgotten by the Board's gratitude and, later, suitable employment was found for Mr. Bennett when his serious wound was healed, and he was also presented with a purse of \$1,000. One result of the shooting was to make the Board more careful about the admission of strangers, and the south gallery was closed to visitors, while no gentlemen without ladies were admitted to the north gallery.

With October attention turned to trading for January delivery, and there was comparative steadiness in the markets until the report of a probable compromise in the Senate on the silver question destroyed public confidence that the desired legislation would be enacted, and about the middle of the month wheat was again at

a low level, touching $60\frac{1}{4}$ cents. Later, there was an advance upon a more favorable rumor as to the repeal of the silver-purchasing clause, and those who had sold short were given a scare which sent the price of October pork up to \$17.

A sensational turn was given to the affairs of the late clique in provisions by the suit which Mr. Wright brought against John Cudahy, the petition setting forth that Cudahy was a partner with Wright in the pork deal and thus responsible for one-half of the losses. It was also asked that the trust deed given by Cudahy as security to his creditors be set aside, and that Mr. C. L. Hutchinson, who had been appointed as trustee, be removed and a receiver appointed for the alleged partnership firm of Cudahy & Wright. This suit delayed the proposed settlement with the Cudahy creditors.

The closing days of October were full of incident, not only for the Board of Trade but for all Chicago. On the 28th Mayor Carter H. Harrison was shot down at his home and the entire city mourned his death and was filled with resentment at the crime. The Board of Trade, in common with the other institutions of the city, was closed on the day of the Mayor's funeral and the Board was officially represented by a committee consisting of President Hamill, Secretary Stone and Messrs. Lightner, Baker, Dwight, Rogers, M. Cudahy, and Fiske.

On October 30th the news was flashed that the silver forces in the Senate had surrendered and the obnoxious purchasing clause of the Sherman Act was repealed. Curiously enough, while reassuring to business, this news was met with a declining market, for it had already been discounted and there was a rush to realize profits when the news was confirmed. The last day of October saw the close of the greatest exposition the world has ever known. It had been planned to make this a great holiday occasion, but all celebration was abandoned in the grief following the assassination of Mayor Harrison. It was gratifying to Chicago, however, to know that the admissions, totaling 27,529,400, were the largest ever recorded for a similar exhibition, and that the Fair had been a success from every view-point.

The Republican victories in November gave encouragement to those who believed it presaged a return to better times, and were responsible for a temporary advance in prices, but the large receipts of wheat forwarded by farmers who were in no position to hold for better prices, depressed the market and Partridge again became prominent as a bear. During the year there had been many alarming rumors as to the safety of the Board of Trade building. The Directors had had this matter under investigation and, in November, additional engineering advice was secured that the best expert judgment might be obtained as to the necessity for remodeling the building and the probable cost. Attention was also given the new

plan for trading advanced by Robert Lindblom, and a committee consisting of C. H. Adams, G. D. Rumsey, C. B. Congdon, J. C. Hately and G. R. Nichols was appointed to investigate and report. This committee held a number of sessions during the remainder of the year and invited advice and co-operation from all the membership, but no report was ready before the close of 1893. Another act of the Board was to vote to continue closing the Exchange at noon on Saturday, this short week-end session having been instituted earlier in the year in order that members might attend the World's Fair.

With the silver question temporarily settled the members found that they were confronted by other legislation which affected their interests, and those who were engaged in the barley trade united to petition Congress against the proposed removal of the tariff on barley. Tariff uncertainty and the depleted condition of the country on account of the financial strain of the preceding months caused lower and ever lower markets throughout the remainder of the year. The middle of the month it was reported that 13 per cent of the railroad mileage of the country was in the hands of receivers and on the 27th, May wheat made what was then its lowest record for the year. As winter approached the condition of the poor of the city became more desperate, the Board of Trade joined with other citizens to relieve the distress, and a carload of flour was purchased for the destitute of the south side of the city. In order that the relief work might be systematized the Board co-operated with the Central Relief Association, and a committee consisting of Messrs. Beebe, Bigelow, Avery, Wanzer and Schwabacher was appointed to receive subscriptions from the members.

During December there was the usual ante-election discussion, and among those first mentioned for the Presidency were W. J. Pope, Henry Botsford, W. T. Baker, and R. G. Chandler. Mr. Raymond declared that he was not a candidate, and there was still stronger demand for the candidacy of Mr. Baker. Later a caucus was held and Mr. C. L. Raymond was nominated for President and W. H. Bartlett for Vice-President.

Two minor events of December are worth recording, one the announcement by B. P. Hutchinson that he was prepared to fill orders as a commission merchant, and the other the growing feeling against the continued bear operations of Partridge, as shown by the fact that Mr. Pulsifer offered to sell 100,000 bushels of wheat to anyone, "barring Partridge." This was resented by Partridge's broker, who insisted that under the rules an offer must be "open" and, therefore, subject to acceptance by any member of the Exchange.

With the close of the year there was a determination expressed that the extravagant conduct of the preceding year should not be

repeated at the New Year's frolic. To this end special warning was given that suspension for thirty days would be the penalty for boisterous conduct, and a committee consisting of Harry Hamlin, Harry Avery, and others, was appointed to prepare a suitable and decorous program. With these restrictions there was plenty of fun, but no flour at the celebration when "Governor" Bill Young and Joe Watt, the two heavy-weights of the Exchange, headed the Grand March. Songs and the presentation of ridiculous, but emblematic gifts marked the event, although the proceedings were characterized as "tame" by those fond of a more athletic celebration. Perhaps the losses and the hardships of the year and the evident distress of the poor of the city had much to do with there being a smaller amount spent for "celebration" and a larger amount for charity.

The record of the markets during the panic year of 1893, with its constantly reduced values, with the exception of provisions, until the great crash in August, has already been given, and at this time a mere outline of the various markets is all that is necessary.

The receipts of wheat aggregated 35,355,101 bushels and the shipments 24,715,738 bushels. During the first of the year there was much confidence, and the opening price of $72\frac{1}{8}$ cents was advanced to $77\frac{1}{4}$ cents by January 16th. The fluctuations were not marked during February and March, but the price was well maintained. April witnessed a sharp advance to 85 cents by the 11th, but the market declined to 71 cents near the close of the month. In May the financial situation became acute with corresponding depression in prices, and wheat fell below 70 cents for the first time in the year, on the 29th. This decline continued until the price was under 60 cents the latter part of July and the forepart of August. The recovery was slow, but there was a rally to $69\frac{1}{2}$ cents by the middle of September. Following this the course was downward, the price declining to 59 cents by November 20th, advancing to $64\frac{1}{8}$ cents December 7th and again declining to $60\frac{3}{8}$ cents at the end of the year.

Corn.—The receipts of corn were 91,255,154 bushels, being the third largest known up to that time. The shipments were 78,919,781 bushels, or about 8,000,000 bushels more than for either of the two preceding years. The market opened at $40\frac{3}{8}$ @41 cents, the January bulge carrying the price $44\frac{3}{8}$ cents. This advance was but temporary, and $40\frac{1}{8}$ cents was reached by the close of February. The market was dull and the range small during March, and on April 1st, the price went a fraction below 40 cents, with but small improvement during the month. Reports of damage to crops in Europe, and a better demand for export, caused an advance at $44\frac{7}{8}$ cents early in May, but the price was again below 40 cents by the close of that month, while the June range was from $37\frac{1}{4}$ cents the 5th to $42\frac{1}{8}$ cents the 19th, with a closing price of $38\frac{3}{8}$

cents. Forty-one and five-eighths cents was reached July 8th, but the market weakened and $36\frac{1}{4}$ cents was quoted the 31st. With but temporary reaction the price trend was downward during the remainder of the year, the low price, $34\frac{1}{8}$ cents, being reached December 27th, with the closing price but slightly above that figure.

Oats.—The market for oats was without sensational incidents and followed the general course of other markets, with the additional depressing factor of heavy receipts which were by nearly 5,000,000 bushels the largest Chicago had known, aggregating 84,289,886 bushels. In spite of these abundant receipts the shipments were less than during the three preceding years, amounting to 67,129,119 bushels. The price January 3d was $30\frac{1}{8}$ cents, and the market was steady with a slightly lower tendency until near the close of March. This decline was sharper during April, $26\frac{5}{8}$ cents being reached about the 20th of that month. Renewed confidence in the market caused a slight advance during early May, and there was a fairly steady market during June and the major part of July. Near the end of that month financial depression, together with large receipts, caused a decline to $21\frac{5}{8}$ cents, and although the August market was somewhat stronger the price did not go above $25\frac{1}{8}$ cents. In September there was an irregular advance to $28\frac{5}{8}$ cents the 26th, and the month closed at 28 cents, which was but $\frac{1}{4}$ cent under the closing price for October, which in turn was identical with the closing price for November. The December market was easier and with narrow range, but the closing price for the year was $28\frac{3}{4}$ @29 cents.

Rye.—The market for rye was affected not only by the general depression, but by the small demand from distillers and the low price of wheat. The receipts were less than for a number of years, aggregating 1,707,072 bushels, as against more than 9,000,000 bushels in 1891. The shipments were 1,320,013 bushels, and were also much less than for years immediately preceding. The market opened at 53 cents and advanced to 58 cents by the middle of January, but declined to 50 cents before the end of the month. The February range was from $53\frac{1}{2}$ cents the 1st to $51\frac{1}{2}$ the 28th, and this decline was more marked during March, the price settling to 47 cents the 30th. There was slight improvement during April, and May cash rye sold as high as 62 cents, but the month closed at 55 cents. June prices were almost steadily downward, $47\frac{3}{4}$ cents being reached by the end of the month. July prices were higher and well sustained with a range from 47 to 51 cents, with a sharp decline to 43 cents on the 31st. The price advanced to 48 cents near the middle of August, but declined to 42 cents at the close, while September prices were lowest, at $40\frac{1}{4}$ cents, the early part of the month and advanced to 47 cents by the 30th. The October range was from 42 cents the middle of the month to 48 cents at the

close, while the November market was weak and slightly lower. The decline during December was continuous from 47½ cents the 1st to 45 cents the 30th.

Barley.—There was little speculation in the Barley market, and the demand was so nearly up to the supply that the depression in price was not so marked as in other cereals. The receipts were 13,345,845 bushels and the shipments 8,233,268 bushels. The market for No. 2 cash barley was steady at 65 cents for the old crop up to the close of July. Trading in the new crop began in September at 52 cents, but reached 55 cents before the close of the month, at which price it was steady through October and the first half of November; 53@54 cents was the ruling price until the last days of December, when there was a decline to 52 cents.

Seeds.—The exceptional facilities afforded by the Chicago market mitigated the general state of depression so far as seed prices were concerned. The cental system had by this time been generally adopted by the dealers in seeds. The receipts of timothy seed were 36,537,536 pounds and the shipments 50,392,184 pounds, while the receipts of clover seed were 9,578,610 pounds and shipments 15,381,400 pounds. The price for choice timothy seed per cental declined from \$4.50 in January to \$3.20 in November, but advanced the last weeks of the year and closed at the January price. Choice clover opened at \$13.42 per cental and advanced to \$15.40 in February, this being the high price for the year. By September the price had worked down below \$10, and \$9.10, the low price, was reached the 1st of November, after which there was a recovery to \$10.60 by the end of the year.

The small crop of 1892 created a good demand for flax seed and prices were well maintained until the new crop receipts depressed prices in August. Later good export business sustained the market, making the year as a whole fairly satisfactory. The receipts were 8,101,992 bushels and the shipments 7,730,641 bushels. No. 1 cash flax seed was quoted at \$1.10 on January 3, with an irregular advance to \$1.24 by February 18. A decline followed, which continued irregularly until \$1.02 was reached in June, with a rally to \$1.16 by the 29th. July prices were lower and steady, but in August there was a sharp decline, 86 cents, the low point of the year, being reached on the 8th. This was followed by an advance to \$1.03 and the month closed at 98 cents. The price improved during September, reaching \$1.06½ the 26th. October prices ranged lower, the month closing at \$1, while in November there was a sharp advance to \$1.15½ at the close of the month. The December market was active and much higher, \$1.39½ being quoted on the 29th, and \$1.38 being paid on the 30th.

Flour.—Financial conditions and low priced wheat affected the flour market seriously, and price concessions seemed to offer no inducement to generous buying. The receipts were 4,664,424 bar-

rels and the shipments 4,105,117 barrels. The amount manufactured in Chicago by the three mills which were in operation amounted to 455,469 barrels. Spring wheat patents, of best quality, sold at \$4.10 per barrel in January, and the price was maintained at or above \$4 until October, after which there was a decline to \$3.60 in December, the market closing 10 cents higher. During the spring months inferior grades sold as low as \$1.25 per barrel.

Provisions and Live Stock.—The receipts of both cattle and hogs showed a marked decrease as compared with 1892. The cattle receipts were 3,133,406 head and the shipments were 900,103 head. The number of cattle packed for the year ending March 1, 1893, was 2,469,373 head. Beef hams sold as high as \$20.50 in February and declined to \$14.50 in December, which was about the opening price. Prime beeves opened at \$6, and were quoted at or above that figure until June, declining to \$5.05 by the latter part of August, advancing to \$6.50 in December and closing at \$5.90.

The receipts of live hogs were 6,057,278 head and the shipments were 2,149,410 head. The receipts were nearly 700,000 less than in 1892, and in any other year this scarcity would have benefited prices largely. The top price for packers and shippers' hogs opened at \$7.60, advanced to \$8.75 by the middle of February, but declined sharply to \$7.90 in March. The price of \$8 was again reached in May, but by the middle of June the market had declined to \$6.50. By August, \$5.50 was reached, but September and October prices ranged higher, reaching \$6.85. November and December witnessed a decline, \$5.35, the low price for the year, being reached the third week in December.

The provision market showed a condition of extremes, and was one of the most memorable in the history of the Board of Trade. During more than half of the year manipulation was the controlling factor, the bull clique being assisted by natural conditions until near the date of the collapse which brought widespread financial disaster to some of the strongest houses. The Wright-Cudahy deal, of which an account has been given, was the sensation of the year, and, after its culmination, the market settled into a state of quietude. Cash pork stood at \$16.15@16.30 on January 3. There was no general belief in manipulation, but the influence of bull operators was apparent, and under the excitement attendant upon the continued talk of scarcity of hogs, the price advanced to \$19.85 before the close of the month, with lard at \$11.80 and ribs as high as \$10.45. The February market was strong with the short interest anxious and excited and the longs well in control. The government report in January showed a hog shortage of more than 6,000,000 head compared with the preceding year, and this helped to maintain the market for mess pork well above \$19 until after the middle of February, while lard advanced to \$12.87½, and ribs were quoted at

\$10.40. There was a decline in all provision markets by the close of February which continued through March, and May pork touched \$15.72½ on April 3d. There was little trade in cash pork during April, the clique being in control of the market, and prices for May delivery were advanced to \$19.35 by April 28, when lard was quoted at \$10.45 and ribs at \$10. During May the manipulators were in complete control of the market, holding the price well over \$20 and causing an advance to \$21.60 for cash pork on the 26th with September pork as high as \$23. After forcing the shorts to cover at these prices the market was allowed to ease down to \$20.20 at the close of the month. In June, financial conditions were such and the high prices attracted such large receipts of hogs that the clique allowed the price to decline irregularly to \$18.75 on June 30, lard and ribs following the general course of mess pork. During July the clique was able to maintain the price and to cause an advance to \$20 by the 24th, but by the 31st the market had declined to \$18.60. The great crash came on August 1, the price of September pork going from \$18.75 to \$10.50 on that day, while lard declined from \$9.75 to \$6, and ribs from \$7.25 to \$5.90. The strong support given the market by the large packing interests gradually worked prices back to \$14.65 for September pork, \$7.90 for lard, and \$8.65 for ribs by the end of August. This improvement continued through September, pork reaching \$17 before the close of the month, lard touching \$10 and ribs being quoted as high as \$10.25. The October market opened with pork at \$15.40, lard at \$9.30, and ribs at \$8.95. Pork advanced to \$17 by the 23d and declined to \$16.40 the 31st, lard advanced to \$10.45 the 23d and declined to \$10.25, and ribs advanced to \$9.40 after the middle of the month and closed at \$8.80. During November the trend was downward, cash pork going from \$15.50 the 3d to \$12.50 the 23d, and closing at \$12.75, while lard and ribs registered a similar decline. The December market was steady with a lower average price, \$12.10 for mess pork being touched on the 18th, and the last quotation being \$12.62½, with lard at \$8.15 and ribs at \$6.55.

Transportation.—Railroad building was almost at a standstill and there were many disputes as to rate discrimination and car service. Freight rates averaged considerably higher than in 1892, the average rate on wheat per pushel to New York by lake and canal being \$.0766, by lake and rail, \$.0848, and by all rail, \$.1463.

1894

In 1894 industrial prostration followed in the wake of the financial panic of 1893. In the first rush of disaster all those institutions not built upon the most solid foundations had gone down and those remaining were prepared to weather any storm. To do this, however, they were conserving every resource. All unnecessary expenses were eliminated, the ordinary expansion of busi-

ness was stopped, and new enterprise was a thing almost unknown. The business of the country was like a ship, with bare masts and hatches battened down, running before the storm, and while there were fewer wrecks, the mere struggle for existence required all the energy and skill the country possessed.

Great strikes and riots, which amounted almost to revolution, and which called out the strong force of the Federal Army, threatened the very life of the Republic. From coast to coast there was the tramp of the armies of the unemployed; some unorganized, suffering silently, with mute appeals for work and bread; others, militant and menacing, marching with Coxey or Kelly or Randall to demand from the Nation the right to live.

Conservatism, ultra-conservatism, was the business rule, forced by stern necessity, at first, and prolonged by timidity taught by panic. Thus it was that, on the Board of Trade, while men still struggled for gain, and by foresight won, or by lack of foresight lost their fortunes, there were no attempts at large manipulations, and the markets throughout the year were controlled by natural laws and not by artificial movements. Money became plentiful before the year had ended, but there were few who cared to use it in commercial adventure or for any purpose that was not sure and safe.

During the year the forces of nature seemed combined to add to the hardships of the people, and the broad prairies of the corn-producing states of the West were visited by an unprecedented drought until the bellowing of hungry cattle arose from the parched and barren fields, and for several months there was the infrequent anomaly of corn selling pound for pound at a higher price than wheat, while farmers fed the finer grain to stock.

The same spirit of unrest and protest which drove the unemployed to march across the country impelled the members of the Board of Trade to revolt against the business conditions which surrounded them. The commission men and smaller traders believed that a combination existed between the railroads, the elevator interests and the chief packers, and that this combination threatened the very existence of the grain trade as it had been known. These conditions had been realized prior to this time, but the lack of general business accentuated the grievance and provoked the bitter struggle which lasted throughout the year and which left the Chicago market, for more than a month, without any regular storage for grain. The story of this contest, and the narrative of market conditions constitute the chief items of interest in the history of the Board of Trade for the year.

The old year closed with the markets firm but clouded with false rumors as to Wall Street disasters. On January 2nd, wheat stood at 59 $\frac{3}{4}$ cents, corn at 34 $\frac{3}{4}$ cents, oats at 28 cents, rye at 45 $\frac{1}{4}$ cents and barley at 52 cents, while in the provision market, mess

pork was quoted at \$12.77½, lard at \$7.90 and ribs at \$6.55. The impetus of optimism given by the New Year served to give the markets an upward tendency during the first ten days of January, after which they settled back to about the level of the opening day.

Business conditions forced attention to questions of governmental policy and the delegates to the National Board of Trade interested themselves the first of the year in formulating the resolutions which they desired to present for the consideration of that body. These included recommendations for the restriction of immigration, the revision of tariff and revenue laws, the strengthening of the Interstate Commerce law and the increasing of National Bank currency under proper restrictions. The delegation consisted of G. F. Stone, F. G. Logan, R. S. Lyon, L. W. Bodman, H. F. Dousman and W. J. Pope, and it proved influential in securing the passage of a resolution regarding immigration and of a resolution, introduced by Mr. Logan, for stronger National laws to prevent train robberies. H. F. Dousman was elected a Vice-President of the National body to succeed G. M. How, deceased. Resolutions favoring reform of the consular service were also adopted.

It was at first thought that there would be no opposition to the election of C. L. Raymond as President, but a few days prior to the election a second caucus was held at which J. H. Hurlbut was placed in nomination, with J. M. Fiske as a candidate for Second Vice-President. At the election Mr. Raymond was successful by 205 majority, while Mr. Fiske was elected by a majority of 204. The Directors elected were Frank K. Dunn, J. C. Ross, George R. Nichols, Wm. Nash and W. L. Kroeschell. One of the chief issues was as to the rebonding of the debt of the Association and the extent of the repairs to the building which were felt to be necessary. The old Directorate favored the election of Mr. Raymond and the campaign was vigorous, old members being brought to the polls, and a vote of 1,246 being cast. The committee appointed in 1893 to consider new rules for trading made a lengthy report just before the election deciding against any radical change in methods and favoring continued trading in "futures," and this was to some extent an issue with the voters. At the annual meeting President Raymond spoke in favor of restricting transactions in futures to sixty days, but no action was taken by the Board to this effect. The report of the Directors gave the receipts for the year ending January 8, 1894, as \$229,586.55. Nearly \$85,000 of this amount was derived from the annual assessment and \$119,000 from rentals. The expenditures aggregated \$234,535.65, the chief items being interest on bonds and the expenditures of the real estate committee each slightly exceeding \$62,700. The cash on hand was \$25,957.45, nearly \$5,000 less than at the close of 1892. The report spoke of the increased expense necessitated by the proper enter-

tainment of distinguished guests during the World's Fair and the publicity which had been given the methods of the Exchange. It also congratulated the Board upon the defeat of hostile legislation, and went into details as to the extensive repairs which had been made in the building. Speaking of the charities of the Board during the distressing days of 1893, the report said that the voluntary subscriptions amounted to \$13,918 besides large supplies of meats and flour. The money was expended for the relief of the families of firemen killed at the cold storage fire, and the relief of Mr. Bennett and Mr. Roswell, who were injured in the Exchange Hall by the maniac Cassius Belden; and a contribution was made to the Chicago Relief and Aid Association. The report dwelt at some length upon the work of the Transportation Committee and the Freight Bureau, with especial reference to the perplexing subject of switching charges, and commended the methods of the Board of Trade Mutual Benefit Association. Eulogistic comment was also made concerning D. H. Lincoln and G. M. How, two ex-Presidents of the Board of Trade who died during 1893. The annual assessment on the 1,888 members was fixed at \$45, the same as in 1893.

It was but a few days after the annual meeting that a chip of granite, weighing about two pounds, fell from the tower of the Board of Trade building. Examination showed that an old crack had caused the chip to fall and this greatly hastened action concerning the removal of the tower. For more than two years there had been suspicion that the building was not entirely safe and systematic investigations and measurements had been made by William Sooy-Smith, the Board's consulting engineer, a report having been made during November, 1893. It was thought that either the tower or the building must go, as it was found that the structure rested on a stratum of muddy clay and was settling rapidly in an irregular way. For five years levels had been taken and it was found that the building had sunk eight inches, or at the rate of 1/16th of an inch per month, the northwest corner having sunk the most, while there were cracks in the south wall also. It was estimated that to underpile the building would cost about \$150,000 and it was decided to remove the tower, which would be much less expensive. In February the tower clock was stopped and the work of demolition of the tower commenced. This repair was completed during the year at a cost of more than \$20,000, but without disturbing the business of the Board.

After the middle of January markets either declined or barely held their own during the remainder of the month. The report that the French government was about to raise the tariff on wheat was a bear factor, and heavy buying failed to sustain the market. Pardridge lead the bear element, and objection was made to some of his methods and opposing traders took occasion to call him for margins whenever possible. Congratulations by the Directors on

the defeat of so-called anti-option legislation were a trifle premature, and the favorable report on the Hatch bill in the Senate, and the new bill introduced by Senator George served to depress the markets of early February. Later in the month hope that this hostile legislation would be defeated was abandoned and Secretary Stone called a meeting of representatives of leading Exchanges to consider the course to be taken in the event of its passage. This was intended to be a secret, but the news became public. Many Exchanges were represented at this meeting, and mild resolutions were passed condemning "class legislation" as unconstitutional. The meeting also decided that there was little hope of defeating the objectionable bill and that, if it was enacted into law, the Exchanges should continue trading as before, carrying a test case to the courts.

During February the course of the wheat market and of prices for provisions was downward until after the middle of the month, while other markets just about held their own. There was a slight rally on the 8th, when Armour went into the pits as a heavy buyer of wheat, and a sharp decline, the following day, when he and New York parties, who were then forced to abandon an extended bull campaign which cost them several million dollars, were large sellers. This was a day of panic on the Exchange, May wheat declining to $60\frac{3}{8}$ cents. There were no failures, but operators in New York, St. Louis and Chicago sustained severe losses. This decline continued until $54\frac{1}{2}$ cents was reached for cash wheat, on the 16th, with May wheat at $57\frac{1}{2}$ cents.

It was at this time that the first official action was taken concerning the many complaints relative to the growing encroachment of the warehousemen upon the cash grain trade. A committee was appointed, although there was some difficulty in its make-up, as several members declined to act. The committee as finally formed consisted of Messrs. Beebe, Dousman, Templeton, Coon and Richardson. It was stated that the grain trade was being monopolized by a few, while nearly 100 grain receivers had practically been driven out of business. The Grain Receivers and Shippers also held a meeting to consider the refusal of certain local firms to accept the weights and services of the official Board of Trade weigher. The elevator committee held several meetings and decided to ask a conference with the Railroad and Warehouse Commissioners as to the prevention of the mixing of grain in unlicensed warehouses and to urge an increase in the charge for inspection at unlicensed houses to the same figures charged at licensed warehouses. It was also stated that charges against the state inspectors might be filed.

There was joy among the bulls when wheat advanced two cents on February 20th, and a reduction in freight rates by the Grand Trunk railway was a boon to shippers, but favorable House

action on the Hatch bill soon caused a reaction in prices. The low price of wheat was, by this time, a matter of National concern, and a committee of the Senate, headed by Senator Peffer, reported, after an investigation, that the causes were the increased acreage, the larger yield, per acre, owing to better methods of agriculture, and the competition from India, via the Suez canal.

During March the provision markets suffered a sharp decline, mess pork reaching \$10.65, the lowest price for many months, by the 17th. Wheat was also in the doldrums, touching 55 $\frac{5}{8}$ cents, but regaining nearly four cents before the end of the month on reports of crop damage. Nevertheless, the price of cash wheat did not touch 60 cents at any time during the month, and the situation was so discouraging for producers that it was reported the farmers of Kansas planned concerted action to plow up twenty-five per cent of the acreage sown to wheat in order to insure better prices. Corn showed a slight improvement in price during the month, while oats gained about three cents, and there was talk of a possible corner in the May delivery. Rye also advanced and there was a sharp bulge in barley the latter part of the month. The elevator committee held a number of meetings during the month and voluminous testimony as to trading in grain by the elevator companies was taken.

In April there was another step taken towards the consolidation of the packing interests when the Allerton Packing Company's plant was sold to R. H. Moran, a clerk for the Geddes, Kirkwood Company, for \$294,000. This left but six large packing concerns in Chicago: Swift, Armour, Morris, the Anglo-American, the Chicago Packing and Provision Company and the International Packing and Provision Company, for the latter of which it was understood that the Allerton plant was purchased. This movement may have had something to do with the advance in provisions which ruled higher in April, reaching \$13.25 for cash pork the 16th. The first days of the month there was a brave attempt to advance the price of wheat and a gain of nearly five cents was made from the 2d to the 6th of the month, but with Coxe's army in the East and Kelly's army rapidly nearing Iowa in its march to Chicago, and the general industrial condition, it was impossible to hold the market, and the bears were soon in full possession, with a downward trend in wheat during the remainder of the month. The only advancing market was that for oats, which gained between two and three cents during the course of the month.

What later proved to be a very important amendment to the rules was adopted in April. This provided that grain stored in emergency elevators should remain regular for six months, instead of sixty days, after such elevator might become irregular. The elevator committee made no report during the month, but this new rule seemed to presage some radical step in the future.

The May deliveries passed without special incident, to the great relief of the traders, but conditions were far from satisfactory. The Coxe army had reached Washington, the Kelly army had arrived at Des Moines, "General" Randall had started his army of tatterdemalions from the Chicago stock yards for his brief invasion of Indiana, and there were ominous signs of acute labor troubles. Money was easy, but on the whole business conditions were worse than they had been even a month before.

It was not until the first of May that the elevator committee made its report. There were majority and minority reports, the latter more favorable to the elevator interests, and both were lengthy and disappointing to the more radical element, leading to talk of an independent elevator system. The majority report was signed by Beebe, Templeton, Coon and Dousman, and recited that five elevator systems, with a capacity of 19,000,000 bushels, had private cleaning establishments and that eleven systems, with a capacity of 32,000,000 bushels, were buying grain, and that the necessity for this buying was not established by any evidence submitted to the committee, and was against the spirit of the law. It was urged that the law be amended to specifically prohibit warehousemen from dealing in grain. Section 2 of the majority report, expressed doubt as to the propriety of declaring any elevator "regular" which had a private elevator or cleaning establishment in connection with it, it being urged that the elevator men should uphold the grade, whereas the cleaning establishments were for the purpose of passing into the bins the poorest grain which the inspection rules would permit. Section 3 held that when grain taken from elevators was objected to and the objection sustained by the Committee of Appeals it should not be returned to the elevators at the same grade at which it was wrongfully inspected out. Section 4 objected to allowing elevators to run grain back into bins of the same grade when the quality had been objected to in the house by the shipper while running to the weighing bin. Section 5 stated that the inspection service had no charge of grain while in store, simply inspecting grain in and out of store, and asked that a distributing inspector be appointed for each elevator. Section 6 stated that some of the elevator men put the best of their own grain in "Special" bins, but failed to so mark receipts, as required by law. Section 7 asked that "Special" receipts be declared irregular. Section 8 declared that grain was being held too long and advised that an age limit be placed upon receipts to be delivered as regular. Section 9 stated that much grain had been in store for twelve months and urged the inspection of all grain by a committee of the Board before the July, September and December deliveries. The minority report, signed by D. E. Richardson, stated that there was sufficient protection under the state laws, that elevators could be sued for violations and that there was no prohibition against the

elevators dealing in grain under the laws of the state. The Directors adopted sections 2, 3, 4, and 6 of the majority report, and President Raymond was asked to confer with the warehousemen concerning the reforms thus demanded. The mild action of the Directors was derided by those anxious for drastic reform, and a petition was circulated for an amendment to Rule 21 to provide that elevators, to be regular, must agree not to engage, on or after July 1, 1894, directly or indirectly, in the buying, selling, receiving, shipping, cleaning or mixing of grain. Not less than 400 members signed this petition as soon as circulated, and within a short time it had 550 signatures. It was decided to hold the petition for a short time pending conferences between the Board's officials, and the elevator men, but in the meantime the latter announced their firm intention of continuing to deal in, and to clean grain, and threatened to transfer their business to the Stock Exchange if their elevators were declared irregular. This announcement created much feeling and hastened the presentation of the petition, which was disapproved by the Directors, a committee being appointed to make a statement as to the reasons for this action. A signed statement of the warehousemen was presented in which they said cleaning of grain had been forced upon them to meet competition, and if abolished it would drive grain from the Chicago market. They denied the statements made in section 3 of the majority report but agreed that such action would be wrong and approved the suggestions made in sections 4 and 6 of the report as outlined above. The reasons given by the Directors for disapproving the proposed amendment to Rule 21 were, in brief, as follows, that it was inexpedient because the warehouse law did not prohibit dealing in grain, that the elevator interests were in no mood to be hampered and it would demoralize trade if action were taken, and that steps were being taken to check some of the evils.

In the face of this action 300 members of the Exchange signed a petition for a ballot on the proposed rule, and this number was soon increased to 471, leaving the Directors no choice but to submit the matter to a vote. A counter petition was also circulated contenting itself with asking a reduction in storage rates, but the elevator men flatly refused the suggestion that the first five days of storage be made free. The elevator men pursued a policy of menacing silence and there was a disposition on the part of many to go slow in trying to regulate them. The next development in the fight came when Armour & Co., Swift & Co., and Nelson Morris & Co. failed to file applications to have their provision warehouses made regular, taking the position that their interests were identical with the elevator men and that they would stand or fall together. This action caused much discussion and a weakening in the ranks of the radicals, Robert Lindblom issuing a lengthy statement giving his reason for a change of heart. The interest grew so intense

as the day for balloting drew near that trading was well-nigh forgotten. The bankers of Chicago took a hand in the matter and presented a petition, signed by many of the leading bankers, protesting against the passage of the proposed amendment, and for this they were sharply taken to task by many of their depositors who were interested in securing the reform.

The elevator men issued another signed statement and P. D. Armour sent a letter, over his own signature, to his friends among those members of the Board not usually on 'Change, urging them to vote, as otherwise the amendment might pass. Mr. Armour said that no elevator could live without dealing in grain and said that if the rule was passed the Board of Trade would soon be out of business. Just prior to the day of balloting it was stated that 100 men were attending to the trading, while 1,000 men argued the elevator question. The Exchange was flooded with literature and there was much indignation when the Room committee ordered the distribution of literature to be stopped. This order was quickly rescinded and the argument grew more heated every hour. There were reports of a split in the ranks of the elevator men, which they strenuously denied, the action of the bankers intimidated brokers who feared loans could not be obtained and the most desperate efforts were made by both sides, neither of which was sure of victory. The election day was described in the newspapers as "intense," and the amendment carried by a vote of 698 to 499, 1197 out of a total of about 1,800 members voting. The bankers, capitalists and retired merchants sided, generally, with the elevator men, while the vessel owners voted with the radicals. The elevator proprietors met as soon as the result of the balloting was made known, and while no action was taken, it was generally reported that they would leave the Board on July 1st, and comfort was taken in the fact that under the rule, passed in April, grain in store would remain regular at least until the 1st of January. That the elevator interests were greatly enraged is shown by the published interview with Mr. Allerton, in which he declared that the radicals on the Board were "cranks and anarchists," and that the new rule would be overthrown by the courts, and the statement, by Mr. Armour, in which he said, "The Board is chewing the rag, let them chew it." A manifesto was issued by the leading elevator companies absolutely refusing to abide by the terms of the new rule and stating that they would remain regularly licensed warehouses under the state law and would continue to deal in grain, that the functions of the Board of Trade as an intermediary between producers and consumers were at an end, and that some other way would be found to make elevator receipts deliverable.

While this discussion was progressing the course of the markets was also interesting. During the fore part of May the course of the wheat market was irregularly downward, and the

decline did not stop until 53 cents had been reached on the 18th, after which large bull interests gained control of the market from Pardridge and the price was irregularly higher the remainder of the month. Late frosts helped the market during the latter part of the month, but it was not until the first week in June that continued reports as to damage to crops and the uncertainty as to regular storage in Chicago affected prices to a great extent. During this week wheat advanced fully six cents a bushel and the shorts were badly squeezed, Pardridge being forced to buy some 7,000,000 bushels to cover his short line. Corn also advanced, while the rush to buy oats forced the price of that cereal up to 50 cents by the 20th, the price being about nine cents higher than corn and but nine cents lower than wheat.

This was the highest price for oats in four years and could not be maintained, and 42 cents was reached before the close of June, this, however, being about one cent higher than the price of corn at the same time, and being helped by the fact that the strike prevented the delivery of large quantities forwarded to Chicago on account of the high price.

The question as to storage for grain, should none of the elevators apply for recognition by the Board, became an important one and affected the markets, as traders were not positive that future deliveries could be made without difficulty and a special meeting of the Directors was urged to meet the emergency. R. W. Hunt, as the local representative of eastern capitalists, proposed the erection of a system of steel elevators, in which the Board should control the storage, and E. S. Richards proposed the establishment of a hopper scale transfer system for the handling of grain without storage. A victory was gained for the Board when the packers, Morris and Swift, reconsidered their former action and asked that their provision warehouses be declared regular, but the elevator men remained firm and there was no response when Secretary Stone forwarded warehouse application blanks to them. The commencement of the erection of two new elevators, by Bartlett Frazier & Co. and the Chicago O'Neill Grain Co., promised added storage capacity in the near future, but did not relieve the situation then confronting the Board.

The next move on the part of the elevator men was the organization of the "Chicago Corn Exchange." This was to be conducted along the lines of the New York Stock Exchange and a site opposite the Board of Trade building was leased and a building projected. The members of the Board regarded this as a bluff on the part of the elevator owners and the reply was a request, signed by thirty members, for the immediate inspection of all grain in store. The petition suggested a list of experts from whom the investigating committee was to be appointed, and based the request on the allegations that spring and hard winter wheat had been mixed, that the

mixture was undesirable, that much of the grain had been in store for a long time and there was danger that it had been damaged by weevil. The elevator men met and protested against this petition, which they declared an outrage, as it was based on suspicion only and presumed to dictate to the Directors the committee to be appointed. The Directors acceded to the request of the petitioners, insofar as to order an investigation of grain in store, but it was to be done with the co-operation of the State Inspection Department. In the meantime conferences were held with the warehousemen and they finally issued a statement to the effect that they would withdraw from the Board unless the new rule was rescinded, but would agree to the appointment of supervising inspectors and, while they would not reduce their initial storage rates, they suggested that the rate for secondary storage be fixed at 1/30 of a cent per day. This was not satisfactory to the Directors and Secretary Stone announced that all efforts at compromise had failed and the Conference Committee had been discharged. He also stated that the Board would protect all contracts made under the rules and that steps to secure adequate storage were being taken. This announcement was greeted with cheers and had the effect of advancing the markets. Towards the end of June it appeared that the projected investigation of grain in store had been quietly pigeon-holed and President Raymond announced that a solution of the whole problem was near. When the first of July came, however, nothing had been done, and for the first time in its history the Board of Trade was without any regular elevator for the storage of grain, although the grain then in store was still regular. Under the rule for the extension of storage facilities during an emergency, the Directors had been urged to arbitrarily declare certain elevators regular, but it was argued that so long as the elevators remained regular up to July 1st no emergency existed and the Directors could not legally act. By this time the strike which started at the Pullman plant and spread until it affected the railroads of the country had grown alarming and within a short time President Cleveland, in spite of the protest of Governor Altgeld, ordered out the federal troops to preserve order. This strike and the attendant riots seriously interrupted business of all kinds, but the light receipts of grain, consequent upon the stoppage of transportation, greatly lessened the storage difficulties which confronted the Board. Nevertheless the situation was serious and perplexing and the Board was forced to yield. A rule was posted providing for a slight reduction in storage charges and the appointment of distributing inspectors and permitting dealing in grain by warehousemen, but prohibiting cleaning plants in connection with elevators. Even this mild reform was not acceptable to the elevator men and they so stated. On behalf of the Board a committee composed of Messrs. Hill, Lyon and Ross was appointed to take legal action against the railways and the ele-

vators if it was possible to prove that they were evading the law or were in illegal combination, and it was proposed to advertise for storage and to ask the Interstate Commerce Commission to make an investigation. Friends of compromise met at the Grand Pacific Hotel and appointed a committee to confer with the elevator men, who finally gave an ultimatum to the effect that the objectionable rule must be rescinded and their elevators declared regular for three years. The strike had collapsed by the middle of July and larger receipts embarrassed the Board and affected cash prices. The elevator men were placed under the disadvantage of not being able to hedge their purchases in the country by sales for future delivery and the markets for cash grain ruled lower on this account. An amendment drawn by Attorney Green was finally approved at a meeting of the full Board, giving the Directors power to declare elevators regular up to 12,000,000 bushels capacity and this amendment was passed by a vote of 602 to 13, whereupon the Directors immediately designated elevators with a combined capacity of 8,000,000 bushels to be regular. This was soon increased up to 10,450,000 bushels capacity, but the question then arose as to how to force the elevator men to give bond for the elevators arbitrarily declared regular. This gave the Board one regular elevator on each line of railroad and the regular elevators agreed to pool their earnings with the elevators not approved by the Board. It was not until the 27th of July that the elevator owners showed any signs of wishing to compromise and then it was practically on their own terms. The concessions were a slight reduction in rates and an agreement not to buy grain except at competing points, such as Peoria, St. Louis and other similar cities. The program was agreed upon by a joint committee of the Directors and the elevator men and an amendment covering the compromise was posted. The new rule was far from satisfactory to the radical anti-elevator element and a list of pertinent questions was asked the Directors, including the following: What is a competitive point? Who pays for the Supervising Inspector? Must elevators sell grain at once or may they hold it indefinitely and hedge against it in this market? What provisions are to be made as to cleaning establishments in connection with elevators? Are all members of the Elevator Association to be made regular, regardless of the requirements of the trade for storage capacity? The Directors refused to answer these questions, but an agreement to accept and abide by the regulations of the new rule, signed by all the elevators, was posted in the Exchange and was the strongest argument for the passage of the amendment, as all were desirous of some peaceful solution. The vote was very close, 397 votes being cast for the amendment and 343 against it. Following this vote the elevators hastened to make application for regularity and it was decided that grain in irregular elevators must be re-inspected. It was not until the middle of

August that this amendment was passed and Chicago again had regular grain storage after a lapse of six weeks. The receivers and shippers had not given up the fight, however, and they made demand upon the railroads for storage facilities which should not be in the hands of their competitors. Fifteen prominent firms signed this demand, which stated that the elevators were given all freight bills and were thus put in possession of complete information as to names of shippers and shipping points; that the elevators were able to deliver the best grain on their own orders and the poorest grain on the orders of other dealers. It was stated that injunctions would be asked to restrain elevator proprietors from using information thus acquired to the prejudice of the complainants.

A new complication arose when the Armour elevator at first refused to abide by the terms of the agreement. This was soon adjusted, but Murry Nelson persisted in his refusal to accept the reduced rates. He stated that the agreement was signed by the secretary of the company during his absence and without his consent and that neither he nor the secretary had the authority to sign such an agreement in any event. The Directors pointed out that the signed agreement was posted on the Exchange before the balloting and that Mr. Nelson had knowledge of it and made no protest. Mr. Nelson was cited to appear before the Directors on charges of uncommercial conduct, and he, in turn, made application for an injunction to restrain the Board from declaring his elevator, the National Elevator and Dock Company, irregular. It was at first thought that the Directors would not dare to discipline Mr. Nelson, inasmuch as his injunction suit was pending, but the officers had the courage of their convictions and, after a hearing, Nelson was suspended indefinitely, while J. B. Wayman, secretary of the company, was suspended for thirty days. The Directors stated that Nelson acted in bad faith and that his conduct was dishonorable and their decision was unanimous. Nelson denounced the action as a libel and at once took the matter to the courts. His request for a certified copy of the proceedings was refused and when, in October, he applied for reinstatement, he was informed that there were no grounds for his application and it likewise was refused.

In the meantime charges were made that the Armour elevator was violating the agreement by shipping contract grade of grain and by buying at non-competitive points. Evidence against Armour and against the Carrington-Hannah company was submitted to the committee of which Lloyd Smith was chairman. Feed dealers also complained that Armour had issued a circular offering ground wheat directly to consumers. Another development was the appearance of a new firm of shippers which was said to be acting for elevator interests simply to evade the new regulations. It was considered that only a truce had been made with the elevator interest and the

desire for some permanent means of competition found expression in the proposal to organize the "Chicago Steel Grain Elevator Company." John Hill Jr. was a leading spirit in this move and, late in October, stock books were opened for this concern, which had been incorporated by John Hill Jr., Wm. Nash, J. C. Ross, H. F. Dousman and H. E. Broughton. A list of reported violations of the agreement by different elevators was published in the Chicago papers, but the Directors took no action. In November J. H. Milne made a statement to the effect that W. H. Harper was violating the agreement and the Directors took cognizance of this charge but later, after a hearing, dismissed it. In the matter of declaring the Nelson elevator irregular, however, the Board was sustained by the courts. This was about the status at the end of year. All that the prolonged contest had accomplished was a slight reduction in storage rates, there was ample evidence that the elevators were violating the agreement and neither side was satisfied. The Directors were blamed for yielding to the elevators as far as they had, and this question was the main issue of the approaching election. By this time President Raymond was identified with the compromise element of the Board and stated that he would be a candidate if one of the more radical members were nominated. In this emergency the Board turned to W. T. Baker, who had twice been President and he was made the nominee.

In following the story of the contention which kept the Board in more or less turmoil throughout the year, the story of the market place, as such, has been dropped with the opening days of July. The railway strike was then at its height and this fact, and a smaller demand for export, lowered the price of wheat. The new tariff bill which passed the Senate July 3rd also depressed prices. Even an adverse Government crop report failed to rally the wheat market and it touched $53\frac{3}{4}$ cents on July 20th, but at these prices the Chicago market was the highest of all the principal market places and 130,000 bushels of wheat were shipped from Toledo to Chicago during the latter days of July. Rock bottom was reached for wheat on July 20th at $50\frac{3}{8}$ cents, but reports of damage on account of drought caused corn to advance while oats were irregularly lower. With the first week of August it was realized that the corn crop was in great danger throughout the West on account of the prolonged drought and the hot winds which swept the prairies of Iowa, Nebraska and Kansas, and by the 6th of the month the closing price of corn, $53\frac{1}{8}$, was the same as wheat. All interest centered in the corn pit and it was the country dealers who were largely the gainers by the sharp advance in the corn market. They had realized the full extent of the crop calamity and had been large buyers, and when the price advanced to $59\frac{1}{2}$ cents, on August 7, they were heavy winners. Their rush to realize profits forced the price downwards, but corn remained well above wheat during the

remainder of August. Oats also participated in the advance, gaining more than 4 cents in price the first week in August, but losing it all during the remainder of the month. It was at this time that Ernest Hess became badly involved in corn and was forced to suspend, and that Partridge, who was a heavy loser in the sudden advance, lost his temper, raised his hand against President Raymond, who was trying to preserve order, and was suspended for sixty days for disorderly conduct. The failure of E. Hess was the the most important of the year. This trader carried on some fairly successful operations in oats early in the year, but put out short lines of corn and wheat which resulted disastrously. When September corn reached 60 cents he was forced to suspend. He had sold large quantities of long-time privileges in wheat, corn and oats, and it was over this that trouble arose in making settlement. People all over the floor had bought these privileges of Hess, and, through relying on them as an insurance, had been put in a position to lose heavily on the advances. As the privilege trades could not be legally enforced and were not recognized by the Board, there was much delay in settlement. Soon after his failure Hess made a proposition to settle on the basis of 25 per cent in cash and the balance in notes, but this was not acceptable to all the creditors and no definite settlement was made up to the close of the year.

Realizing sales forced the price of September corn from $61\frac{1}{2}$ cents to 53 cents in a few minutes on August 8th, and the price ruled lower, but still above wheat, the remainder of the month. Schwartz was a big winner in corn up to this time, having been on the right side of the market, as a bear, the first part of the year, and then turning to the bull side, on the first reports of crop damage. The rising market was disastrous for the bucket shops, as usual, and the large Hawkeye Commission Company, an Omaha firm with offices throughout the West, failed during the bulge. Before the close of August it was reported that farmers were feeding wheat to stock, and this continued throughout the year. During September all markets sought lower levels, and by the close of the month corn was again below wheat. The only market sensation was a flurry in flax seed, which sent the price from \$1.42 on the 24th, to \$1.53 the 26th, but which was short-lived. October was a month of steadiness. Wheat averaged something over 51 cents per bushel, and corn was both above and below that figure, with a higher price at the close of the month. Other markets, especially provisions, declined during the month and there were no marked features on 'Change. Wheat ruled higher and corn lower in November, and the market was without sensational features. With December prices for wheat, corn and pork declined, irregularly, throughout the month, while other markets were about stationary, with the exception of flax seed, which advanced $5\frac{1}{2}$ cents in three market days, while anxious shorts shipped 55,000

bushels back from Buffalo in order to meet their obligations, the large receipts soon reducing the price.

During the year two important amendments to the rules were adopted, one permitting the Directors to levy an assessment of \$10 upon each member of the Board for the purpose of retiring memberships at \$1,000, and the other to prevent bucket-shopping orders, by requiring traders to report to their customers the exact details of each transaction, giving name of party with whom trade was made. This latter rule was adopted in November by the close vote of 312 to 310, and the Directors showed their intention of enforcing it strictly when in December a member was suspended for ten years for violation of the rule.

Echoes of the Cudahy failure of the year before were heard when in May the courts dismissed the suit brought by Wright against Cudahy, thus releasing funds which had been placed in trust and permitting settlement to be made with Mr. Cudahy's creditors and, again, in October, when the creditors of D. Eggleston & Son met to take action to protect themselves in the sale of the Neeley elevator, upon which they held a second mortgage.

In October the Board adopted the report made by their delegates, L. E. Cooley and J. S. Dunham, to the Deep Waterway convention held at Toronto, favoring a 26-foot channel to tidewater and, in November the invitation of the Waco, Texas, business men was accepted and an excursion of 100 Chicago business men visited that city under the auspices of the Board of Trade. There was little activity against the bucket shops during the year, except that in October it was reported that there was a general outcry against these institutions and that the Civic Federation would be asked to take action. The Freight Bureau was active throughout the year in protecting the interests of traders, and in October suit was brought against the railways on account of alleged discriminations in favor of New York as against Chicago. During the year the live stock interests conducted a long and bitter fight against the switching charges imposed by Chicago railroads, and it was proposed to seek legislation on the subject. Special incidents of interest to the trade were the fight between the great millers of Minneapolis in October, which completely demoralized the local flour trade, and the action of the German government in prohibiting importations of American live stock and dressed beef on account of cases of Texas fever said to have been found in two cargoes.

Near the close of the year the announcement that the Directors had decided to place the assessment for 1895 at \$100 created much dissatisfaction and adverse criticism. The Directors claimed that this would be necessary in order to meet the expense of repairs, and in this they were supported by the real estate committee.

Taken as a whole the year was not one of prosperity for the

members of the Board of Trade any more than it was for the country at large, and it was only their conservatism and the wise business rules of the Board which saved many from disaster. The following is a brief outline of the market movements of the year.

Following the panic year of 1893 there was continued expectation of business revival and better prices, both of which failed to materialize. The receipts of wheat in 1894 were 25,665,902 bushels, being but little more than half those of 1892, while shipments were 18,213,443 bushels, more than 25,000,000 less than in 1892. There were heavy stocks on hand the first of the year, and this proved an additional factor in depressing the price. Opening at 59 $\frac{3}{4}$ cents for No. 2 cash spring wheat, the bull element was able to advance the price to 63 cents by the 9th, but were unable to hold the market, and the course was irregularly downward, the decline becoming sharper in February when 54 $\frac{1}{2}$ cents was reached on the 16th, and the month closed at 57 $\frac{1}{2}$ cents. The March range was from 55 $\frac{5}{8}$ to 59 $\frac{1}{2}$ cents, but the opening and closing figures were practically the same at about 58 $\frac{1}{2}$ cents. Early in April fears for the new crop caused an advance to 63 $\frac{3}{4}$ cents, but more reassuring news caused a decline to 57 $\frac{3}{4}$ cents on the 28th. Prices were still lower in May, 53 cents being reached the 18th with but little advance by the end of the month, and there was an upward tendency in June which carried the price to 60 $\frac{1}{2}$ cents the 13th, but with a decline to 56 $\frac{7}{8}$ cents by the 30th. July was a month of depression, the price touching 50 $\frac{3}{8}$ cents the 26th, and standing at 52 cents on the 31st. August fluctuations were small with a net advance of 1 $\frac{1}{2}$ cents during the month, all of which was lost during September, the price on the 28th being 50 $\frac{3}{8}$ cents. The high price during October was 52 $\frac{1}{4}$ cents and 50 $\frac{1}{2}$ cents the low price, while the November range was higher, the month closing at 55 cents. This price prevailed until about the middle of December when a decline began which carried the price to 52 $\frac{3}{4}$ cents the 29th, and the closing price for the year was 53 $\frac{1}{4}$ cents.

Owing to the severe drought throughout the central west, the corn crop of 1894 was very small in quantity, the aggregate for the United States being 400,000,000 bushels less than in 1893. This was reflected in the receipts at Chicago which were 64,951,815 bushels as against 91,255,154 bushels in 1893. The shipments 54,528,482 bushels being about two-thirds the quantity shipped the preceding year. This crop shortage maintained the price until corn sold above wheat during portions of the year. No. 2 cash corn sold at 34 $\frac{3}{8}$ cents on January 2, and at 34 cents on February 28. With March there was a slight improvement in price, and the month closed at 36 $\frac{3}{8}$ cents. The range for April was small and slightly higher, while prices for May averaged about 37 $\frac{1}{2}$ cents with but little variation. In June, adverse crop conditions became apparent, and there was an advance to 45 $\frac{5}{8}$ cents by the close of July. The

advance became more marked as the dry weather persisted, and by August 7 there was an excited market which carried the price up to $59\frac{1}{2}$ cents, this being nearly 4 cents more than the price of cash wheat. The price range the remainder of August was lower, but the close was at $56\frac{3}{4}$ cents, and the price averaged higher than that of wheat. These high prices were maintained the first half of September, but the great advances brought increased receipts, causing a decline to $47\frac{3}{4}$ cents by the end of the month, a fall of 10 cents during the month. The high prices for October were recorded on the 8th at $53\frac{7}{8}$ cents and on the 30th at 53 cents, while the low price for the month was $48\frac{1}{4}$ cents on the 2d. The November price ranged downward from $53\frac{1}{4}$ cents the 2d to $47\frac{1}{8}$ cents the 30th, and this decline was continued through December reaching $44\frac{7}{8}$ cents the 22d, and closing at $45\frac{3}{8}$ cents.

The course of the oat market was peculiar, the shortage and light weight of the crop of 1893, together with the fears of a crop failure during the late spring months, the strike, and manipulation in June combined to cause an advance during that month to 50 cents, the top price of the year. As confidence increased in the crop outlook the price declined, and the last months of the year ranged near to the opening months in price. The receipts were 63,144,885 bushels and the shipments, 50,376,089 bushels. The opening price was 28 cents, and there was a slight decline during January which was regained during February. The price went above 30 cents early in March and advanced irregularly to $33\frac{1}{2}$ cents by April 30. The market was excitedly higher the fore part of May, advancing to 36 cents, but declining to 34 cents by the last of the month. In June, as stated above the price was forced by a series of sharp advances up to 50 cents, with a decline to 43 cents by the 30th. The close of the June deal brought a lower level of prices for July, $40\frac{1}{2}$ cents the 5th being the high price for the month, with a decline to 29 cents by the 31st. The August range was small, closing at $29\frac{5}{8}$ cents, while the range for September was still smaller, the price working down to $27\frac{1}{2}$ cents at the close. The range for October was less than 2 cents, 28 cents being the average price for this month and for November. December prices averaged about 1 cent higher and the closing quotation was $28\frac{3}{4}$ cents.

The barley crop of 1894 was one of the best ever known, the weather immediately previous to harvesting and during that time having been especially favorable. The grain was gathered in such a dry state that it could be marketed directly from the threshing machines without danger of heating. An unusually large quantity graded No. 2, and it was nearly all bright in color and excellent for malting purposes. The receipts were 13,418,391 bushels and shipments, 7,707,218 bushels. The price opened at 52 cents, advanced but little until the latter part of March when there was a sudden

rise to 60 cents. 58 cents was the ruling price for No. 2 cash barley during April, and this declined to 55 cents by the end of May, and to 54 cents by the close of June, while 56 cents was the ruling price for the old crop during July and trading in the new crop began at 53 cents. During August, there was an advance to 58 cents, the middle of the month followed by a decline to 54 cents, while the September market ranged from 57 cents the first to 55 cents the 29th which was the average price for October and November, while the first week in December there was a decline to 53½ cents, the closing price being 55½ cents.

The prices of rye ruled lower than in 1893 in sympathy with wheat. On account of the shortage of corn, large quantities of rye were shipped from Chicago to points in Iowa and Nebraska, and the novel condition was presented of rye coming to Chicago from nearby points on western roads only to be shipped back in the same cars over the same roads to a more distant station. The export demand was light, the European crop being ample, and it was only this increased domestic demand which maintained the market. The receipts were 1,368,157 bushels and the shipments were 1,100,588 bushels. In January, No. 2 cash rye sold from 45¼ down to 44 cents, and reached 43 cents about the middle of February. An upward movement then carried the price to 49 cents by the end of March, and as high as 51 cents the middle of April, although that month closed at 46 cents. The average price for May was a fraction above 45 cents until the latter part of the month when there was an advance to 48 cents. During June the price went from 48 cents the 1st to 50 cents the 15th, and back to 46 cents the 30th. The price was well maintained until the middle of July when there was a decline of about 8 cents the month closing at 40½ cents. In August there was a rapid advance to 50 cents by the 8th, the price being lower the remainder of the month and closing at 46½ cents. The September range was small, and during October also the price was about stationary as it was in November, but with a slight advance. The December range was also small and the year closed at 48 cents.

The trade in flour was dull, disappointing, and profitless throughout the year. A war among the large mills reduced prices so that flour of the best grade sold at \$2.75 per barrel. The receipts during the year 4,223,182 barrels and the shipments were 3,714,007 barrels. The flour production of the city amounted to 444,000 barrels. Choice winter wheat flour sold at \$3 in January and declined to \$2.50 in August, gaining but ten cents by the close of the year.

The receipts of timothy seed were 34,487,440 pounds and shipments, 43,243,193 pounds. Choice timothy sold at \$4.50 per cental in January, declined to \$4.15 in March, and after an advance during April fell to \$4, the low point of the year, the latter part of May. There was then a steady advance, the price going to \$6 in October,

with an irregular decline to \$5.65 at the close of the year. The receipts of clover seed were 8,945,217 pounds and shipments, 13,922,328 pounds. The price of choice clover seed per cental in January was \$11 with an almost steady decline until \$9 was reached in June, this being followed by an advance to \$10.50 in August. The low price of the year \$8.60 was reached in October, and the year closed at \$9.20.

The flax seed receipts were 5,102,668 bushels and the shipments were 2,353,757 bushels. The market for No. 1 cash flax seed ranged from \$1.34½ January 6 to \$1.41 on the 18th, declined to \$1.30½ March 10, the month closing at \$1.35. April prices were lower, \$1.20 being reached on the 21st, with a reaction to \$1.26 by the 30th. In May, there was a continued advance until \$1.38 was reached the 17th, the month closing 5 cents lower. The course was upward during June reaching \$1.46 by the 27th, and the month closed at \$1.43. The July market was irregular, and with sharp fluctuations from \$1.40 the 6th to \$1.25 the 9th, and \$1.35 the 11th. The price declined until \$1.16½ was reached on the 25th. This was followed by an advance to \$1.29½ the first week in August with a decline of several cents the latter part of the month. During September the course was upward, and the market touched \$1.53 on the 26th, the month closing 10 cents lower. The range during October was from \$1.50 the 4th to \$1.40 the 31st, and in November from \$1.41 the 1st to \$1.52 the 22d, with a decline to \$1.45 before the close of the month. The December market was an advancing one until the 11th when \$1.53 was reached, and during the remainder of the month, the market declined reaching \$1.38 December 31.

Provisions and Livestock. Owing to the shortage of the corn crop a large proportion of the receipts of livestock was of small-sized and lean cattle which accounted for a liberal supply of low grade beef. The receipts were 2,974,363 head, the shipments, 950,738 head, and 2,023,625 head were used for city consumption and packing. Prices were lower than in 1893, prime beeves being quoted at \$6 in January, and declining irregularly until \$4.50 was paid in May. There was no marked advance until the latter part of August, and in September \$6.40 was paid. The price declined to \$6.10 in October but in December the highest price of the year, \$6.60 was paid and the year closed at \$6.20.

The receipts of live hogs were 7,483,228 head and the shipments were 2,465,058 head. The severity of the drought compelled free consignments of hogs to Chicago, regardless of prices and while receipts during the first half of the year were of good weights, those of the last six months were principally of small hogs and pigs, hurried to market in consequence of the scarcity of feed in Nebraska and Kansas. The top price for packers and shippers hogs was \$5.50 in January and it declined irregularly until \$4.75 was reached in March. An advance to \$5.57½ in April was followed by a decline

to \$4.87½ in June. In September the high point of the year was reached at \$6.75 but it was followed by a declining market the remainder of the year, closing at \$4.75. The market for provisions was dull and lifeless for the most part. Mess Pork opened at \$12.77½, advanced to \$13.65 the 10th and stood at \$13 on the 30th of January. The February range was downward touching \$11.80 the 26th, while \$10.65 was touched on March 17, and this was followed by an advance to \$11.77½ on the 30th. April witnessed an advance to \$13.25 on the 16th but closed at \$12.40. During May there was a decline to \$11.70 on the 26th and for June no quotations are given in the Secretary's report for cash pork, but pork for July delivery sold from \$11.80 the 1st to \$12.65 the 28th. The July range was small with an average price of about \$12.50 and during August there was an advance until September pork sold at \$14 on the 30th. This advance continued until \$14.50 was paid September 10 but the market had declined \$1.10 by the end of the month. During October the range was from \$13.35 the 1st to \$11.90 the 27th and in November from \$11.80 the 3rd to \$12.55 the 17th, the closing price of the month being \$12. The price broke below \$12 on December 10 touching \$11.10 the 27th and being quoted at \$11.45 the 31st.

Lard opened at \$7.85 in January and declined irregularly until \$6.45 was reached in March. April prices were well over \$7 and the price did not again fall below that figure until the latter part of May. The high price for June was \$6, and \$7 on the 27th was the top of the market for July and it was not until the last of August that the price exceeded \$8. \$9.02½ was paid September 10, but the month closed at \$8.50 with continued decline throughout October to \$6.85 at the close of the month. There was but little revival during November and the December range was small, the market closing at \$6.82½ which was about the average for the month.

Transportation. Owing to the low farm price for produce there was much complaint as to excessive freight rates and some reductions were obtained during the year. Freight rates to the east were lower than Chicago had known for many years, the average rate on wheat per bushel to New York by lake and canal being \$.0511, by lake and rail \$.0700, and by all rail \$.1320. This being 2½ cents lower by the first route than in 1893.

1895

While the total volume of business transacted upon the Board of Trade was larger in 1895 than in the preceding year, it was, nevertheless, a year of disappointment to both merchants and producers. There was but a single noteworthy market movement during the year, and this occurred in May and June, when reports of damage to crops in this country and abroad carried prices up to fair levels. This was of brief duration and during the remainder of the year the general market trend was almost constantly down-

ward, until oats and corn were hardly worth hauling to market and much of the latter was used as fuel in the States west of the Mississippi River. The cloud of industrial depression was barely lifted during the year and towards its close the endless chain of gold withdrawals, made possible by the currency laws of the country, threatened business with a repetition of the disasters of 1893.

With the Board of Trade, the year was one of quiet business, except for the feverish activity during May, and there was much contention as reform movements were prosecuted. President Baker in his inaugural address set a standard for reform which proved higher than the Association was prepared to follow, but in regard to the elevator question, the bucket shop evil and the question of honest weights material progress was made. Taken as a whole the record is of interest as showing how, in spite of discouragements and opposition, the better element of the Board was constantly striving to raise commercial standards and to perfect the business rules under which the greatest grain market of the world was operated.

Board politics was the absorbing question at the beginning of the year. There was much latent opposition to the candidacy of Mr. Baker, who had already been nominated, but Mr. Raymond declined to be a candidate and no other member was named. There were, however, two tickets in the field for Directors, one representing the more conservative element, and the other, the radicals, with John Hill, Jr., as the leading spirit. At the election, C. H. Blackman, W. H. Crocker and W. B. Waters, of the first ticket nominated, and John Hill, Jr., and R. P. Fish, of the second ticket, were elected, and R. S. Lyon was chosen 2nd Vice-president. Mr. Baker received 935 out of the 1052 votes cast. The usual number of circulars was issued during the campaign, and one of these, sent anonymously through the mails, attacked J. H. Milne in a manner which drew a sharp response. There were many complaints as to the quality of grain delivered out of store and the old board of Directors was also called upon to pass on claims based on privilege deals in connection with the Hess failure. The Directors ruled that the Board had no jurisdiction concerning transactions which were not recognized by the rules of the Board or by the laws of the state.

The financial showing made in the Directors' report at the annual meeting was not a favorable one. The receipts for the year were \$238,534.15, including \$25,000 of borrowed money. The amount received from assessments, \$84,735, was but little more than enough to pay the interest on the bonded indebtedness, while the extraordinary expenses, connected with the removal of the tower, together with the usual current expenditures, amounted to \$259,832.04, reducing the cash on hand from over \$25,000 to less than \$5,000 during the course of the year, with a total indebtedness, outside the bonded debt, of more than \$50,000. It thus appeared that the in-

crease of the annual assessment to \$100 was fully justified. It was this raise, however, which prompted the members to form an agreement not to bid above \$15 for choice of sample tables, so that receipts from this source were reduced about \$5,000. The Directors' report reviewed the work of the various committees and made special mention of the decision of the Appellate court in the case of Steever & Co. vs. Fox, in which it was held that transactions under the rules of the Board of Trade were binding contracts and were not forbidden by the statutes even if the customer had an undisclosed intention of dealing only in differences.

The sensation of the annual meeting was the address delivered by President W. T. Baker, outlining a program of sweeping reforms. After thanking the members for this third election as President of the Association, he proceeded to discuss the bucket shop situation, asking the members if it was not true that business was better when quotations were stopped and requesting an expression as to the advisability of again cutting off quotations if necessary to stop the bucket shop evil. He also denounced the tyranny of the elevator monopoly which, he said, threatened the existence of the Exchange. "The alliance between the elevators and the railroads," he continued, "has resulted in reaching out for millions of bushels of grain not naturally tributary to us, and when gathered here, preventing it, by such tricks of trade as you are familiar with, from ever getting away again as long as storage can be collected on it. This policy has resulted in such congestion of grain here as to depress prices to the lowest point in history. For it is not the Chicago market alone that this market has to carry. Its very volume invites dealers in every market in the world to make sales here against holdings elsewhere, which they would not dare to do but for the abnormal accumulations brought and held here by unnatural means. . . ." A system that permits the proprietors of public elevators, directly or indirectly, to deal in the property of which they are custodians is essentially immoral. The temptation to reserve for themselves the best of a grade is one to which the law never contemplated that they should be subjected. The elevator monopoly is the same blight on legitimate trade that anti-option legislation would have been if enacted. Special rates are made to favored individuals who have the further advantage of elevator control, so that rates charged to the public are rebated to themselves, enabling them to outbid or undersell all competitors. This charge of three-quarters of a cent per bushel for first storage is retained only as a protection to elevator managers against the competition of legitimate dealers in grain. It is a charge which you cannot avoid but which is ignored by them in their own transactions, thus forcing everyone to sell to or buy from them." Mr. Baker demanded free storage on arrival, and fair rates later and said that the collection of storage charges in advance gave the elevators in-

creased capital to be used in unequal competition. He said it was the duty of the Board to have oversight of elevator management and that application for additional laws should be made to the legislature if necessary and with that purpose in view he recommended the appointment of a committee on legislation. He demanded civil service for the inspection department and said that trading in privileges impaired the good name of the Association and discouraged business and asked that steps be taken to put an end to it.

This address was received with great enthusiasm and was responded to by the passage of five resolutions, as follows: Asking legislation for the placing of the Inspection department under civil service rules; favoring the appointment of a legislative committee of seven members of the Association; demanding the suppression of privilege trading; pledging support to the President in keeping quotations from the bucket shops, and, finally, a general endorsement of all the recommendations made in the President's address. This splendid endorsement, together with an opinion rendered by the Railroad and Warehouse Commission in answer to questions propounded by John Hill, Jr., gave great encouragement to the workers for reform. The Commissioners held that a warehouseman should not tamper with grain to his own profit, that he held the grain not for himself, but for others and could only handle the grain of the public in a public warehouse.

President Baker believed that reform should begin at home and his first step in carrying out the extensive program outlined in his address was to have a rule posted forbidding privilege trading. This rule was iron-clad and branded trading in privileges as uncommercial conduct and provided heavy penalties for violations. No sooner had the rule been posted than opposition was expressed and this soon became organized and strong. Interest in the contention grew and by the end of January the opponents of the rule were offering to wager two to one that it would be defeated. The opposition organized a campaign committee with headquarters at the Grand Pacific hotel and with John Dupee as chairman and Edward Norton as secretary. A circular letter was issued upholding privilege trading as a business insurance which limited risks and pointing out that all the efforts of the Board, including the use of spies, had been ineffectual to stop it. A fiery circular prepared by the reform forces was suppressed, but another circular was issued calling upon members to stand by the administration and reminding them of the resolutions passed at the annual meeting. When the ballot was taken on February 4 it was found that the rule was defeated by a vote of 604 to 505 and it was charged that the elevator men and those interested in bucket shops had united with those favoring trading in privileges in order to humiliate the administration. The reform element was very indignant and it was rumored that both President Baker and Director Hill would resign. The

chagrin of the reform forces was only intensified by a court decision made at this time holding deals in puts and calls to be illegal. The day following the election, Directors Hill and Carter tendered their resignations. Mr. Hill's statement being so fervent that it was thought best not to include it in the minutes. President Baker also resigned and this was followed by a stormy meeting of the full Board over which Vice-president Fiske presided. M. C. Lightner moved that the resignation be laid on the table and that a committee of five be appointed to confer with Mr. Baker and to ask him to reconsider. This motion was passed with cheers, but not before N. T. Wright had voiced the sentiment of the opposition, to the effect that if Mr. Baker was not willing to abide by the decision of the Board he had best resign. The committee consisted of R. G. Chandler, M. C. Lightner, Robert Lindblom, G. R. T. Ward and G. R. Nichols. They assured Mr. Baker that the Board would be loyal to him in support of other reforms and he consented to withdraw the resignation, making the statement that he felt no anger towards any member of the Board but had felt that the first step should have been to clear the Board of reproach before asking reform legislation. Directors Hill and Carter followed Mr. Baker's example by withdrawing their resignations, but the next action indicated that the Directors were not satisfied with the decision of the Board and were determined to do everything possible to end privilege trading. This action came through an order of the real estate committee closing the Call room to trading in privileges, and drove the disciples of puts and calls to the expense of securing a room for the purpose in the Rialto building. Logan & Co. announced that they would take no more privilege orders, and the Secretary announced that the rule against trading after hours would be strictly enforced. The Directors next passed a rule that all deals in the Exchange room, arising from transactions in privileges or in other words, "putting" or "calling" property, would be deemed dishonorable conduct. This ruling raised a storm of protest and there was talk of disruption. Those who resented the ruling held that the Board, by 99 majority, had voted not to punish trading in privileges and that the Directors were trying to nullify the expressed wish of the Association. A petition was freely signed asking the Directors to withdraw the rule, but the Directors argued that many of those favoring privileges at the election had claimed that they favored driving such trading out of the building, and that as then conducted these transactions were begun outside the building but were completed by trades in the pit. Five hundred members signed the petition for the repeal of the rule, but it was refused by the Directors, whereupon G. R. Nichols tendered his resignation as a Director and it was rumored that Directors Blackman and Bennett would do likewise. While the Directors did not repeal the rule there was a quiet understanding that it would not be enforced and

the commission houses resumed privilege trading as before. Mr. Nichols would not withdraw his resignation, however, and Mr. Milne refused to serve on the newly appointed committee on legislation, of which he had been named as a member together with W. H. Beebe, F. G. Logan, E. B. Baldwin, H. F. Dousman, Jas. Hayde and F. P. Schmitt. However, the rule against trading after hours was enforced, and the traders were astonished when an attendant appeared with a Chinese gong and drowned out all sounds of trading after the hour for closing had struck, thus carrying older members back to the earlier days of the Exchange. The legislative committee determined to work for laws regulating the elevators and for the suppression of bucket shops, while those in favor of privilege trading sent a committee of their own to Springfield to investigate the feasibility of securing the repeal of the law prohibiting such deals. Numerous bills were introduced into the legislature at this time which were of too radical a nature to suit the Board, and for which they denied responsibility. One was the Craig bill, to prohibit owners of elevators of class "A" from receiving their own property under penalty of the withdrawal of state inspection; another was the Kent bill, which would have abolished both the bucket shops and the Board of Trade, while still another provided for storage in separate bins and the stoppage of all dealing in grain by elevator men. An opinion rendered by the Attorney General to the effect that dealing in grain by warehousemen was against the law as it then stood caused some of the Directors to favor prosecution under the law rather than efforts to secure new legislation.

The careless use of the word "options" to designate contracts for future delivery has led to much confusion in the minds of persons not familiar with the Board of Trade and its methods of business. As already pointed out, the earliest contracts of this sort were made very soon after the organization of the Board in 1848, and while, like all later contracts, they were binding upon both parties, there were all sorts of "options" as to the date of delivery. Corn, stored in elevators on the Illinois and Michigan Canal, or on the Illinois River, was for many years the subject of most of these contracts, and for convenience of the seller, he was allowed several days in which to load and transport his grain to Chicago. As the grain was deliverable on contract only when it had arrived in Chicago, and as the number of days required to bring it to this city could not be foretold with absolute certainty, and as the seller desired to make the delivery as soon as his grain arrived, in order to prevent demurrage charges, he was allowed the "option" of making a tender of the grain in fulfillment of his contract on any business day during the specified term. Thus if the contract was "seller's option five days," the seller could make the tender on any one of the days at his option, but **must** make it on the fifth day.

Gradually, for the convenience of sellers, numerous "options" were dealt in, "seller ten days," "seller fifteen days," "seller thirty days," "seller first half," or "seller last half" of some specified month, and somewhat later after grain had accumulated in Chicago warehouses, there was a trade in "buyers' options." These differed from sellers' options only in this: that the buyer **could demand** delivery of the grain contracted for at any time during the life of the contract, but **must take** it and pay for it on the last day of the term. The right to demand delivery at any time was a valuable one to a shipper of grain, and therefore a "buyers' option" always commanded a higher price than a "sellers' option" covering the same period, this premium depending largely upon the length of time covered by the contract.

All such contracts for future delivery—"futures," as they are generally called at the present time—are valid, and have been so pronounced by the highest courts in the land from the time the question of their validity was first properly presented for adjudication. They are in no sense "options" as that word is understood in legal parlance.

But after the trade in these so-called "options," which were simply contracts for future delivery, had reached considerable proportions, and the tribe of speculators had multiplied, a trade sprang up in real "options," which the courts have uniformly pronounced gambling contracts, and void at law. These were known among traders as "privileges," or "puts," and "calls," but to the legal fraternity as "option contracts." They provided that the buyer of the "privilege" to "put," could at his "option," deliver (or not) to the seller of the "privilege" 5,000 bushels of a certain grade of grain, on or before the expiration of the time specified, at the price named. If it was a "privilege" to "call," the buyer could demand (or not) delivery in the same manner. The purchaser paid for the "privilege" usually \$5 and had no further risk. The risk of seller of the "privilege" was unlimited, but the price named in case the "option" should be exercised, was so far from the market as to render it unlikely (in the seller's opinion) that the "privilege" would be "good." The holder of one of these privileges could at times use it as an insurance against serious loss, and thus make its possession valuable, even if at the expiration of the time specified, he did not find it profitable to exercise his "option."

Prior to the passage of the law of 1874, probably a majority of the members of the Board of Trade dealt in these privileges, and many of them continued to do so after that law was enacted, notwithstanding the efforts of the Board to stop the practice, as the pages of this volume abundantly show. It was not until the constitutionality of that law (which had been doubted) was affirmed in 1902 that it was found possible to suppress the trade in these "options."

In line with this thought was a resolution by Hill, which was adopted, instructing the Warehouse committee to place all evidence in the possession of the Board before the State Railroad and Warehouse Commission and to ask that licences be revoked where violations were found, preparing for this purpose the evidence taken by the investigating committee of the Board in 1894.

As a result of the many complaints as to the quality of grain delivered out of store and in accord with the anti-elevator crusade, President Baker appointed a committee to re-inspect the grain in store. The elevator owners refused to allow this inspection unless it was made officially by the state inspectors, and owners of grain announced that they would hold warehousemen responsible for any depreciation in value resulting from an unofficial inspection. To meet this the Directors ordered a rule drawn to make elevators refusing to permit inspection irregular. This provoked much criticism and the Directors hastened to explain that the intention was not to make such elevators regular after July 1. Another recommendation was that receipts for grain of the new crop should be stamped "1895" after July 1. But it was argued that there was no law to compel elevators to deliver grain of the new crop on such receipts, and this was dropped.

In the meantime President Baker and Director Hill, in behalf of the Board, had lodged complaint against the elevators before the Railroad and Warehouse Commission, and in order to protect themselves the elevators began conducting their deals under different names; thus the Chicago & Pacific Elevator Co. carried on its deals through W. H. Harper, "Grain Merchant." Disagreeing with the policy of the majority of the Directors, G. R. Nichols and Frank Dunn had resigned from that body and after much delay these resignations were accepted. The feeling on the Board was intense, as all the elevator men had been cited to appear before the Railroad and Warehouse Commission on March 26, and the supporters of the warehousemen put forward Lloyd J. Smith and T. A. Wright as their representatives to fill the vacancies on the Board of Directors. Both were elected and this was hailed as another anti-administration victory. At the hearing, which did not begin until April, George A. Seaverns refused to show his books in the presence of Hill and Ross of the Board of Trade committee, but the evidence of C. S. Bentley and others was taken and it was decided not to force the elevator men to produce their books until the Board had made its case. As the hearing progressed some members began to be fearful of the consequences if elevator licenses were revoked and there was talk of calling a meeting for the purpose of requesting the Directors to stop the prosecution. On the other hand, those opposed to the elevators took occasion, while the Commission was in session, to request that wheat, rye and oats of different crops be stored

separately, and stamped accordingly, and that supervising inspectors be appointed.

A point was scored by the elevator interests when the Appellate court ruled favorably in the action brought by Murry Nelson to compel his restoration to membership, holding that it was not dishonorable for him to disavow the unauthorized act of his secretary. The Board maintained that the dishonorable conduct lay in the fact that he made no remonstrance when the agreement with the signature of his elevator company was posted for ten days on 'Change, and an appeal was taken to the Supreme court.

In May, the Illinois Central Railway issued an order to its agents not to receive grain consigned to other than its favored elevators. The Grain Receivers and Shippers Association promptly carried this order before the State Commission and within a short time the Illinois Central withdrew the objectionable order, thus scoring a victory for the anti-elevator element. The feverish activity of the markets during May and June served to divert the attention of traders from the affairs of the Board as a whole, and there were no further developments of importance until the latter part of June, when the time drew near for the storage arrangements for the next year to be made. At this time it was reported that the elevators were dealing, quietly, through commission houses, and while no bonds had been filed, it was thought that some concession as to first storage charges might be made and that the elevator fight was over. The warehouse committee reported in favor of making most of the elevators regular, but stated that there were too many elevators and, when it came to the consideration of the applications of the Seaverns, Weare and Harper elevators, no quorum could be obtained. These houses therefore became irregular, nor would the Directors change their attitude. The feeling was heightened by the announcement that the anti-elevator legislation proposed by the Board had been killed by the trickery of a chairman of a legislative committee, and when a petition was presented to the Directors asking that the Seaverns and Harper elevators be made regular, they were in no haste to act. In August, the pro-elevator members of the Directorate refused to attend a meeting when the committee was ready to make an adverse report on these elevators and it was not until August 6 that the matter was finally disposed of and, by the close vote of 8 to 6, the Harper and Weare elevators were refused regularity.

On the last of July announcement was made that a new campaign was to be waged against the bucket shops. This was in the nature of a publicity campaign, the Board advertising that it would furnish information as to any firms claiming to have Board of Trade connections and would answer all queries by investors along this line. About fifteen hundred responses were received from these advertisements from investors all over the country and it was felt

that the campaign was very effective, not only in warning the public against imposters, but in advising them as to responsible dealers and as to the methods of the Board of Trade.

During the latter part of August, another reform campaign was inaugurated which was destined to occupy a large part of the attention of the Board during the remainder of the year. This was directed against cheating by false weights and aimed to compel all Chicago dealers to use the official weights of the Board of Trade; the fight being made jointly by the Grain Dealers' Association of Illinois and the Grain Receivers and Shippers Association of Chicago. This first took the form of an attempt to discriminate against those elevators with private weighers. The indignation against the short weights continued to grow and the Grain Receivers and Shippers Association published a list of those warehouses which did not use Board of Trade weighers. This was followed by a meeting attended by twenty-five prominent grain receivers at which a committee of five was appointed to carry on the campaign and it was announced that the big elevators indorsed the movement, and indignation was centered upon the Sugar Refinery Company which refused to use official weighers. The Directors of the Board of Trade now considered how they could discipline members refusing to use the official weights and urged the railways to co-operate in the reform. By October, 80 out of 85 receiving houses had agreed to demand Board of Trade weighing and, when a rule was passed by the Board of Trade, by a large majority, making it obligatory for members to employ impartial weighers, it was felt that great progress had been made. Attention was next turned to the investigation of alleged violations of the rule and the Directors announced that it would be strictly enforced, while an effort was made to have weighing charges reduced, especially for private warehouses. A special meeting of the Illinois Grain Dealers' Association was held at Decatur to confer with a committee of Chicago receivers, and it was decided not to sell or consign grain to buyers who violated the Board of Trade rule and a circular letter concerning the short-weight evil was issued.

The Directors were reported, in November, to be investigating charges against commission men for selling to concerns not using official weights, and it was said that the Illinois Grain Dealers had appointed a committee to make a secret investigation. The Sugar Refinery Company, against which the campaign was largely directed, was able to secure all the grain it needed, but it was forced to pay from $\frac{1}{4}$ cent to $\frac{1}{2}$ cent more, per bushel, and it was to secure evidence against those who sold to this concern that the Receivers and Shippers Association appointed a committee of five. A reduction of rates for weighing in private warehouses, from 50 cents to 30 cents, had been secured, and a large majority of the firms engaged in the trade agreed to employ official weighers, while the

Sugar Refinery Company finally agreed to a conference. Charges were filed against two members charged with selling grain to concerns not using the Board weights, but the Directors failed to discipline them. This was considered a great set-back to the reform, and John Hill, who had the prosecutions in charge, announced that his committee would do nothing in the prosecution of bucket shop cases until the weighing cases were satisfactorily disposed of. Conferences with the Sugar Refinery Company failed to accomplish anything and that concern sought to evade the rule by having its private weigher secure a license from the city. It was felt that there were sufficient grounds on which to ask the Mayor to revoke this license, and an ironical circular was issued, congratulating the Directors upon the passage of the weighing rule, giving it definite interpretation and then refusing to discipline members for violations. The re-election of John Hill, Jr., as President of the Grain Receivers and Shippers Association was the signal for the withdrawal of Armour & Co. from that body, and for the more vigorous prosecution of the official weighing campaign. The latter part of December, a petition was circulated asking the Mayor to revoke the license of the Sugar Refinery Company's weigher, and the Mayor promptly complied with the request, on December 27, so that the year closed with victory resting upon the banners of the reformers in this respect at least, although it was reported that some receivers were still selling to the Refinery Company.

For some reason the investigation of the elevator situation was allowed to drag until the summer months, but the Board of Trade committee continued to use its influence to secure action and in September Attorney General Moloney asked Mr. Seaverns, President of the Warehouse Association, to appear before him, and the Board's committee filed its testimony with the Railroad and Warehouse Commission. The Attorney General questioned Mr. Seaverns as to the Elevator Association, and there were intimations that prosecutions for violation of the anti-trust laws might follow. The warehouse committee of the Board of Trade reported adversely to making the Weare and the Seaverns warehouses regular, and, after a hearing covering several sessions, the Railroad and Warehouse Commission found nine elevator concerns guilty of violating the laws of the state prohibiting dealing in grain. These concerns were the Central, Chicago and Pacific, Santa Fe, Seaverns, Kieth, Chicago, South Chicago, Rock Island and National Elevator companies. The commission ruled that dealing in grain by proprietors of public elevators was against the law and against public policy, and the licenses of the above named elevators were revoked, to take effect October 1, thus giving time for an appeal to the courts. The cases against Armour & Co., Davis & Co., and the Chicago Railway Terminal Company had not been completed and they were left pending. The cases decided by the Railroad and Warehouse Com-

mission were promptly taken to the courts, as expected, and the committee of the Board of Trade prepared to assist in defending the Commission's order. The Nelson elevator, however, accepted the order as final and elected to engage in business as a "Class B" warehouse. The arguments in these cases were not completed until the latter part of November and the litigation was pending at the close of the year. Relative to the cases against the three concerns whose licenses were not revoked, the Directors, in their report for the year, said: "These cases were continued at the request of your committee for further evidence, it being disclosed upon the hearing that the dealing in grain in these cases was not done in the name of these concerns, but by firms or corporations closely connected with and supposed to be identical in interest with the elevator companies, and it being deemed prudent by your committee before closing these cases to secure additional evidence, in order to show the identity of the concern dealing in grain with the elevator company itself. The difficulty in showing this resulted from the refusal of the elevator proprietors to testify or to permit their employees to testify before the Railroad and Warehouse Commission. These witnesses can be forced to testify by recourse to the courts, but it was thought advisable not to proceed along this line until the other cases were decided by the courts."

After the inauguration of the publicity campaign against the bucket shops, in August, little more was heard concerning the crusade until October, when two members were cited for discipline for bucket-shopping orders, one of whom was suspended for three years, and one expelled. It was known that a thorough investigation of the connection of certain Board members with the bucket shops was being made and it was reported, in November, that commission houses were refusing bucket shop orders, and that private wire houses had withdrawn quotations from bucket shop patrons. Twenty firms were said to be under investigation. Belief in the determination of the Directors to make a thorough campaign in this respect was strengthened when they refused to grant a petition for a re-hearing of the case of H. H. Bauman, the expelled member, and resolved to take action against all interested in the bucket shop business. Nevertheless it created a profound sensation when it became known, in December, that charges had been filed against F. J. Kennett and J. F. Harris, two influential members of the Board. This ended the contention that the Directors were only after the smaller offenders and cast consternation into the ranks of those interested in the nefarious trade. Unusual pressure was brought for the acquittal of Kennett and Harris, but Kennett was speedily brought to trial. The prosecuting committee consisted of E. S. Jones, John Hill, Jr., and William Nash, and many weeks had been spent in securing the evidence. Nine witnesses were called, two of whom swore that a private wire connected the

Gunning bucket shop and the office of Kennett, Hopkins & Co. It was also brought out that Kennett had furnished money to Gunning for the payment of rent and current expenses, and that Gunning operated a string of bucket shops throughout the country. Kennett admitted that Gunning was running a bucket shop, and that he was a former employee, and that money had been loaned him without security, but he insisted that these loans had been repaid and did not show a business connection. The halting responses made by employees who were compelled to testify gave an unfavorable impression for the defense, and after a six hours' trial Kennett was suspended for five years. This was a veritable bombshell in the ranks of the bucket shops and their allies, and commission houses began to cut off all questionable correspondents. The trial caused much discussion, the friends of the crusade saying that under the old system the Board seemed to be running chiefly for the purpose of supplying quotations to bucket shops, and that if they were stopped the price of wheat would advance 10 cents per bushel. Immediately after the suspension of Kennett, F. K. Morrill, a former employee of Kennett, Hopkins & Co. appeared on the floor as a trader and it was understood that he was simply operating for the suspended member. One of his first acts was the sale of nearly 1,250,000 bushels of wheat, presumably for account of customers who were anxious to close their deals with the suspended member. Following the trial of Kennett, J. F. Harris was brought before the bar of the Association. The evidence was substantially the same as in the Kennett case and the defense offered no testimony. Harris, in turn, was suspended for two years, this, with the expulsion of Baumann, and the three years' suspension meted out to J. R. Willard was a record for enforcement of the rules, such as the Board had never made before. The Harris firm would be unable to use the clearing house and within fifteen minutes after sentence was pronounced S. C. Scotten was admitted to the firm, although the name of the concern was not changed. There was much discussion of these apparent attempts to avoid the penalty which the Directors had imposed and there was some question as to the admission of Morrill's messenger boys on 'Change, but they were finally admitted. The right of suspended members to trade through others was doubted, and Robert Lindblom, who was trading for J. R. Willard, queried the Directors for a ruling. The reply was a dignified statement that they refused to rule on an ex parte statement, but would act whenever a case was brought before them, and that they expected members to obey the spirit of the rules, not to see how near they could come to violating them without penalty. They added that a suspended member lost all the rights and privileges of membership and that it was the duty of all good members not to aid in any evasion. In spite of this rebuke, Mr. Lindblom continued to trade for Willard, and did so without incurring punish-

ment. In other respects the campaign was salutary. One commission firm invited the Directors to inspect its list of correspondents, offering to cut off any to whom objection might be made. The Directors refused to do this, advising the commission house to attend to this purging of its list itself. This suggestion was acted upon and the firm sent out investigators and stopped quotations to firms doing a bucket shop business. The bucket shop campaign became the main issue in the approaching election, and many who were opposed to the re-election of Mr. Baker, on the elevator issue, were with him in the bucket shop crusade. It was reported that the prosecutions were not to cease and that other concerns were being investigated. E. S. Jones, who was a member of the committee prosecuting these cases, was urged by many as a candidate for Second Vice-President. The last act of the year to enforce discipline was the citing of H. M. Greene for trial on charges of bucket shopping an order, but as had often been the case before, the courts were called upon to protect the offender. W. A. Michael, a St. Joseph, Mo., bucket shop owner, applied for an injunction to restrain the Board of Trade and the Western Union, and the Gold Stock Telegraph companies from stopping quotations, H. H. Baumann applied for a writ of certiorari and H. M. Greene secured a temporary injunction restraining the Board from action in his case. All these were pending at the close of the year.

A caucus was held December 23 at which Mr. Baker was nominated for President and Z. R. Carter for Second Vice-President. Mr. Baker made an address pledging a continuation of the bucket shop campaign and those present took occasion to sign a congratulatory message to the National House of Representatives concerning the prompt measures for the financial relief of the country, which had been taken following a message by President Cleveland urging action to prevent the depletion of the gold reserve. A committee was also appointed by the caucus to nominate candidates for Directors and Committeemen. This committee delayed its report in the hope of securing the consent of E. S. Jones to be a candidate for Director, but he refused, and at an opposition caucus he accepted the nomination for Second Vice-President, while T. A. Wright was nominated for President and it was emphasized that this was an opposition caucus. A complication of the Board's politics arose in the heated discussion which took place at this time between President Baker and Mayor Swift. At a banquet of the Commercial Club, President Baker took occasion to criticize the city administration and its business methods, and to recommend economy. Mayor Swift was present and made a heated rejoinder and defense of his policies. This occasioned much discussion throughout the city and the Trades and Labor Assembly proposed a vote of censure of Mr. Baker for asking a reduction in wages paid by the city.

Mr. Baker had a meeting with the committee of the Assembly, explained his remarks and the vote of censure was not passed, but this entire episode served as ammunition against him. Aside from these major events of the Board's history there were many other matters in which the members were interested. In January E. B. Austin was present on 'Change to make an appeal for the Nebraska drought sufferers. This met with a liberal response, Mr. Partridge offering to double any amount of grain which the Board members might donate, and, later, N. T. Wright and others were appointed as a committee to solicit further gifts for the Western sufferers. As the financial situation became more tense the Board passed a resolution approving the message by President Cleveland in which he stated that the "gold raid" upon the Treasury imperiled National credit and recommended the issuance of additional government bonds, specifically payable, principal and interest in gold. This policy was also warmly endorsed by the National Board of Trade, which met in Washington during January, and, on motion of Mr. Dousman, a committee on National finance was appointed, of which R. S. Lyon was a member, and it was cordially received at the White House. The Chicago resolution against any weakening of the Interstate Commerce Law was also adopted by the National Board of Trade, and, in addition, Secretary Stone, of Chicago, was made a member of a committee to consult with the Agricultural Department for the improvement of government crop reports.

In September trouble arose over the action of Mr. McDougall, an official sampler, in issuing unauthorized certificates. A special investigating committee was appointed, but it was found that his instructions had not been explicit and he was censured, but not otherwise disciplined. Complaint was also made as to the inspection service, which was said to be unduly influenced by political considerations, and a victory was won when a decision was obtained from the Railroad and Warehouse Commissioners to the effect that the switching charge of \$2 per car, which had been strongly opposed by the live stock interests, was illegal. In December there was a revival of interest in the trading plan proposed by Robert Lindblom. He urged that it would simplify trading and put it on an actual delivery basis, not contravening any anti-option law. It would, he said, lighten the burden of the bulls by eliminating carrying charges on grain which did not actually exist. The plan involved the establishment of a clearing house or Board of Trade bank, with moderate capital, to arrange to carry grain, and to insure grain for long terms at the lowest rates and he suggested \$1.75 per day as the proper carrying charge for 5,000 bushels of grain. This was opposed by the elevator interests, but a meeting of the Board was held and a committee, of which Mr. Lindblom was chairman, was appointed to investigate and report.

An excursion to the Cotton Exposition at Atlanta, under the auspices of the Board of Trade, was a noteworthy event, although the memory of it was darkened by the death of M. C. Lightner, who had charge of the excursion and who contracted pneumonia through his exertions to insure the comfort of the excursionists. Another tragic death was that of Director C. H. Blackman, who was accidentally shot while at target practice, and, in April, occurred the death of N. S. Jones, for many years known as one of the "Big Four" traders.

Among the provision dealers there was interest the first of the year in the order by the Belgian Government prohibiting the importation of live stock on the ground of the existence of pleuropneumonia in the United States. There was much interest, too, in the extensive improvements planned for the Union Stock Yards. In April the price of beef became so high that the Secretary of Agriculture decided to admit Mexican cattle free of duty for immediate slaughter. In September the affairs of the International Packing Company became seriously involved, President Henry Botsford resigning after one year in office and the stock of the concern selling as low as $4\frac{1}{2}$ cents, but it was later reorganized. The latter part of September the Department of Justice, after preliminary investigation, ordered the United States District Attorney to institute proceedings against the packers for alleged violation of the anti-trust laws and this litigation was in progress at the close of the year.

In the market place there was an upward tendency during the first twenty days of January, after which there was a sharp decline in the prices of wheat, corn and provisions, but without any features of special interest. This lethargy continued through February and March, but with advances in wheat, corn and oats during the latter month and a sharp upturn in provisions. It was not until the middle of April that there was any real excitement in the wheat market, there being then an advance of 2 cents per bushel, and a determined effort on the part of the bulls to force Partridge to cover his large short line. This was followed by a squeeze in rye, owing to light receipts. Wheat reached 60 cents the latter part of April, for the first time since the preceding June, and Partridge was a heavy loser. This advance in wheat continued during April, being aided by very unfavorable crop reports from France, with increased export demand, and there began an inflow of orders which delighted traders. By the first of May wheat had reached 64 cents, injuring the bucket shops, but giving commission merchants the best business they had had for two years. Continued reports of damage to crops and a hard frost the 13th advanced prices quickly, corn going from 49 cents the 1st to $54\frac{3}{4}$ cents the 23rd. Rumors of extensive damage to wheat by the Hessian fly added to the fever of buying and the constantly rising market was attended by great

excitement, the commission men working night and day, transactions reaching many millions of bushels per day. Rye made a good advance and there was excitement in oats as well as in wheat and corn. On May 23rd, when July wheat reached 82 cents, J. H. Schwartz, who had been a large winner in corn the preceding summer, was forced to suspend and his deals, amounting to some 500,000 bushels, were closed. The boom subsided the 24th, but was in full force the next day on account of predictions of frost and the advance continued until $82\frac{3}{8}$ cents for July was reached on the 29th, with corn at 53 cents for May. The activity was reflected in the price of memberships, which rose to \$950. With the coming of June there was a small decline in prices, but in a few days the fever was again raging, with wheat and corn well up to the highest May prices, oats even higher, and September rye reaching 73 cents, an advance of more than eight cents in seven days. From this point wheat declined even more rapidly than it had advanced, and was soon below 70 cents for July, while all other markets were lower. This decline continued until $61\frac{1}{8}$ cents was reached on July 9th, all other markets sympathizing with wheat. This decline caused the suspension of Gilbert, Montague & Co., one of the oldest and most respected houses on the Board. An unfavorable crop report by the Government advanced wheat prices fully ten cents before the end of July, although other markets continued to decline. At the end of July another "Hold Wheat" circular was issued to the farmers of the country, ostensibly through their organization, but wheat continued to decline during August, while the assurance of large crops caused a loss of about 8 cents in the price of corn and four cents in the price of oats, and provisions also ruled much lower. By September, with the most favorable weather, it was estimated that the corn crop of the country would reach 2,500,000,000 bushels and the farm price was so low that the farmers of Kansas were using the grain for fuel, it being cheaper in some places than coal. Oats sold at 18 cents per bushel in Chicago on September 4th, and corn was barely above 30 cents per bushel a few days later. With this immense shrinkage in values, trade was dull and lifeless, although there was an advance and some activity in wheat near the end of the month. Conditions grew worse in October and still worse in November, May wheat, on the 30th, being quoted at exactly the same figure, $60\frac{5}{8}$ cents, as on November 30, 1894. December was still more lifeless, with prices which were ruinous for the producers. Important failures in Wall Street were reflected in the markets just before Christmas, when cash wheat reached 54 cents. There was but little improvement in market or general business conditions, and the third year of financial and industrial depression closed with a gloomy outlook for the future.

The natural spirits of the members of the Board of Trade could not be depressed, however, and they planned and carried

out an extensive program on the last day of the year from which the objectionable features of former years were eliminated.

The main market events of 1895 have already been noted, the chief factors influencing the prices of wheat having been the damage to winter wheat, adverse crop reports from France and a large domestic demand, causing the bull movement which culminated in May, and the absolute lack of encouragement which caused the dull business and depressed prices during the remainder of the year. The receipts of wheat were 20,637,642 bushels and the shipments were 22,775,780 bushels. The year opened with No. 2 spring cash wheat at 53½ cents, but with a decline to 49⅞ cents by the end of the month. The February range was small and slightly higher, this advance being more marked during March, the closing price of that month being 54½ cents. The report of crop damage, together with the speculative movements, first affected the market strongly the middle of April, causing a sharp advance to 63½ cents by the 29th. May was the month of greatest activity and witnessed the culmination of the speculating fever of the year. The market was erratic, touching 60⅝ cents the 7th, and reaching 81½ cents, the top price of the year, on the 29th, and breaking to 77¾ cents the 31st. These prices were well sustained until the middle of June, when it became apparent that the crop of spring wheat would be large. The price broke several cents the 15th and by the 24th had reached 69 cents. The decline continued until 61⅞ cents was reached July 9th, but with a reaction to 71½ cents before the close of that month. With August the certainty of an abundant spring wheat harvest operated with the general business depression to cause a heavily declining market which reached 59 cents by August 28th. In September the price dipped to 55⅞ cents near the middle of the month, but the close was at 62¼ cents. The October market was dull, with the average price slightly above 59 cents, while November ranged downward, closing at 56 cents, and December touched bedrock at 54 cents, the year closing at 57 cents.

Corn.—Following three short crops, the corn crop of 1895 was the greatest the country had known and it was of excellent quality. This large production, coupled with adverse industrial conditions, which lessened the demand, caused prices to decline sharply the last half of the year. The receipts were not so large as in years just preceding, being 59,527,718 bushels, while the shipments were 59,964,265 bushels. The high prices which had been brought about by the drought of 1894 prevailed the first of the year, cash corn being quoted as high as 45⅓ cents the first business day of the year. As the month advanced the price declined, closing at 40⅝ cents, advancing again during February to 43¼ cents. This advance continued, as corn of the old crop was scarce and the new crop was not assured. By the closing days of April the price had worked up to 48 cents and in May, in sympathy with a rising wheat

market, a top price of $54\frac{3}{4}$ cents was reached, although the month closed about 3 cents lower. The market was well sustained above 50 cents until the middle of June, when favorable weather and reports of a large acreage caused a decline to 47 cents by the close of the month. The decline continued through July, that month closing at $42\frac{7}{8}$ cents. In August the Government crop report put the condition of the corn crop at $102\frac{1}{2}$, causing a sharp decline to $36\frac{1}{2}$ cents by the 31st. There were no helpful price features during September and there was an irregular decline to $30\frac{3}{4}$ cents by the end of the month. The average price during October was below 30 cents and $29\frac{1}{4}$ cents was the high price in November, the month closing at $26\frac{1}{8}$ cents. Another cent was taken from the price during December, and the year closed at $25\frac{1}{2}$ cents.

Oats.—The oat crop was abundant and there had been no marked shortage in 1894 as was the case with corn, and the abundance of the latter reduced the normal demand for oats the latter part of the year so that in December the lowest price ever known on the Board up to that time was recorded. The receipts were 79,890,792 bushels, being more than 16,000,000 bushels more than in 1894, and the shipments were 66,839,596 bushels. The market opened with No. 2 cash oats at $28\frac{3}{4}$ cents, which was about the average price for January, February and March, while the April market was a fraction lower. With the latter part of May in sympathy with other grains there came an advance to $30\frac{1}{2}$ cents and this continued during the first half of June until $31\frac{1}{2}$ cents was reached, this being the high point of the year. From that time the course was almost steadily downward, the closing prices of the different months being fairly illustrative of the progressive steps of the decline; thus the closing price was, for June, 25 cents; for July, 23 cents; for August, $18\frac{5}{8}$ cents; for September, $18\frac{1}{2}$ cents; for October, $18\frac{3}{4}$ cents; for November, $17\frac{1}{2}$ cents; for December, 17 cents; while on the 3rd of December the low price of the year, $16\frac{5}{8}$ cents, was reached. An interesting feature of the oats market during the spring and summer was the long line held by the American Cereal Company. It was believed to be in the neighborhood of 3,000,000 bushels and was carried over the period of high prices only to be taken and paid for, and then peddled out on declining markets, a part being shipped east. Another long line of importance was that held by a coterie of Wall Street traders. It began to be talked about early in June, but near the close of that month it was sold, aiding to depress prices.

Rye.—The market for rye during the first half of the year was one of interest and at times of much excitement. The stock in store was small the first of the year and by June had been reduced to about 27,000 bushels. The report of damage to the rye crops of Germany and Russia also aided in the advance which culminated in June with September rye at $73\frac{1}{4}$ cents. No. 2 rye sold

January 2nd at 48 cents and was steady at 50 cents the last half of January. By the middle of February the price had advanced to 53½ cents, but 2 cents of this was lost by the end of the month. March witnessed an advance to 55 cents at the close, while the April market was active and excitedly higher, reaching 66 cents the 24th, the month closing 3 cents lower. The range for May was from 62½ cents the 1st to 67 cents the 27th, with a closing price of 66 cents. The crest of the wave was reached early in June at 70 cents for cash rye. From this point the price declined rapidly, reaching 59½ cents by June 29th. During the remainder of the year, while there were a few temporary advances, the general course of the market was downward, reaching 47 cents at the close of July and 40 cents at the end of August, which was also the closing price for September. October closed at 37 cents, November at 36 cents and December, with the lowest prices of the year, at 32½ cents. The receipts of rye were 1,657,216 bushels and the shipments 1,168,252 bushels.

Barley.—The barley market of 1895 was thoroughly unsatisfactory to the trade. Much of the barley was thin and of inferior quality, and the price of oats was so low that there was no market for barley except for malting purposes and sellers were at the mercy of buyers. The receipts were 14,194,881 bushels and shipments 9,322,244 bushels. The price of No. 2 cash barley was 55 cents the first of the year, with an irregular decline to 51 cents by June 1st. The last of the old crop sold in July at 52 cents, and new barley opened at 50 cents. This price did not hold and by the last of August No. 2 barley for September delivery sold at 46 cents. In September the price ranged downward to 40 cents at the close, and in October the close was at 38 cents. There was a bulge to 42 cents the first week in November, but by the end of the month the price had worked down to 36 cents; 35 cents was quoted December 26, but the closing price of the year was 37 cents.

Seeds.—The receipts of timothy seed were large, aggregating 51,608,549 pounds, with shipments of 50,853,572 pounds. Owing to the small crop of 1894, high prices prevailed during the spring months. Choice timothy opened at \$5.65 per cental and reached \$6 before the close of February, this being the high price of the year. After a decline to \$5 in May, the price again went to \$6 in July, following which there was a decline to \$3.45 in September and the year closed at \$3.50.

The receipts of clover seed were 5,688,860 pounds and the shipments were 7,460,214 pounds. Choice clover sold at \$9.25 per cental in January and advanced irregularly until \$10 was reached in August. With the new crop prices declined rapidly, \$6.90 being paid in October and \$7 the last of the year.

The receipts of flax seed were large, aggregating 8,525,237 bushels, with shipments of 4,726,818 bushels. The features of the

trade were a largely increased acreage, an increased supply in central markets, and importations from Russia, India and Argentine. The price of No. 1 cash flax seed on January 2nd was \$1.39, with an advance to \$1.44 by February 1st. The market was steady but lower during February and March, both of which months closed below \$1.40. April opened at \$1.37½, but advanced to \$1.43½ before the end of the month. Fears of damage to the crop by drought caused a sharp advance to \$1.51½ by May 29th and after a slight decline the advance movement carried the market to \$1.52½, the high price of the year on June 19th. The price was well maintained the remainder of June, but with the beginning of July it weakened and that month closed at \$1.19. In August there was further decline, the price going below \$1 for the first time in the year on August 29th. The price touched 90¾ cents September 13th and the month closed at 95 cents. The October range was still lower, 89 cents being reached the 29th, while in November the market was steady, with 92 cents about the average price. The December market was slightly better, closing at 93 cents.

Live Stock and Provisions.—The trade in provisions was quiet and uneventful and with few noteworthy features. It was a year of low prices with heavy supplies and indifferent demand; the cholera scare affected the price of hogs in the early fall and the price of beef products was affected by the reduced demand arising from the investigations and the agitation connected with the packing trade. Following the beef trust investigation came the manifesto letting in cattle from Old Mexico, avowedly for the purpose of "preventing the beef trust from raising the price of cattle and beef." About 200,000 head of Mexican cattle came into this country on that order. The receipts of cattle in Chicago were 2,588,558 and the shipments were 785,092 head. The number of cattle slaughtered was 1,958,206, which included city consumption. Prime beeves brought \$5.90 on the Chicago market the first of the year. There was a decline to \$5.65 during February and an advance to \$6.45, the high price of the year, in March. From this point the price worked downward until \$4.90 was quoted in November, with some improvement in December, the year closing at \$5.20.

The market for hogs was likewise unsatisfactory to shippers. The receipts of live hogs were 7,885,283 head and the shipments were 2,100,613 head. The number of hogs packed reached 5,293,202 head. The top price for packers and shippers' hogs was \$4.70 the first of the year. Following depression in February and March the price advanced to \$5.42½ in April, declined to \$4.80 in May and June, and reacted to \$5.45, the high point of the year, in July. Prices declined the remainder of the year, reaching \$3.60 in December and closing at \$3.65. The general course of the provision market was downward, this being accentuated the latter part of the year. Mess pork opened at \$11.40 but declined to \$9.65 by January

31st. The February market was featureless with an average price of \$10, while there was a notable advance during March, the market closing at \$12.42½. The price was well sustained, somewhat under this figure, until the last of April, when there was a decline to \$11.87½. In May the market fluctuated quite violently at times, the high point for the month, \$12.80, being reached the 29th. During June the market was strong and, although the price broke to \$11.65 on the 21st, it reacted to \$12.40 by the 29th. The first week in July saw the last quotation above \$12 and by the end of the month \$9.90 had been reached, while there was little trading in cash pork and the September delivery ranged from \$10 the 1st to \$8.95 the 31st. In September cash pork sold from \$8.92½ the 3rd to \$7.85 the 21st, and closed at \$8.42½. The October range was small and the price irregularly lower, the month closing at \$8.10. The decline continued irregularly during November, reaching \$7.67½ on the 30th. The low price, \$7.45, was reached December 21st, and the year closed at \$7.87½. The market for mess pork was typical of the markets for lard and ribs.

Transportation.—During the year the Illinois Railroad and Warehouse Commission ordered a reduction in freight rates amounting to nearly 25 per cent, effective July 1, 1895. The Interstate Commerce Commission also acted in favor of lower schedules but this order was taken to the courts. These official acts were effective in causing reductions in the cost of water transportation as well, and Chicago shippers enjoyed the most favorable freight rates by rail to the East they had ever known. The average rate on wheat per bushel by lake and canal to New York was \$.0486, by lake and rail \$.0696, by all rail \$.1189.

1896

Eighteen hundred and ninety-six was the fourth year of the financial and industrial depression which afflicted the country, beginning with the panic of 1893. Immense crops of corn and oats in 1895 were followed by a still larger crop of corn in 1896 and a good crop of oats, and this abundance, coupled with the generally depressed conditions, reduced the prices of these cereals to the lowest point they had ever reached. Natural conditions were more favorable to higher prices for wheat and several brave attempts were made to advance prices, although without great success until late in the season. Business conditions forced the people to pay great attention to the policies of Government, and the Presidential contest between McKinley, standing for the gold standard, and Bryan, standing for free coinage of silver, at the ratio of 16 to 1, was the most exciting the country has ever known. The Board of Trade, with remarkable unanimity, was aligned with the forces of "sound money" and the election of McKinley inspired confidence during the closing months of the year.

The year is interesting for new phases of the struggle against the elevator monopoly and against the bucket shops and for sturdy attempts to maintain the standards of the Board through the discipline of violators of the rules. The charges against the Armour elevators furnished the most sensational episode of the year and some progress was made in perfecting the regulations governing the Association. Business conditions discouraged extensive market manipulations and, except during short periods, the trade was largely of a scalping nature and conducted by professional traders, the markets offering little inducement to outside traders, especially on the bull side. This condition favored conservatism and while the market was devoid of brilliant speculative campaigns, it was also devoid of important business failures.

In world events the opening of the year found the United States in danger of war with Great Britain over the Venezuela question, and the year was marked by the war waged by Great Britain against the Boer Republic, while events in Cuba presaged the war between the United States and Spain which was soon to come.

With the opening of the year the interest of the members centered upon Board politics, the lines being sharply drawn between the supporters of Baker and Carter and of Wright and Jones. In order to show the good faith of his candidacy, Mr. Wright tendered his resignation as a Director and this was accepted, creating a vacancy to be filled at the election. Mr. Wright issued a letter accepting the nomination in which he pledged his support to the anti-bucket shop campaign, but his opponents were not convinced and declared that the bucket shop and elevator interests were solidly with him. C. D. Hamill managed the campaign for Wright, and John Hill, jr., was the leader of the Baker forces. Circulars in support of Wright denounced Baker as arbitrary and unreasonable, and circulars issued by the advocates of Baker made personal attacks upon both Wright and Jones. The interest was intense, and 1,354 votes, the largest number in the history of Board elections up to that time, were cast. The capitalists, bankers, elevator men and all those with whom the Board of Trade was a convenience, were, generally, for Wright, while the commission merchants and traders, who depended on the Board of Trade for a livelihood, were largely supporters of Mr. Baker. The result was a sweeping victory for Baker and his election by a vote of 777 to 562 for Wright. For the Second Vice-Presidency the contest was much closer, Carter receiving 682 votes and Jones 646. The Directors elected were W. N. Eckhardt, G. W. Stone, H. C. Gray, James Nicol and Henry Zeiss for the full term, and H. O. Parker and L. B. Mitchell to fill the vacancies caused by the death of C. H. Blackman and the resignation of Mr. Wright.

Between the holding of the election and the time of the annual meeting there came developments in the elevator campaign. An

unsuccessful attempt was made to have the Calumet elevator declared regular over the adverse report of the warehouse committee, the right of elevators to deal in grain being one of the factors and Judge Tuthill rendered a decision that the Railroad and Warehouse Commission had no authority to revoke the licenses of elevators, although he did not pass on the question of the right of elevators to mix grain. The Board of Trade took appeal from this decision, which was, later, affirmed by the Supreme Court, but the anti-elevator forces were encouraged by the decision of Attorney General Moloney to prosecute the elevators for buying and selling grain on their own account, while acting as custodians of similar grain for others, and also for forming a trust. At the annual meeting President Baker made a strong address outlining his attitude on the bucket shop and elevator question and the Directors in their report reminded the members of the oath which they were required to take upon joining the Association, pledging themselves not to aid or abet any violation of the bucket shop law. Owing to the large assessment levied for 1895, the Directors' Report showed the finances of the organization to be in good condition. The receipts were \$330,059.06 and the expenditures \$295,747.57. The extraordinary expenses amounted to \$76,000, but the running expenses had been reduced by \$17,000 as compared with the preceding year.

The bucket shop fight had been transferred to the courts and E. S. Jones and John Hill, Jr., appeared before the Grand Jury on behalf of the Board of Trade and presented evidence which they had gathered during preceding months, and on the strength of this indictments were found. As a means of retaliation and because their business was being seriously affected, the bucket shops reduced their rate of commission to 25 cents per 1,000 bushels and this led the Board, in February, to decide to furnish the Call room more attractively, with quotations and an information bureau for the benefit of the trading public, and, later, to provide for trades in corn and oats in 1,000-bushel lots. The introduction of a new anti-option bill in the United States Senate, by Senator Nelson of Minnesota, revived consideration of the Lindblom plan of trading, and a special meeting was held at which it was proposed to found a Board of Trade Bank, with \$1,000,000 capital, but as trade improved and the occasion passed, the plan was again lost sight of.

Another matter which interested the Board during January was the weighing question, over which such a hard battle had been waged the year before. The Sugar Refinery Company took the aggressive in opposing the reappointment of John Walker as official weigher, but was not able to accomplish his defeat, and a few days after his re-appointment the company refused to accept his weights and threatened to ask the appointment of a State Weigher, under the law of 1883. The next move of the Refinery was to refuse to

purchase corn of Board of Trade members. This was a serious blow as the Refinery Company was the best customer the Board had for low-grade corn, and its refusal to buy operated to reduce the price of corn which was not good enough to pass as No. 2. It was at first thought that no compromise could be made, but finally the Refinery made some concessions and thirty dealers agreed to the appointment of A. I. Clark as weigher at the Refinery plant. This compromise arrangement was maintained throughout the year, but proved unsatisfactory in some respects.

The Board was also interested, during January, in the proceedings of the National Board, to which W. J. Pope, B. A. Eckhardt, G. F. Stone, L. W. Bodman, Frank Howard and R. S. Lyon were delegates. Delegates from St. Louis introduced a resolution against the Drainage Canal system on account of the alleged contamination of the waters of the Mississippi. It was strongly opposed by Chicago delegates and did not pass. Chicago suffered a defeat when the National Board ignored the resolution against railroad pools proposed by Chicago delegates.

In February, Murry Nelson secured a favorable court decision in the year and a half fight he had been making against the sentence of indefinite suspension pronounced against him by the Board. This victory encouraged Kennett and Harris to apply to the courts against the action of the Directors in suspending them. The injunction secured by H. M. Greene restraining the Board from disciplining him was dissolved, however, and upon his plea of guilty, he was expelled. The prosecution of the bucket shops through the Civic Federation was also pushed and twelve of these institutions stopped business rather than face the courts. They threatened to "get back" by raids upon privilege traders, but the threat was not carried out. As a result of the investigation, indictments were found against 281 individuals for connection with bucket shop concerns and forty of the leading concerns of this character combined to defend themselves. Their next move was the establishment of the "Consolidated Produce and Stock Exchange" with W. R. Hennig as President and Francis Riddle as Attorney. This was announced as a great rival establishment to the Board of Trade, with 200 members and offices, at the corner of Van Buren Street and Pacific Avenue, but the officers and members of the Board of Trade were not in the least disturbed over what President Baker declared was an advertising scheme, and Director Hill characterized as a move of the bucket shops.

The commission men located in the Rialto Building protested, at this time, against the lease of offices in the building to bucket shops, but the owners declared that an indictment was not a conviction, and refused to discriminate against them until the courts had decided them guilty. In April, Judge Windes rendered a decision in the Kennett and Harris cases by which the action of the

Board was sustained in the case of Kennett but not as to Harris. The latter case hinged upon the evidence of Richard C. Gunning, whose testimony in the Kennett case was used also in the trial of Harris, but as Gunning was not then present, Harris had no opportunity for cross examination. As a result of this decision, Harris was restored to membership in September.

In May, the Supreme Court of the State rendered a decision in the Murry Nelson case, already reviewed, completely sustaining the power of the Board to discipline its members. The decision read, in part, as follows: "Nelson was suspended by a tribunal which he had voluntarily chosen to determine the question, and according to the rules to which he had assented in becoming a member, and he had due notice of the proceedings. Such a judgment cannot be collaterally reviewed by the courts. Whether the evidence before the Board of Directors was sufficient to authorize its finding, cannot be examined into by the courts. With the question whether that judgment was correct upon the facts, the courts have nothing to do. Having given him notice and made due inquiry, where there is no question of the jurisdiction or legality of the proceedings, the courts will not sit as courts of appeal and re-examine the facts. To do that would be to usurp an authority in cases of this kind, for which there is no justification in the law." The decision could not have been more sweeping in declaring the Board to be a law unto itself and did much to increase its prestige and to make its orders obeyed. Mr. Nelson's application for a rehearing was denied by the Supreme Court in October, following which he made application for reinstatement. Having been vindicated in their position, and believing Mr. Nelson sufficiently punished and willing to abide by the rules in the future, the Directors, in November, passed a resolution restoring him to the privileges of membership in three months from that date upon certain conditions.

The most sensational episode of the year and one closely connected with the whole anti-elevator campaign, was the trial of the Armour Elevator Company on charges of dishonorable conduct. This grew out of transactions connected with the May delivery, and after a preliminary investigation by a committee consisting of John Hill, Jr., John C. Ross and W. L. Kroeschell, formal charges were brought before the Directors against P. D. Armour, P. D. Armour, Jr., J. Ogden Armour and A. I. Valentine for issuance of unsatisfactory wheat receipts. The Armour Elevator Company was charged with having transferred 1,200,000 bushels of wheat from one part of the north side system to another, without inspection, on such dates that the receipts resulting therefrom were just regular on delivery day, May 1. The charges had special reference to the Goose Island group of houses, comprising "A," "B" and "B Annex." Deliveries of wheat by all the elevators in the city were made on May 1 and the trade discovered that the proportion

of short or undesirable receipts in the Armour deliveries was unusually large. It was found that wheat had been moved from one part of the system to another and receipts against this quantity so dated that they became just regular on delivery day or as the trade expressed it, "The storage ran out" at that time. Anyone getting such receipts was obliged to dispose of them the same day or be subject to $\frac{1}{4}$ -cent additional storage. It was customary for grain men in making deliveries to sort out short receipts, but the trade came to the conclusion that in this case short receipts had been manufactured for their benefit. Warehouses "A" and "B" were practically one house, divided by a fire wall and were on the river front. "B Annex" was a house erected under the stress of the Cudahy corner, some time previous, and had no water communication, but loaded vessels through the river or working house. For purposes of insurance and in being made regular by the Board of Trade, the group was considered as three houses. In the investigation it was found that wheat from one house had been transferred over a belt conveyor to another without inspection; that the old receipts had been cancelled and the new ones, which proved undesirable on delivery day, issued. The complaint was that the State law had been violated in one of two ways. If the group of houses was to be considered as a single house, the new receipts should have carried the date of the old. If there was more than one house, the grain should have been inspected. As soon as this sharp practice came to light, Mr. P. D. Armour hastened to disavow any personal knowledge of the transaction, although acknowledging his pecuniary interest by admitting that the affair was unfortunate and offering to exchange receipts with any dissatisfied holders and to make good any losses.

At the trial the practices of the Inspection Department in conniving at such transactions were questioned. The explanations of the officials of the Inspection Department were a trifle hazy as to details, but they were inclined to sustain the position of the department and the elevator company in allowing such transfers to be made. As a result of the trial all elevators of the Armour Elevator Company were declared irregular after July 1, the receipts becoming irregular at once. The capacity of the elevators was 10,500,000 bushels and the grain in store aggregated 4,925,000 bushels of wheat, 1,636,000 bushels of corn, 430,000 bushels of oats and 250,000 bushels of rye. Not a bushel of the No. 2 grade was deliverable on contracts after the action was taken and this was of great importance to the trade as the Armour elevators contained about one-third of the wheat and one-fifth of the corn then in store in Chicago. The Directors voted these elevators irregular by a vote of 15 to 2, and the action was based on Section 1 of Rule 21, which stated that nothing in the rules should prevent the Directors from declaring any warehouse, or the receipts thereof, irregular at any time for

violation of or non-compliance with the laws of the State of Illinois or any of the rules of the Board of Trade.

There was great surprise when it was found that the receipts in the houses became irregular immediately. It was thought that the grain in houses declared irregular was still regular under the rules for six months, but a close study of the rules proved that the six months' margin applied only when houses were not again made regular by the Board at the expiration of the time for which they had been regular. When they were declared irregular for cause, the time limit need not be allowed. President Baker would not discuss the evidence but stated that "holders of receipts took them at their own risk." "It is similar to a case of fire," he said. "It is one of the things that is liable to happen. If a man happened to have 5,000 bushels of grain in those houses, the Board is not responsible." Mr. Armour gave his side as follows: "The system of transferring grain was figured out in conjunction with the Inspection Department and has been in vogue ever since the house was built. I, personally, had no knowledge of the transfers and issue of the receipts on which the complaints were based, but so soon as I learned that there was any dissatisfaction, I ordered settlements made with the people who considered themselves damaged."

The action of the Directors had no effect upon the market as brokers for Armour were active buyers of receipts for wheat stored in these elevators. Armour announced his intention of protecting holders and stated that wheat in his houses, if necessary, would be made regular by transferring through a regular house and he paid full market price for his receipts. In spite of this action, the committee of the Board took steps to discipline the company, although the Warehouse Commission declared that it would not act unless formal complaint was filed. Just at this time Judge Gary, of the Appellate Court, decided that warehouse men might deal in grain, and although the case was immediately appealed, this decision had something to do with shaping public opinion in the Armour case. After summoning many witnesses the Directors filed formal charges against the Armours and their employee, Mr. A. I. Valentine. The main charge was "grave misconduct"—in issuing warehouse receipts contrary to the laws of trade and the rules of the Board. The trial was set for June 2 and the whole proceeding created excited discussion upon the Exchange, while it was proposed that the state inspection service be investigated on account of the irregularities permitted. While the interest in the Armour case was at its height and before the date set for the trial, a second sensation came in the shape of charges filed by H. J. Patten against the Central Elevator Company and Carrington, Hannah & Co. for violation of that section of Rule 21 requiring warehousemen to sell their contract grades of grain on the local market. The defense

as outlined was that the elevator company was distinct from the grain commission firm of Carrington, Hannah & Co. At the Armour trial, George J. Brine appeared for the defense, while John Hill conducted the prosecution. The Armours claimed to have had no personal knowledge of the transaction and they were acquitted, while the blame was thrown upon Mr. Valentine, the manager for the Armours, and he was suspended for twenty years. The trial of the Central Elevator Company followed some two weeks later, and a verdict of guilty was rendered, but immediate sentence was not imposed, as the Board was confronted by a serious problem if the regular storage capacity of the city was reduced by 3,000,000 bushels in addition to the 10,500,000 bushels of the Armour system. The Illinois Central, Burlington and Northwestern Railroads would in that event be left without regular storage. Directors took action a week later, however, declaring Central Elevators "A" and "B" irregular, but receipts were to continue regular until January 1, 1897. When the Directors passed on the storage for the ensuing year, on June 30, storage aggregating 16,650,000 bushels was declared regular, but there was no regular storage at South Chicago nor on the Burlington or Illinois Central Railroads, the Armour and Central elevators not making application. This action, especially as to the Counselman houses in South Chicago, which left the Calumet River without storage, was much criticised. A petition, headed by E. S. Jones, was filed in favor of the Counselman elevators, and, on July 7, the Counselman, Armour and Central elevators applied for recognition as regular, it being announced that P. D. Armour, Jr., would succeed A. I. Valentine as manager of the Armour system. John Hill led the fight against these applications and consideration was postponed for a week, at which time the adverse report of the warehouse committee was overridden and the South Chicago, Armour "E" and "F" and Armour "A" and "B" and "B Annex" were made regular, increasing the "regular" storage capacity to 27,450,000 bushels. This action so incensed Directors Hill, Kroeschell, Ross and Nash that they tendered their resignations, Mr. Hill issuing a statement charging that monopoly had triumphed. There was much opposition to making Armour elevator "Annex B" regular, as it had no water front, and the Board's attorney was called upon for legal advice. This opinion was favorable to the proposal and the Directors took final action, increasing the total storage to 32,250,000 bushels, and by unanimous vote refusing to accept the resignations of the four Directors. The latter refused to withdraw their resignations and Mr. Hill followed his first statement with a second in which he accused the Directors of treachery. These resignations were persisted in and were finally accepted. During this controversy the anti-elevator element was weakened by the absence of President Baker, who spent the summer months in European travel, leaving John Hill as the leader of the reform

faction. While not a Director for the remainder of the year, Mr. Hill had personal charge of the prosecution of bucket shop cases with excellent results. Through his efforts action was taken by the postal authorities and the mails were closed to these institutions, forcing them to do business almost entirely by wire, at increased expense. In October, the Thomas Commission Company, under indictment as a bucket shop, was forced to suspend, and in November there was a police raid in which a number of bogus tickers were seized. In December also there was activity against the bucket shops and Robert H. Kelly was expelled from the Board for bucket shopping trades and for acting as a figurehead for a bucket shop concern. Near the close of the year the record of Mr. Hill's campaign against the bucket shops in connection with the Board of Trade and with the Civic Federation was published as follows: 45 bucket shops barred from the mails, 87 indicted, 100 driven out of business, three members disciplined by the Directors of the Board of Trade.

In March there was much complaint by grain dealers as to the inspection service and charges that the track inspectors lacked both experience and ability. In May an investigation was instituted at the time of the Armour scandal and the report made in September was considered mild and unsatisfactory and civil service was urged, but no further steps were taken in this, which was to become an important issue of the following year. As early as April there was a movement to extend the business hours of the Exchange owing to the volume of curb trading, and while this was not done, Secretary Stone issued a warning that trading after hours would be severely dealt with. This was heeded, temporarily, but by October curb trading was as active as ever and a committee was appointed to enforce the rule after the Secretary had served notice that principals would thereafter be held for the acts of subordinates. The rule provided that while a member of the Board was under suspension the firm of which he was a member should be denied the privileges of the clearing house, and that no corporation should be allowed such privileges while one of its officers was under suspension. A still more important rule was posted for ballot in October providing that all members of any firm using the clearing house must be members of the Board of Trade. The prospect of the passage of this rule increased the value of memberships to \$900 and it was adopted by a large majority, the purpose being to place the burden of the expense of the Board upon more shoulders and to make all firms fully responsible for supporting rules and regulations. The Directors ordered that the style and address of every business house and corporation be registered with the clearing house and all changes registered as well. The passage of this rule raised the question as to the admission of women to membership. After the close of the storage controversy in midsummer, nothing

more was done directly by the Board to regulate the elevators. The Board was successful, however, in having the Interstate Commerce Commission make an investigation, and many witnesses were subpoenaed in September for evidence as to the relations existing between the elevators and the railroads. The prosecution by the state was also pushed and in December Judge Tuley rendered a decision denying the right of warehousemen to buy or sell grain and the proprietors were allowed five months' time in which to change their methods. This decision was highly pleasing to the anti-elevator members of the Board, but, as usual, an appeal was taken, leaving the question in statu quo at the end of the year. A minor but substantial concession was obtained during the year, however, when certain of the railroads agreed to clip and clean grain without charge.

As usual, the Board and its members took great interest in passing events and in all movements for the welfare of the government and of commerce. During 1895 the sum of \$15,000 had been raised to be loaned to farmers who had suffered from the drought in Nebraska to assist them in procuring seed. Twenty-five hundred notes were taken from the farmers in amounts ranging from \$1.70 to \$30, and by March, 1896, sufficient of these notes had been paid so that \$6,000 was returned to the subscribers, and it was expected that a further dividend of \$3,000 would be declared. The Board had always been consistent in its opposition to railroad pooling and the members were delighted with the decision of the Supreme Court of the United States that witnesses could be compelled to testify as to infractions of the Interstate Commerce Commission Act, and it was thought that this opened up the way to successful prosecution. Later, at a special meeting of the Directors, strong resolutions were passed opposing any amendments to the Interstate Commerce Law until it was amended as a whole in the light of Supreme Court decisions; that the rights of the people might be safeguarded. The transportation question was one of great importance to the Board throughout the year. During the summer months, while corn was selling at nearly the lowest prices ever known, there had been no reduction in freight rates from the West. At points in Iowa and Nebraska the price of corn was from 15 to 18 cents per bushel, while at many stations in South Dakota the price was below 12 cents and the freight rate represented in many cases fully one-half the price realized in Chicago. Farmers began holding their corn, principally for higher prices, but somewhat with the intent of forcing the railroads, through falling off in business, to reduce rates. The Board of Trade joined in this movement for lower rates and a reduction was made first in the rates from Missouri River points to Chicago, and a little later the all-rail rates to the East was cut from 20 cents to 15 cents. This necessitated a cut to $6\frac{1}{4}$ cents per bushel in the rate on corn by

lake and rail to New York. This was followed by uncertainty as to when the rates would be raised and this effected the market seriously. A matter that attracted much attention as being of vital importance to shippers and elevator concerns was the fact that Gulf ports and Baltimore assumed large proportions as direct receiving markets for corn for export, and bid fair to cut into Chicago's business seriously. The railways appeared to favor these rival markets in every way possible, and the inducements which could be offered to country shippers on account of this discrimination took vast quantities of corn directly to these southern ports. In July a committee was appointed to confer with officials of Iowa railroads to secure a revision of the differential between Chicago and other points. Shipments of corn to Baltimore became so great in November that its tracks and warehouse facilities were glutted, and during the blockade consignments of corn had to be sold there at prices which made the country shippers sick of that market. At the same time New Orleans also had trouble with a flood of low grade corn. Many cars arrived there heated, a frequent incident in southern markets, and as it could not be exported, New Orleans was found to be an unfortunate market in such contingencies and shippers were inclined to seek the safer Chicago market thereafter. Still another instance of rate discrimination occurred in August when rates on provisions for export from Missouri River points to the Mississippi River were cut so sensationally as to make it impossible for Chicago packers to compete with their rivals on the Missouri River, and the Board was also instrumental in having this adjusted. Other matters of general importance were acted upon by the Board, as follows: In March resolutions were passed favoring the establishment of a Department of Commerce, and some time later leading members were interested in securing subscriptions for a Cuban bond issue. In December, however, the Board went on record against recognizing the Republic of Cuba, believing the action premature. Great interest was taken in the election, a "Sound Money" club formed in September included a large majority of the membership and the Board adjourned on October 9 that the members might participate in the "Sound Money" parade. On election night the anxious members received the returns in the Exchange hall.

As the end of the year approached there was increasing interest in Board politics and some discussion of making the President a salaried officer. There was no opposition to the renomination of W. T. Baker at the regular caucus and H. F. Dousman was placed in the field for Second Vice-president. Just at the close of the year R. S. Lyon was placed in nomination for Second Vice-president by petition and a second ticket for Directors was also nominated by petition.

The year opened with cash prices as follows: Wheat, 57; corn, 25½, and oats, 17 cents, and with mess pork at \$8.62½ and lard at \$5.27½. Fear that America might be drawn into war with Great Britain over the Venezuela affair caused a sharp advance in wheat during the month of January, but the first real market excitement of the year was in pork, which reached \$10 about the middle of the month, an advance of \$1.35 in two weeks. The beef market was benefited by increased foreign demand, the first order of canned beef for the British army, for three years, being shipped. Towards the end of the month the upward course of wheat was checked by heavy selling by Armour. There was an advance to higher levels the first week in February and the provision market was also stronger and excited. Armour was said to be about to resume a big deal, dropped in November, and there were rumors of large shipments to come to Chicago from the Northwest. John Cudahy was a large winner during this upturn and it was reported that he had been very fortunate in his speculations during the preceding year, having been able to pay some \$400,000 of his indebtedness while his notes were at par. He was described as usually playing a "lone hand" and directing his brokers personally on the floor. Newspaper accounts spoke of him as a man with a "round, ruddy, but inscrutable face, and a twinkle in his eye. His words brief and terse, but always kindly. Nerves of iron and displaying no petulance with the turns of fortune, the only record of his being excited having been in the '80s when his winnings were enormous. Confessedly bankrupt in 1893, he was one of the leading traders in 1896. He did not confine his operations to the Board of Trade but dealt largely in oil and real estate and he was one of those who was always helpful to traders in financial difficulties." On February 10 the first of Armour's big shipments arrived from the Northwest, depressing the market. This shipment was of 100,000 bushels and was shipped by rail, requiring 136 cars, running in eight trains. During February there was one of the usual winter scares over the growing wheat, and early in March a fire at Minneapolis, which destroyed over a million bushels of wheat, served to advance the price.

Another rumor which affected the wheat market was a report of the death of Edward Partridge, which he denied in person a few minutes later. As in the last years preceding, general conditions were against any prolonged bull movement and the Chicago Tribune said, March 19: "The wheat market is in an exceedingly unsatisfactory condition. Trade is wholly professional and there are few signs of a revival of investment buying." The latter part of March there were unfavorable crop reports, especially from Indiana, Ohio, Kentucky and southern Illinois, but general business conditions were too bad for any sustained advance in prices. The declining markets were severely felt in provisions, and cash lard reached

\$5 by April 1, this being said to be the lowest price for a third of a century. But this was just a start, for during July cash lard sold at \$3.05 and September at \$3.10.

On April 17 there was another rumor of the death of Edward Partridge, and this time it could not be denied in person, for the career of the nervy little trader was over. Born in Durhamville, New York, in 1835, Mr. Partridge made his first business success as a dry goods merchant in Buffalo. He came to Chicago in 1869 and was the owner of a large dry goods establishment on the corner of State and Lake Streets. He was attracted to the Board of Trade by the successful operations of the "Big Four," consisting of Ream, Singer, Kent and Jones. He was a consistent bear and was a great plunger, having several times been on the verge of bankruptcy. His heaviest losses were during the sharp market advance in the spring and summer of 1892, when he lost about \$600,000, and his heaviest winnings were before and during the panic of 1893. He was a leading factor in trade from 1890 to 1894, and B. P. Hutchinson said of him that he was the nerviest operator that ever traded on the short side of the market. He was modest and unassuming in person and generous to a fault. He frequently traded in the pit in person, but generally stood apart and directed his brokers, his chief lieutenant being A. J. Cutler. Another closely identified with Partridge was C. J. Rosenkranz, who died about the same time. Partridge's bear operations made him the target for much criticism from those who wished higher prices, and in 1892 a South Dakota farmer made an attempt to assassinate him. His speculation was nearly all confined to the wheat pit, and purchases to close his large short line at the time of his death caused an advancing market, so that, strangely enough, Mr. Partridge's last position on the market was that of a bull.

Prices the latter part of April and the first of May were on lower levels but with active trading and the decline continued until after the first of June. This was followed by an advance of nearly 7 cents per bushel, in July wheat, in four days due to bad crop reports from Kansas with a loss of 5 cents during the two days following, these rapid fluctuations causing the greatest excitement and much confusion in trading. The latter part of June the assurance of another bumper crop took all the life from the markets and made new low records almost an every day occurrence. By the 24th, July oats had dropped to 16 cents and Illinois farmers were contracting their new crop of oats at from 11 to 13 cents per bushel. No. 2 corn, on track, sold at Onawa, Iowa, at 15½ cents per bushel and No. 2 mixed oats at 9½ cents per bushel, while at South Dakota points corn sold at 11½ cents and oats at 7 cents. On June 27, rye stood at 30 cents per bushel, the lowest price within the memory of the oldest trader, and within two days the price was 1½ cents lower. July prices were still lower for corn and pro-

visions with sensational breaks in pork and lard. In August a syndicate of Montreal traders sought to corner the market for September pork. Part of the plan was to advertise for buyers to act in concert. Geddes, Kirkwood & Co. had charge of the syndicate's Chicago interests and the uneasiness of shorts caused an advance of about \$1.35 the fore part of the month. The Montreal manipulators were very confident of success and announced that they expected to have a great deal of "fun" with the Chicago shorts. September pork went up to \$7.65, the 5th, and declined to \$6.30 the same day, as the syndicate tried to unload. From that point pork descended into the seemingly bottomless pit along with corn and oats. The downward trend was helped at this time by the failure of the Diamond Match speculation of the Moore Brothers, which resulted in closing the Chicago Stock Exchange for a period of nearly three months. By September 5 corn had reached 19 $\frac{3}{4}$ cents and oats 14 $\frac{5}{8}$ cents, with other markets on a like level. The first signs of revival came with the latter part of September, when wheat made a sensational advance, reaching 70 cents for December delivery October 1st and carrying other markets up with it. Cudahy and Linn got on the bull side of the market and there were continued advances, based in part on a shortage of food in India, until 79 $\frac{3}{4}$ cents was reached. The bears then got control of the market and 69 cents was touched within a few days, although there was a small reaction when elevators "A" and "B" of the Chicago & Pacific Co. burned, nearly 1,500,000 bushels of grain, mostly wheat, being destroyed. Uncertainty as to the outcome of the election was a bear feature of the markets at this time, and the election of McKinley caused an advance which did not culminate until 82 $\frac{3}{8}$ cents was reached for December wheat, although this returning confidence was greatly aided by knowledge of short crops in the southern hemisphere. Towards the end of November there was also a sharp advance in rye, although this was of purely a speculative nature. During the fore part of December the wheat market was depressed, this heaviness characterizing the general market situation up to the end of the year.

Speaking of the year, the Chicago Tribune said, in its annual trade review: "It was a case of hope long deferred throughout 1896. The year opened with great promise of improvement in the business situation, of a revival in industrial affairs, of a breaking away from the general depression of the two preceding years. These promises were not fulfilled. At the beginning of the year the indications were certainly excellent. We had experienced nearly three years of depression. It seemed as if everything had been liquidated until we were on the basis of bed-rock. We were finding a good market for our products abroad. The shelves of our merchants were bare. It seemed as if they would soon become heavy buyers of goods. Railroads had long delayed improvements and

betterments and there was promise that the year would be made notable by the expenditures in that quarter. None of the promises got even well started towards fruition. The gold reserve, which we had for a time forgotten, once more became a subject of prime interest to every business man. The faults of the currency system were manifest in a constant drain upon the gold reserve, and the necessity for another bond issue in order to replenish the government stock of gold became apparent. As an institution, the Board of Trade has had a fairly successful year. The volume of speculative trade has, with the exception of a few short periods, been somewhat limited, but there were few failures of members, and memberships were quotable at the close of the year at a price considerably higher than the current price at the beginning."

The total receipts of grain and of flour in its grain equivalent during the year 1896 aggregated 253,802,134 bushels, being but little short of the receipts of 1892, which was the largest year in Chicago history up to that time. The receipts of wheat were 19,933,402 bushels and the shipments 25,888,647 bushels. Wheat prices ranged higher while prices of corn and oats made new low records. Producers did not greatly benefit by the higher price of wheat for it was induced largely by crop shortage on account of unfavorable weather. There was a severe drought at seeding time for winter wheat with scanty snow covering later, so that much was winter killed. Conditions for spring wheat were likewise unfavorable, the Hessian fly, rust, heavy rains in Iowa and no rain where it was needed affecting the crop in different sections. The Pacific slope was the only portion of the country reporting a full crop. No. 2 spring wheat sold at 57 cents on January 2, and the closing price for the month was 7 cents higher. This advance was irregularly maintained in February, the price on the 29th being 62½ cents. March was a month of lower prices, 61 cents having been quoted on the 20th and 62½ cents at the close. Sixty-seven cents was reached April 8, but this was followed by a decline to 61¾ cents on the 30th. After touching 63½ cents in May, a further decline to 58 cents occurred, and by June 29 the price had worked down to 54 cents. Unfavorable crop conditions advanced the price to 58½ cents July 31, but apathetic foreign markets and the prospect of a fair movement of spring wheat forced the price back to 54 cents by August 13, and the month closed at 56½ cents. By the middle of September reports as to crop shortage south of the equator, and particularly in India, brought about a sharp advance to 67½ cents by the 30th. Speculative activity based upon this condition carried the price to 77 cents October 19 and this was followed by a sharp reaction to 69 cents at the close of the month. The same factors were operative in November and there was a strong and excited market, reaching 81 cents the 13th, touching 75 cents the 21st, and the month closing at 82 cents, which was the high price for the

year. The market during December was strong and steady, opening at 81 cents and closing at 80 cents.

Corn.—The very large crop of 1895 was succeeded by a still larger crop in 1896 and this abundance of corn together with the generally depressed business conditions made the prices of this cereal the lowest the country has ever known. With a crop exceeding that of 1895 by 132,000,000 bushels, the farm value was estimated at \$53,000,000 less. With these conditions there was little inducement for speculation and the market was at no time animated. The receipts were the largest since 1880 and aggregated 92,722,348 bushels while the shipments were 87,713,321 bushels. The price story is one of almost continual decline from January until September with but moderate reaction up to the close of the year. No. 2 cash corn sold at 25½ cents on January 2, and advanced to 28 cents by the end of that month and to 29 cents by the end of February. The price was almost stationary just below 29 cents in March, and in April there was an advance the middle of the month to 30⅝ cents, but the close of the month found the price 2 cents lower. The May range was from 29½ cents, the 9th, to 27½ cents the 29th. June witnessed a decline to 26¼ cents, while the closing price for July was 24⅝ cents. The market sought a still lower level in August, closing at 20½ cents, and on September 8, the lowest price for corn ever recorded in the Chicago market was reached at 19½ cents. The market, though listless, recovered slightly from this extreme depression and by the latter part of October the price had worked up to 26½ cents. The high price for November was 26⅛ cents, the 10th, but by the 30th the market was back to 23⅛ cents. The December range was small, closing at the bottom with a price of 22¾ cents.

Oats.—The same influences that affected the corn market operated to reduce oats to the lowest price the American market has ever known, nor were there any high spots to relieve the situation. For the first time in the history of the Chicago Board of Trade the receipts of oats exceeded 100,000,000 bushels, the aggregate being 109,725,689 bushels, while the shipments were likewise the largest the trade had known, totaling 82,119,852 bushels. There were no speculative movements save vigorous but unnecessary bear pressure in August and September. No 2 cash oats were quoted at 17 cents on January 2, with an advanced of 2½ cents by the close of the month. During February there was an irregular advance to 20¼ cents, the 29th. This was the high price for the year and obtained but a few days in March, being followed by a decline to 18¾ cents the 31st. The April market was steady and slightly higher, whereas May was steady and slightly lower. In June the decline became more marked and 15¼ cents was reached the last of the month. Three cents was added to the price during the course of July, this advance being lost in August, and the

decline ending with the bottom price of $14\frac{3}{4}$ cents on September 5. At this price oats were hardly worth shipping and lighter receipts caused a gradual reaction to $17\frac{1}{4}$ cents September 30. There was but little improvement during October, and while $19\frac{3}{4}$ cents was reached in November the month closed with the price 1 cent lower. The December market was again weak, and by the 31st the price stood at $16\frac{3}{4}$ cents.

Rye. The receipts of rye were nearly 1,000,000 bushels in excess of the receipts of 1895, being 2,530,336 bushels, while the shipments were 1,374,509 bushels. The general course of the market was declining from January to August and advancing the remainder of the year. Rye opened at $32\frac{1}{2}$ cents, and shared in the general advance which marked January, the price going to 40 cents by the 31st. It was steady but somewhat lower in February, and in March there was a decline to $35\frac{1}{2}$ cents by the middle of the month. A price of $37\frac{1}{2}$ cents was reached early in April, but the close was at $35\frac{1}{4}$ cents, and in May the range was small, with a decline to $28\frac{1}{2}$ cents by June 30. During July some improvement was shown and the price went as high as $31\frac{3}{4}$ cents, but closed at $30\frac{1}{2}$ cents. The low price of the year—28 cents—was reached on August 12, and following this there was a reaction to 32 cents the 28th. The September range was from $30\frac{1}{2}$ cents the 1st to 36 cents the 30th. The advance movement culminated at 41 cents the middle of October, when a sudden break carried the price down to 34 cents, the market being erratic and slightly higher until the closing days of November, when there was a sharp advance to 43 cents. From this point the market sagged throughout December and the year closed at $37\frac{1}{2}$ cents.

Barley. The barley crop was much smaller than in 1895 and the quality was very poor. Corn and oats were so cheap that there was no object in mixing them with low grade barley, and an outlet was found by shipments for stock feeding to England and South Africa. Practically none of the crop inspected No. 2, and there was no trade in this grade. As usual the largest part of the trade was done by sample, and the speculative market was very dull, there practically being none during several months of the year. The receipts of barley were 17,496,381 bushels and the shipments were 9,767,708 bushels. No. 3 cash barley sold January 2 at from 23 to 36 cents per bushel. There was no great variation in price during January and February, but by March a downward tendency was shown, which became more marked as the season advanced until the quotation for No. 3 cash barley stood at $24\text{ @ }30$ cents the latter part of June. In July and August there was no quotable market, and but little trade in September, the price for the best No. 3 ranging from 28 to 35 cents. During October there was more activity, the price going as high as 37 cents, the last of the month, and reaching 38 cents during November. During

the latter part of December the best No. 3 barley sold at 35 cents per bushel.

Flour. The receipts of flour were 2,531,995 barrels, as against 3,005,460 barrels in 1895. The shipments were 2,854,832 barrels, as against 2,532,000 barrels in 1895. The manufacture of flour in the city showed a marked increase over previous years aggregating 928,283 barrels. The lowest prices prevailed during July and August at \$3.15 per barrel for winter wheat "patents," and the highest prices in December at \$4.75 per barrel.

Seeds. The receipts of timothy seed were 61,772,523 pounds and the shipments were 63,368,857 pounds. The high prices which prevailed the previous year had attracted large receipts and the ample stocks served to depress prices. Choice timothy sold at \$3.60 per cental in January and advanced to \$4 in February, this being the high price for the year. The decline continued irregularly the remainder of the year, carrying the price down to \$2.60 per cental the latter part of December. Clover seed receipts were 11,315,209 pounds and shipments 11,717,500 pounds. The demand was but moderately active, and a feature of the trade was the importation of several thousand bags of seed from Europe. Choice clover seed sold at \$7.25 per cental in January and advanced to \$8.25 by April. This high price was but temporary and the market stood about \$7.50 until August, when there was a sharp decline to \$5.70 in the second week of September. Later in the same month there was a sudden advance to \$9, due to unfavorable weather, and higher prices prevailed the remainder of the year, the last quotations being \$8.50.

The receipts of flaxseed were very heavy, amounting to 10,299,525 bushels, while the shipments were 5,734,654 bushels, and the large crop served to depress prices. No. 1 cash flaxseed sold at 92 cents January 2, and but one-half cent higher at the close of the month. By the end of February the price had worked down to 90 cents, and by the end of March to 85½ cents, while in April the trend was upward and the month closed at 91 cents. May was a month of declining markets, 81 cents being reached the 28th. The course during June was also irregularly downward, the closing price being 76 cents. In July the price touched 70 cents the middle of the month and closed at 73 cents, while there was a price loss of nearly 10 cents during August, the close being at 63½ cents. The depression continued during the fore part of September, the low price for the year—63¼ cents—being touched on the 8th, after which there was a strong and advancing market up to 78½ cents at the close. A price of 80 cents, reached the middle of October, was followed by a decline which culminated at 68½ cents the 28th. The average price during November was higher, 80 cents was reached on the 13th, and the month closed at 78 cents. During December there was a decline to 71½ cents the 21st, with an advance to 76 cents the 31st.

Provisions and Live Stock. The financial condition of the country was the controlling factor of the cattle trade, forcing farmers to hurry their stock to market in spite of the abundance of cheap feed. The receipts were 2,600,476 head, the shipments 818,326 head, leaving for city consumption and packing 1,782,150 head. Prime beeves brought \$4.90 in January, with a decline to \$4.35 in May, and an irregular advance the remainder of the year, \$6 being paid in December.

The receipts of live hogs were 7,659,472 and the shipments were 1,896,312. The number of hogs packed for the year ending March 1, 1896, was 5,490,410, being the highest number since 1891. Packers and shippers' hogs sold at an outside price of \$3.80 in January, the market advancing to \$4.45 in February, and declining irregularly until \$3.25 was reached in September. Prices the remainder of the year were somewhat better, touching \$3.65 the fore part of December and closing at \$3.40. The market for mess pork opened at about \$8.65, and advanced to \$10.67½ by February 1, this being the high point for the year, the advance being based upon a theory that the cholera of the previous autumn would curtail the supply of hogs. The decline from this point was marked, the price reaching \$8.25 by March 31. The April range was from \$8.75 the 17th to \$8.05 the 29th, and in May the decline carried the price below \$7, reaching \$6.95 the last of the month. This was also the closing price for June, while in July the price dipped below \$6 and closed at \$6.25. There was a sharp advance to \$7.20 on August 4, but this gain was soon lost, the price going to \$5.50 the 26th and closing at \$5.60. During September there was improvement, a price of \$6.15 being reached on the 28th, and this advance continued until \$7.50 was reached October 13, followed by a decline, with the month closing at \$7.10. In November the price opened at \$7.20, declined to \$6.30 the 19th and closed at \$7.05, while the December market was weaker, averaging less than \$7 and closing at \$6.60. The general trend of lard prices was the same, the year opening at \$5.30, advancing to \$5.85 before the close of the month, declining below \$5 in April and below \$4 in June, with no marked revival until October, when prices ranged over \$4 until the middle of November. December prices were under that figure, the year closing at \$3.80. The low price of the year was \$3.05 on July 29.

Transportation. The Interstate Commerce law had been in effect long enough by the close of the year to regulate rates and prevent many of the discriminations complained of in prior years, but the Board strongly advocated Senator Cullom's amendment, which was designed to make the law still more effective. Rates, however, were somewhat higher than in 1895, except for transportation via lake and rail to New York. The average rate on wheat per bushel to New York by lake and canal was \$.0619, by lake and rail \$.0661, by all rail \$.1200.

1897

Business conditions improved with the coming of 1897, but not as rapidly as many had predicted, and as all had hoped. During the first half of the year there was gradually increasing confidence, but the markets were dull and uninteresting until July, when the great speculative movement by Mr. Leiter began to take form. This was one of the greatest manipulations ever attempted, and gradually the attention not only of the Board of Trade, but of the entire commercial world was focused upon it. It affected all other markets, and thus the year may be easily divided into two periods: before Leiter, and the Leiter period. Outside of this great market movement there were but three outstanding features in the Board's history. The elevator interests, beaten in the courts, appealed to the legislature and there were successful in obtaining a repeal of the law forbidding them to deal in grain. The "demonetization" of spring wheat was the second feature of interest and the successful war against the bucket shops was the third.

Considering the storm and stress of the two years previous, it is a remarkable tribute to President Baker that no opposition developed to his candidacy for a third consecutive (in reality his fifth) term, and that he received 1,029 out of the 1,130 votes cast at the annual election. H. F. Dousman was the "regular" candidate for Vice-President, but he was badly worsted in the balloting, R. S. Lyon being elected by a vote of 852 to 231. The Directors elected were L. W. Bodman, W. B. Bogert, Hugh MacMillan, L. J. Smith, John F. Barrett and L. B. Mitchell. There were no marked issues and but little electioneering, this being one of the most quiet elections the Board had known.

The annual meeting also was the occasion of less general interest than usual, although President Baker in his address strongly denounced the inefficiency of the inspection service and was authorized to appoint a committee of five to devise a plan for the introduction of civil service in the inspection department, and to have general supervision as to legislative matters of interest to the Board. Mr. Baker voiced the almost unanimous sentiment of the Board in favor of "sound money," and insisted that proper currency legislation be enacted at once, saying: "More than two millions of voters laid aside their most cherished convictions in voting with the majority to save the National honor. I believe they now have a right to demand that those with whom they voted shall be equally patriotic, and put all other party questions behind them until the currency question, on which they agreed, is settled, and settled forever. The people cannot afford to wait for that return of confidence which a proper reform of our currency laws will bring about, and which nothing else in the way of legislation will accomplish." The President also urged no backward step in the elevator question, and said:

"There has been nothing in the events of the past year to make the elevator monopoly more endurable." Relative to the inspection service he declared that "When the inspection of grain was surrendered by this Board to the State in compliance with the warehouse law, we had reason to expect faithful and uniform administration of the service. For many years we had no ground for serious complaint, but it has gradually become a useful part of machine politics, and ward heelers are crowded upon the pay rolls without regard to the technical requirements of the work. The inspection department should be placed under the merit system, and the legislature should be petitioned to pass a bill to this end." Relative to the bucket shops, the President said: "Bucket shops and pool rooms are twin outlaws in nearly every State in the Union. Their united corruption fund has enabled them to baffle justice by debauchery of the constituted authority for the investigation and prosecution of crime, but they could not continue in existence a day but for their alliance with the Western Union Telegraph Company. That company furnishes all the machinery and all the news on which bets are laid, and it is the only telegraph company in the United States that leases wires for the private use of bucket shops in swindling their patrons." He closed with an earnest plea that the great Exchange "keep its honor above suspicion."

The Directors' report dwelt upon the work of the various committees, and spoke particularly of the work which had been done by the Real Estate Committee in installing a new power plant and replacing the hydraulic with electric elevators. It said that the campaign against the bucket shops had met with "signal success," and expressed great pleasure over the decision of Judge Tuley in the elevator case, viz.: "That a licensed custodian of property, upon whom the State confers special and exceptional facilities and prerogatives, for the discharge of a public trust and for the general welfare, has no shadow of right whatsoever, either directly or indirectly, to use such facility and prerogatives for the promotion of his private interests."

Relative to finances, the showing was not so good as that of the year before. The receipts were \$252,188.06, including nearly \$120,000 from assessments, and \$110,000 for rentals and another item of \$5,256 contributed for the relief of East St. Louis cyclone sufferers. The expenditures were \$273,622.75 and included nearly \$32,000 for permanent improvements and repairs. The cash on hand was reduced from about \$39,000 in January, 1896, to \$17,500 in January, 1897, and the outstanding indebtedness, other than the bonded debt, was over \$25,000. The assessment was fixed at \$70.

Questions of interest to the Board at this time were in connection with "sulphuring" oats, a practice which many condemned and others upheld, and concerning which an investigating committee was appointed; a movement to make the telegraph companies pay

adequately for the quotations of the Board and action by those interested in provisions relative to foreign discriminations against American pork products. Members in the provision trade formed an association for the purpose of opposing these discriminations and the Directors passed resolutions calling upon the Departments of State and Agriculture to act. The session of the National Board of Trade held in Washington, during January, also attracted much attention. As usual Chicago was represented by some of its strongest men, the delegates being G. F. Stone, L. W. Bodman, R. S. Lyon, H. F. Dousman, J. C. Hately, C. B. Congdon, B. F. Howard, and J. G. Steever. Mr. Fraley, then in his ninety-third year, was re-elected President. The Chicago delegation proposed resolutions favoring reciprocity with Canada; the creation of a Department of Commerce; arbitration of labor disputes; the enforcement of regulations established by the Interstate Commerce Commission, and opposing the premature publicity of government crop reports. This latter was adopted and the National Board went on record as favoring the gold standard and, in spite of much pressure, refused to endorse the railroad pooling bill.

The action of the Stock Exchange, in February, in expelling a member for connection with bucket shops and the campaign waged against these institutions in New York and St. Louis encouraged those who had long been engaged in the fight in behalf of the Board of Trade. John Hill, Jr., filed charges as to fictitious trading, on the strength of which G. R. French was expelled, but others against whom Hill filed charges were acquitted, this being said to be the first time Hill had been defeated in such a case. Throughout the year this warfare against the bucket shops was waged incessantly, but it was carried on chiefly through the courts and not only in behalf of the Board of Trade, but of the Civic Federation, which was active in the prosecution of all forms of gambling. While the struggle against the bucket shop evil was at its height in this year, there was but little mention of it in the annals of the Board and no official action relative thereto was recorded. In March there was a movement for the Board to control its quotations, but this was checked by an unfavorable court decision. Mr. Hill, as agent for the reformers, carried the war into the outside districts where the bucket shops found some of their most eager victims, and secured the indictment, in Iowa, of the "Equitable" institution, of which W. R. Hennig was president. It was stated at this time that in twelve months the number of bucket shops in Chicago had been reduced from 100 to 12, largely owing to their having been barred from the use of the mails. It was soon after this that Governor Tanner refused to honor a requisition issued by Governor Drake, of Iowa, for W. R. Hennig and others indicted in Tama county, of that State. The defense was that the men were not in Iowa in person and therefore could not be fugitives from the justice of that

State. President Baker expressed his great surprise at the Governor's action in a newspaper interview and Governor Tanner replied very vigorously, the sharp interchange of interviews forming one of the front-page sensations of the day. The excited markets of August proved a boon to some bucket shops and the destruction of others. Quotations were so rapid and so alternately up and down that bucket shops were enabled to freeze out customers by the hundreds by dropping quotations and delaying postings until the house was safe. Angry and excited crowds surrounded the cashier's window in all the bucket shops, demanding the return of money of which they believed themselves defrauded, but they received small satisfaction. Bucket shops in Minneapolis, Kansas City and St. Louis were reported as heavy winners during this exciting period, while a Philadelphia bucket shop was said to have lost \$120,000. It was during the height of this excitement that employees of the Board of Trade and the Civic Federation, with constables, raided the "Consolidated Produce and Stock Exchange." W. R. Hennig and his employees were arrested and the machines, tickers and books taken from the office. Hennig, in turn, secured a warrant for the arrest of John Hill, Jr., and others, charging them with conspiracy to secure his indictment. He also accused Mr. Hill of soliciting tribute in return for exemption from prosecution. This Mr. Hill denied and Hennig was, later, wholly unable to prove the charge. The campaign against Hennig, as one of the chief offenders, was pushed relentlessly, several raids being made. In the third of these a Miss Wright, employed as a telegraph operator, was arrested. She accused John Hill, Jr., H. B. King and W. W. Scott of conspiracy to falsely accuse her of a crime, and they were held to the Grand Jury. These and numerous other counter attacks by the bucket shop people were ineffectual and served only to increase the ardor of the prosecutors and are given here simply to show the fierceness of the long-drawn contest and the extremes to which the bucket shop owners were prepared to go to defend their practices. The failure of the Reserve Commission Company, with liabilities of nearly \$500,000, and a host of out-of-town losers at their many branch offices, together with the failure of J. R. Willard & Co., a similar institution, furnished the Chicago newspapers with a text for lengthy articles exposing bucket shop methods and some of the swindling devices used, so there was no lack of healthy publicity, and the only wonder must be that they were not driven from the field by lack of patronage. The extensive co-operation of the Postal Department was shown in the report of Chief Inspector Hamlet, issued in October, which said: "Last year was fruitful in one way that was gratifying, and that was the crushing of the bucket shop business in Chicago. Of 110 bucket shops and tape games which have gone out of existence, 58 were closed by fraud orders issued by the Postoffice Department, 26 by indictments and

26 closed when it became apparent that the prosecution was to be pushed vigorously." The report further stated that the Department could scarcely have accomplished everything which was done in this direction but for the heroic fight made by the Civic Federation and the Chicago Board of Trade, to whom great credit was due. This report was mentioned in the Directors' report for the year and credit given in turn to Major James E. Stuart, Chief Inspector of the Postoffice Department of the Chicago Division. The last event of the year in this connection was the filing of charges by Mr. Hill against Robert Lindblom for bucket shop dealings. These charges were filed late in December and were not acted upon before the close of the year.

Early in February the Interstate Commerce Commission gave the elevator interests a body blow by deciding that railroads must not form companies to operate elevators as a device to give special rates to favored individuals. Thus defeated by the courts and by the Commission, the elevator men turned their attention to securing legislation which should legalize their practice of dealing in grain. This work appears to have been quietly and effectively done, for it was not until late in April, when the so-called "warehouse bill" had been introduced, that the Grain Receivers' and Shippers' Association seems to have awakened to the menace and prepared for opposition by the appointment of I. P. Rumsey, Charles Armstrong, and John Hill, Jr., as a committee to represent the Association's interests at Springfield. This bill was designed to amend the law of 1871 so as to permit elevator men to store and mix their own grain with that of others committed to their care. The Board of Trade, also, took action against the measure, passing a resolution saying that it would create a monopoly. In spite of Board of Trade opposition, the bill was advanced to third reading in the Senate, the farming interests approving it on the ground that it would make a better market for grain. The Board of Trade was almost a unit against the measure, and it became the absorbing topic of discussion. The banking interests, the vesselmen, the railroad managers, the wholesalers of the city and the elevator men favored it, while the commission men and grain dealers opposed. The committee representing the Board claimed that the bill was advanced to a third reading without its knowledge and without giving a fair opportunity to combat it, and an indignation meeting was held in protest. The Senate soon passed the bill and the contest was transferred to the House. Mr. Hill argued against, while Charles Counselman and George J. Brine supported the bill before the House committee and it was favorably reported. This action aroused the Board to the imminent danger of its passage, and the Directors authorized President Baker to appoint a committee of ten or twelve to represent the Board at Springfield and also voted \$2,000 for expenses. The committee went to Springfield at once, but its

efforts were in vain and the bill passed the House by a large majority. This legislation was deeply resented by the Board and there were threats to declare irregular any elevator dealing in grain. The legislative committee reported the non-success of its efforts to defeat the bill and urged that injunction proceedings be instituted under the decree of Judge Tuley until the constitutionality of the new law had been passed upon, and, later, John Hill, a member of the committee, charged that the bill was passed by corrupt methods.

The next move on the part of the Board was the posting of a proposed amendment as follows: "Warehouses so declared regular by the Board of Directors shall not be used by the proprietors or managers thereof for storing therein any grain or flax seed bought or owned by them, or any of them, directly or indirectly, or for storing therein any grain or flax seed which has been cleaned or mixed in any way in any elevator or warehouse in which such proprietors or managers, or any of them, are, or may be directly or indirectly interested." This threw down the gage of battle and the elevators responded by threatening that they would not apply for renewal of their licenses should the amendment pass. The fight on this amendment soon became heated; there was a flood of circulars and a petition for a meeting of the full Board. This meeting was held and Mr. Patten offered a resolution opposing the amendment. Mr. Hill championed the new rule and the meeting adjourned without action, to meet the following day, when, after excited discussion the amendment was endorsed. This action was not indicative as to the real sentiment of the Board, however, for at the election the amendment was defeated by a vote of 341 for to 685 against, thus indicating a complete reversal of the Board's policy. Following this victory, the elevator men grew more confident and when the time came for the Directors to pass on the storage question they made application for regularity, but stipulated that all must be made regular, or none. This was considered an insult by many of the Directors and the elevators tried to withdraw the objectionable clause, but President Baker refused to allow this and placed their applications as first made in the hands of the warehouse committee. Applications were not filed until the last days of June, and the first of July found the matter still before the committee and Chicago again without regular storage. G. R. Nichols issued a circular saying there had been enough of war, and proposing as a compromise that the railroads deliver and store grain for the first five or ten days, free. With the passage of the new law and the defeat of the proposed amendment conditions were all against any further resistance to the elevator men's demands and by the close of the first week of July the warehouse committee had passed favorably on 80 percent of the applications and the elevator fight for the year was over, with the victory decidedly in favor of the elevators. Strangely enough, it was the elevator in-

terests of Chicago which broke the elevator trust of Buffalo when the Armour Elevator Company and Bartlett, Frazier & Co. entered that field and reduced rates. This combination had long been oppressive to the Chicago dealers and its profits for a single year were estimated at \$2,000,000, so that the reduction in rates was gladly welcomed.

Coincident with the contest with the elevators was the equally interesting controversy concerning a change in the rules making No. 2 spring wheat irregular. In the early days spring wheat was the favorite speculative grade, because most of the region then tributary to Chicago produced that kind of wheat, and in favorable seasons a fair proportion of it would inspect "No. 2 spring." The object sought in including No. 2 red winter wheat among the grades deliverable as "contract" wheat, which was done in 1882, was to make "cornering" the market more difficult. Ordinarily No. 2 spring wheat was from 2 cents to 8 cents per bushel lower than No. 2 red winter wheat, and therefore always delivered on contracts, except where the existence of a corner forced the short seller to deliver the more valuable red winter wheat.

When the modern processes of milling were introduced, it was found that hard spring wheat raised in Minnesota and the Dakotas would produce flour more valuable for many purposes than the best red winter wheat flour, and this grade of wheat soon commanded a wide premium over the ordinary soft spring wheat raised in northern Illinois, southern Wisconsin, Iowa, Nebraska, and Kansas. The poor quality of the soft spring wheat raised in 1896 and the large amount of No. 2 spring wheat of this sort in the Chicago elevators in the early part of 1897 occasioned much discussion as to a change in rules, the arguments against it being that it would reduce receipts from the spring wheat growing States and that restricting the amount of contract wheat would encourage manipulation. In April, President Baker voiced the demand for what was called the "demonetization" of spring wheat by the introduction of a resolution to make but two grades of wheat deliverable on contracts, viz.: No. 2 red winter and No. 1 northern spring. Immediate opposition was shown to the measure, but it was adopted by the Directors and posted for a ballot to be held on May 10. President Baker issued a circular as to the proposed change, and it soon became a matter of earnest and heated discussion. The bulls, generally, favored it, urging that it would raise the standard and increase cash sales, while the elevator men opposed it as reducing the volume of receipts and restricting speculative trade. Mr. Lindblom was one of the active opponents of the rule, saying that it was an attempt to legislate value into grain and would encourage corners. The election was warmly contested, neither side being confident of victory, but the rule, to take effect October 1, was adopted by a majority of 52, out of a total vote of 940. With the increased

market excitement of August and the fear that a giant manipulation was on foot, there came a sufficient change of sentiment as to spring wheat to impel the circulation of a petition for the repeal of the recently adopted rule. There was such pressure that, in September, the Committee on Rules submitted an amendment for the reinstatement of spring wheat, to be effective January 1, 1898. This reopened the entire controversy and there were many circulars issued on both sides, President Baker strongly opposing the new amendment, which was defeated by a vote of 696 to 328. In October No. 2 spring wheat, as a result of this action, was sold at a discount of 7 cents as compared with No. 2 red winter, and, in November, the Milwaukee Chamber of Commerce followed the example of Chicago and made No. 1 northern wheat alone deliverable on contracts.

In line with President Baker's scathing criticism of the Inspection Department, E. J. Noble, the new Chief Inspector, cut 31 men off the pay roll the first day he was in office and Governor Tanner made a suggestion for a Board of Examiners for the inspection service, which met the hearty approval of the Board of Trade. The service improved under the new regime, and the better feeling was evidenced by the request, with which the Board complied, that five men be recommended for the Appeals Committee, out of which list two were appointed by the Railroad and Warehouse Commissioners. The criticisms by President Baker were further justified when the Grand Jury, in May, returned eight indictments against former officers charging embezzlement of funds of the Railroad and Warehouse Commission, and in the subsequent investigation much fraud was uncovered.

In March the Supreme Court of the United States sustained the Sherman act, declaring all traffic agreements between railroads to be illegal. This decision affected the stock markets, but had no had effect upon the price of grain, and members of the Board were pleased, as they believed it meant a rate war by which Chicago would benefit. Following the decision the Directors authorized the Transportation Committee to protect the rights of members and to act against illegal freight rates and to seek to punish both givers and takers of these unlawful favors. The Interstate Commerce Commission was also asked to investigate as to rate discriminations and charges were made against a number of railroads as to manipulation of export rates, the favoring of shippers by the absorption of switching and transfer charges, and the use of the low corn rate for the shipment of other grains. A hearing was set for the first week in April, but before that time the Transportation Committee asked that it be postponed, which request was refused. The hearing did not begin until June, however, and it amounted to little, as many who had complained, informally, could not be induced to testify and the Commission stopped the investigation for lack of evidence. While this matter was pending the Directors passed a resolution,

recommended by the Transportation Committee, favoring the establishing of railroad pools under the supervision of the Interstate Commerce Commission. This was out of harmony with the long-sustained policy of the Board of Trade and subjected the Directors to such criticism that they offered the explanation that they were opposed to such pools, but felt that some pooling bill would be passed and they wished to secure as good legislation as possible. That this explanation was not entirely satisfactory is shown by the fact that six months later (in December) this resolution favoring pools was rescinded.

Before taking up the great market movement which characterized the year, other events of the year's history may be mentioned. But a few days after his election as a Director, Mr. Hugh MacMillan died during a California visit. Coming, as it did, so soon after his election, his death was the occasion for more than the ordinary action upon the death of a member and not only were suitable resolutions passed, but the Board adjourned at noon out of respect to his memory on the day of his funeral. It was not until May that an election was held to fill the vacancies caused by his death and by the resignation of W. B. Waters, at which time James A. Patten and A. B. Lord were elected.

For several years the question of refunding the bonded debt of the Association at a lower interest rate had been under consideration, but the state of the money market had made it inadvisable. During March of this year, however, negotiations were concluded by which C. L. Hutchinson and J. J. Mitchell agreed to carry the bonds at 4 per cent, and thirty-year bonds were issued, thus effecting an annual saving of \$12,500, or 1 per cent on the indebtedness, which stood at \$1,250,000. This agreement was carried through and the new bonds were signed by the Secretary the latter part of May. On account of the better financial status of the Board and improved business conditions the value of memberships rose to \$1,000 for the first time in several years. Other incidents worthy of mention are the subscription of some \$14,000 raised in Chicago, and much of it on 'Change, for the relief of East Indian famine sufferers, the final reinstatement of Murry Nelson to membership, the building of the first "tank" elevators for grain, and the adjudication of the Ryan-Cudahy case in favor of the latter.

The National Board of Trade held a second session during the year, meeting again in December. Ex-Governor Stannard of Missouri presided in the absence of the venerable president, Mr. Fraley, although the latter was re-elected. At this meeting the gold standard was endorsed, as was also the movement for the establishment of Naval Reserve stations, while the establishment of postal savings banks was opposed. Reform of the consular service was also favored. The delegates to this second meeting were H. F. Dousman, R. S. Lyon, W. S. Warren, J. Nicol, L. W.

Bodman, B. A. Eckhart, J. C. Hatley, J. G. Steevers, B. F. Howard and G. F. Stone. During the latter days of December the market excitement connected with the crisis in the Leiter deal was such that little or no attention was paid to Board politics, leaving that important matter for the next year to decide.

While everyone was hopeful at the beginning of 1897, the hopes of all had so many times been dashed that capital was still timid. Wheat, which opened at 81 cents, stood at 74 cents at the close of January. The range for corn was less than 2 cents, the highest quotation being at the first of the month. In the oats pit the range for the month was $1\frac{1}{4}$ cents, while rye lost 3 cents during the month. The market for mess pork was about as active as the others, the price gain for January being $7\frac{1}{2}$ cents. In other words, the speculative market seemed about as dead as the proverbial door nail, and there was nothing about the February markets to show decided improvement. In March war talk helped to a temporary advance, but before the end of the month traders were again complaining of lack of business. Wheat had worked down to $66\frac{1}{2}$ cents by the first week in April, while other markets, especially those for provisions, showed some improvement over the previous month. The opening of war between Greece and Turkey advanced wheat prices during April, and there was another temporary advance about the middle of May, but the end of that month found all markets drooping and forlorn. June was a repetition of May to a large extent, with many of the wheat quotations below 70 cents. The first newspaper comment to the effect that there was suspicion of manipulation in the wheat market was on June 13, when the "Tribune" said that some of the shorts were fearful of a July wheat deal. The market did not respond to this theory, however, and wheat was nearly 2 cents lower a few days later. Towards the close of June, July wheat advanced to $73\frac{1}{2}$ cents, and for the first time Mr. Leiter's name was used in connection with the wheat market, it being said that "Armour and Leiter are holding the wheat." The first week in July Kansas hot winds caused a flurry in corn, and that cereal held the center of the speculative stage. Wheat was quoted as low as 69 cents on July 10, and it was not until the 15th that the real advance commenced and speculators began to realize that there was some strong hand under the wheat market. By the 26th wheat was nearly 10 cents higher than on the 10th and there was fear of a July corner backed by Armour. On the last of the month rumors of a St. Louis pool to bull wheat were current, and it was said that the manipulators had already profited to the extent of \$1,500,000. The July deliveries amounted to about one million bushels and the reports of the St. Louis pool were ridiculed by Chicago traders. The August wheat market opened at 76 cents and within a few days the passage of the new tariff law gave added impetus to all markets, and it was reported

that general business was the best that it had been for four years. On August 11 cash wheat reached 83 cents and the excitement on 'Change was growing every day. All the lethargy of the former months was thrown off and all markets were advancing. On the following day, September wheat advanced nearly 3 cents, and for first time mention was made of a "clique" represented by the Allen-Grier-Zeller company, which was credited with buying some 2,000,000 bushels of corn and oats. Friday the 13th proved an unfortunate day for the bulls and the price declined to 82 cents for cash wheat and 80 $\frac{7}{8}$ cents for September. During the next few days the advance was rapid, the shorts were driven into a panic, and it was said that Joseph Leiter of Chicago was interested as one of the bull clique. On the 20th the 90-cent mark was safely passed, while corn and oats were also excited and higher. On the 21st there was a sensational advance of 7 cents and September wheat reached the \$1 mark in spite of heavy selling to realize profits. The galleries of the Exchange were filled with spectators and the public smoking room contained the largest crowd the Board had ever known, and when the dollar mark was reached there were prolonged cheers. In the light of later developments the following account of the deal as given by the Chicago "Tribune" is of interest.

The "Tribune" said: "In many respects the deal which is being run in the speculative market through the Allen-Grier-Zeller house is one of the most remarkable in all the history of the local speculative trade. That it has been successful in a high degree is self-evident. Since it was started there has been an advance in wheat of over 50 per cent and the wheat line handled has at all times been figured in seven figures. It is claimed that the syndicate line in wheat is rather more than less than 6,000,000 bushels, and it has been supplemented by a line of perhaps 8,000,000 bushels to 10,000,000 bushels in corn, and 2,000,000 to 3,000,000 bushels of oats. One of the remarkable features in connection with the operations of the syndicate is that its personnel has been well concealed. Its representative throughout has been George B. French, who has direct Wall street connection, and the two commission concerns of Norton-Worthington and Allen-Grier-Zeller Company have divided a large part of the brokerage. Early in the deal it was supposed that Armour was the principal. Since that time nearly everyone prominent in the speculative grain trade and with recognized bullish tendencies had been connected by rumor with the deal. The claim that Joe Leiter was the principal has never been satisfactory to the trade, as the deal has been one worthy of veterans in the business. A majority of the speculators seem to have settled down to the proposition that the real people in control of the local wheat situation are the men who have been making big money in stocks in New York, and include in the syndicate such men as Rockefeller and J. Pierpont Morgan. As to the men

actually handling the deal they have settled on Jim Keene and 'Deacon' S. V. White."

Corn shared in the advance, and in the great excitement on the 21st the price of September corn reached 32 cents. In the fierce heat of August and the rush of business it was reported that brokers left the pit in a state of utter exhaustion and dripping with perspiration. The price of bread was raised one cent on account of the high price of wheat and Armour was quoted as saying that wheat would remain at one dollar. A sharp reaction followed on the 24th and September wheat declined to 91 cents. The syndicate was said to have lost nearly a million dollars in paper profits. The following day it was reported that the "Allen-Grier interest" was centering the fight on September wheat, which, aided by reports of alarming European shortage, both in wheat and rye, advanced sharply. Cash wheat reached \$1 for the first time during the bull campaign and September wheat \$1.03½ on the 26th. The remainder of the month wheat prices declined rapidly, September wheat touching 88½ cents on the 30th. It was stated that Armour was to take in the September wheat, which was being turned by the clique from September to December. The receipts during August, attracted by high prices, were very large, the western roads bringing in over 5,000 carloads of grain, including 3,500 cars of corn on the 30th and 31st. The bucket shops refused trades in wheat after the market went over 90 cents, but the excitement of losers at the bucket house game was such that the owners had to protect their lives with drawn revolvers. With the close of August the excitement on 'Change died down to some extent. Cash wheat advanced to \$1 on the 10th of September, but the price failed to hold and 85 cents was quoted on the 30th. Mr. William Jennings Bryan issued an interview stating that the higher prices for wheat were due entirely to crop shortage in India and Europe, and had nothing to do with political events. The advance in prices also inspired the Board of Trade poet to the following utterance:

"Last winter farmers burned the corn
They raised on western hills;
This winter they will sell the corn
And burn ten dollar bills."

While trading was active during September, there was no market sensation save that fears aroused by prolonged drought advanced corn prices and little or nothing was heard of the operations of the "syndicate." With October No. 2 spring wheat ceased to be "regular," and attention centered more and more upon wheat for December delivery. The advance began early in the month and became sharper as the month progressed, and by the 27th the wheat deal had become interesting, and it was recognized that two large interests were pitted against each other. Somewhat later it was

stated that the clique had "fooled" the trade, buying December and selling May wheat, and there were rumors of big shipments from Duluth. A quantity of this arrived and was mixed with "no grade" wheat, but the mixture was refused by the inspectors as contract wheat. A little later—early in November—it was recognized that there was a big short interest in December wheat, and that a three-cornered fight had developed to which the parties were said to be "the French crowd," or clique, the elevator people and the miscellaneous short interest. There was also much discussion as to the inspection service, and it was intimated that the state administration was taking a hand to prevent the delivery of Duluth wheat. The activities of the "syndicate" were not confined to wheat, apparently, and the oats market was the scene of much excitement when Allen-Grier made large purchases and then suddenly sold. The lines gradually tightened in the wheat market, however, and by the 26th of November December wheat sold as high as \$1, which was about 7 cents above the price of May wheat. Just prior to the first of December began the great export movement which, it later developed, was a part of the Leiter plan, and on November 30 the exports were the largest the trade had ever known on a single day, equalling 1,134,000 bushels, 737,000 bushels of which was wheat, while the clearances for the week were 4,000,000 bushels. December deliveries were exceptionally light, and it was not until the second week in December that the news sifted through to Chicago that Armour and Peavy were making extraordinary efforts to buy grain throughout the Northwest. By the 9th of December wheat had advanced to \$1.09, the high price attracting an avalanche of grain from all points. There was a "corner" atmosphere about the Exchange and Mr. French reported that the syndicate had the December deal well in hand. The manipulation was helped by the bad outlook for winter wheat, especially in Illinois, the long continued drought in the early fall leaving the ground in bad condition and the acreage in Illinois alone being 414,000 acres less than in the preceding year.

Strange as it may now appear, it was not until near the middle of December that the name of Mr. Leiter was prominently connected with the deal in wheat, and even then it was spoken of as the work of the "Leiter crowd" and not as his individual manipulation. Later it was generally agreed that a mistake was made by Mr. Leiter in allowing the price to go to \$1.09 and remain above \$1 for the greater part of several days, for the abnormally high price brought receipts from all points. Shipments of 216 cars were reported as having started from Minneapolis on the 13th and 3,000,000 bushels were said to have been brought down by lake. The market fell to 97½ cents, but this was high in comparison with other points, and the financial editor of the "Tribune" said of the situation: "The market has a fashion of looking strong

enough on advances to suggest an old-fashioned pushed-to-extremes corner, and weak enough on declines to suggest the collapse of the whole deal. The real factor in the market at the present time is the relation of Chicago to other markets. An elevator man was offered wheat from New York which represented a margin of profit of over 2 cents, and at the closing prices Minneapolis wheat could have been brought here at the same margin. The market, partly through the tactics of the Leiter people, has been worked into an abnormal position, where the great foreign demand and the small supplies in all ports really are given a subordinate place. The question now is as to how much wheat can be brought here from the Northwest and from Ohio, Indiana and Michigan before the end of the month. It is supposed that the deal is now practically that of Joseph Leiter, with some sort of support by L. Z. Leiter. A mistake was made in spectacular plays over privileges, and, according to the cash people, a mistake was made in bidding up the local cash market to emphasize a normally good export demand. It now appears that a mistake was made in announcing vessel room and rail engagements to move out the local contract stock. The shorts who had not been scared out by the widely advertised claims of dangerous manipulation were frightened badly, but the advance was taken advantage of by the elevator men. The local market got away out of line and the possibilities in the way of Chicago receipts have been a factor ever since. The Leiter people carried the war into the enemy's country by putting representatives into the Northwest, and wheat has come to market with unusually good competition. The jump in cash wheat in Duluth was credited to the operations of Thomson, acting for Leiter." The above is given as the best contemporaneous view of the great manipulation showing the general public estimate of the transaction up to that time.

Up to the middle of December the deliveries did not exceed 500,000 bushels, being purposely held back to prevent Leiter from exporting, but at that time began the great movement by Armour which was to pour an unprecedented flood of wheat into Chicago during the following two weeks. In two days the local stock was increased by 1,350,000 bushels, and it was announced that the last cargo of the Duluth-Chicago movement of 3,645,000 bushels was at hand. The deal was now spoken of as a "Battle of Giants." Leiter's announced intention of moving the entire Chicago stock of wheat out of the country and the advance to \$1 and above starting an avalanche which drew to Chicago all the milling reserves of the great Northwest.

The interest of the entire country was by this time centered upon the great manipulation, and the story of the Armour side of the deal was well told by the "Tribune" in an article under the caption "How Armour got his wheat," portions of which read as

follows: "In November when Armour saw that the bull clique was bound to buy all the December wheat that offered, and that as a consequence wheat would be a mighty scarce article in his huge elevators, he called his generals about him to figure out the supply available in this country and Canada. Circumscribed by the rules, which made only No. 2 red and No. 1 northern available, his problems were, was there enough wheat to fill the shortage of from six to seven millions bushels, where was it, in what quantities, how could it be transported, could it be transported in time and could it be warehoused and inspected before January 1? He found that there were three million bushels of wheat in Minneapolis, two million bushels in Duluth and two million bushels in the granaries of the Northwest. His agents were secretly sent to Minneapolis and Duluth to buy, with E. M. Higgins in charge and operating in Minneapolis through Van Deusen, Harrington & Co. Higgins also managed the buying throughout the Northwest. In the meantime the 'clique' was hugging itself and expressing its sympathy for Armour, who was supposed to be hopelessly short. All this time the 'Old Man of the Pit' was silent, but his agents were busy, telegraphing all over the west and buying all the wheat that offered. The tonnage was computed and Armour chartered all vessels obtainable with reckless extravagance. A score of the biggest lake vessels, that carry from 100,000 to 200,000 bushels each, were turned west to Duluth for cargoes. Some had already gone to their winter berths, but Armour said he would pay their freight, and they started out from their snug quarters. He contracted with Barry's towing line at \$50 per day each for five tug boats to plow the forming ice of Duluth harbor and to keep open water for his big ships, some of which plowed through ice nine inches thick. He chartered tugs from another company to keep the Soo canal open, and three more tugs to cut up the ice in Thunder Bay, where ships had gone for wheat stored at Fort William. The big ships sailed for Chicago each with two tugs in front opening the channel to clear water. Ten ships carrying 1,145,000 bushels were in this first fleet, and the 'City of Genoa' and the 'Wright' hurried back for second cargoes. Added to these the 'Wilson' and tow brought 180,000 bushels, the 'Grover' 85,000, the 'Thompson' 80,000, the 'Whaleback No. 115' 93,000 bushels and the 'City of Bangor' carried 160,000 bushels more. This ship got squeezed in the ice in the canal and was run upon a boulder and a big hole cut in her false bottom, but she got off and after hasty repairs finished her voyage. Two vessels on their way to Buffalo with wheat were turned back to Chicago, and wheat was brought by canal, while hundreds of thousands of bushels were brought by rail and the big elevators were surrounded by hundreds of cars loaded with grain. The water freights paid amounted to \$50,000, and 3,000 cars were moved at a cost of about \$150,000. Another problem solved was that of

storage. Armour had a system of eight huge elevators, the best and largest system in the world, with a capacity of 12,000,000 bushels. The corn and oats were loaded out into boats and all available space used for wheat. The elevators were not constructed for taking grain from boats, but for receiving from cars and loading into boats, and this construction presented another problem which had to be solved. Expedients were put into operation, and soon vast quantities of grain were disappearing into the elevators, although the riverway was blocked with steamers and barges, and the captains were fighting for berths at the elevators.

"The heavy stock soon exhausted the insurance, and it was reported that Armour was running a corner in insurance while Leiter ran the corner in wheat. Towards the end of December L. Z. Leiter came from Washington, and there was much gossip as to whether his visit meant that the deal was weakening or the reverse. To add to the excitement of the market, a sharp difference arose as to the quality of the cargo of 8,000 bushels of wheat delivered into the 'Iron King' from the Seaverns elevator. Leiter objected to the quality of this grain, but it was passed by the Board of Appeals. Leiter still refused the grain and ordered Peter Reid, who had charge of this branch of the work, to refuse all mixed grain. The first cargo was run back into the elevator and 5,000 bushels of other grain had been run into the boat when Leiter again objected to it as 'mixed,' although it was passed by Inspector Smillie as No. 2 red winter wheat. Governor Tanner was called upon and came to Chicago to review the matter personally. It had been intimated in November that the state government was in sympathy with Leiter, and it was believed that Leiter would win his point through the governor's influence. Chief Inspector Bidwell threatened to resign if his ruling was reversed, and such influence was brought to bear upon the governor that the inspection was sustained. It was said that Leiter learned of this change of policy and did his best to withdraw his protest before it was acted on by the Board of Appeals, but that this action came too late and his protest was overruled. After this Leiter took all grain offered without protest and during the closing days of December it was unloaded on him in great quantities. The price declined so rapidly that it was said that for a minute or two the marker in the call room could not keep up with the changes in quotations. There was no spectacular finish to the December deal. Mr. Leiter had announced that he wanted wheat and he got it. There was no attempt to squeeze the shorts, and no attempt to sustain the price, which declined nearly 4 cents the last two days of December. Apparently the only ones disappointed were those who refused to sell their wheat at \$1.09, expecting that Leiter would put the price up the last day in the manner of the old-time corner, and who were obliged to sell at a much lower figure.

Armour professed himself as highly pleased that he had delivered all the wheat which he had sold short during the previous months, and Leiter stated that he was satisfied with his purchase and was sure that he would be able to sell it at a much higher price. Of the deal it was said at the time: "It is remarkable for its success. It stands out in bold relief against the many disastrous efforts to control the price of wheat single handed against the world. For, taken by itself, the December deal will come to a successful termination. The final round-up is another question."

The magnitude of the transactions in the latter part of December is well shown by the following figures: Contract stock on hand in Chicago December 18, 5,180,000 bushels. Increase during the week, 2,076,000 bushels; increase during last week of December, 1,770,000. Total in store in Chicago, December 31, 9,026,000 bushels. Nearly all of this was in the hands of Mr. Leiter and it was believed that he then owned the largest amount of wheat ever owned by one man. In an interview at the close of the year Mr. Leiter said: "I am confident that the price of wheat will go up, and that we will sell our wheat at much higher prices than now quoted for cash wheat. There is no special reason why we should feel despondent when we know that our wheat is of exceptionally high grade. It has been bought cheap, and the general conditions of supply and demand are in our favor. Personally I am out of May wheat."

It was stated that there had been times when Leiter could have closed his operations with substantial profits. When he had changed from September to December he had enough clear profit to have satisfied most mortals for a lifetime. Leiter said the wheat cost him an average of 70 cents per bushel, but the opinion of traders was that it has cost him much more, probably from 80 to 85 cents per bushel. The average price of December wheat for the four last months of the year was 95½ cents and the average for December was 99½ cents. The cost of carrying this wheat for storage and insurance was about \$4,450 per day, and with the year 1898 Mr. Leiter faced the proposition of disposing of his vast holdings at a profit. His heroic struggle to dispose of this wheat in the face of a declining market was the chief matter of interest in 1898.

With returning prosperity the general markets showed renewed activity, but this was not marked until the second half of the year. The events of the great Leiter manipulation have already been recounted and all that is further necessary is a mere outline of conditions and prices. The elimination of No. 2 spring wheat from the contract grades was a prominent market feature and greatly aided in improving prices of the contract grades. The receipts were 28,087,147 bushels and the shipments 26,669,466 bushels. The crop was estimated at more than 100,000,000 bushels

larger than the crop of 1896, and Chicago receipts were proportionately greater than in other markets, owing to the higher prices. Regular No. 2 wheat for May delivery opened, January 2, at $83\frac{3}{8}$ cents and declined irregularly throughout the month with a sharp break to 73 cents, the 29th; the price advanced to $77\frac{7}{8}$ cents, the fore part of February, but declined to $73\frac{7}{8}$ cents at the close. The course was downward during March, closing at $70\frac{1}{8}$ cents, while the April market was still weaker, touching $64\frac{1}{2}$ cents, the 9th, advancing sharply to 78 cents, the 19th, but declining to 70 cents at the close. June wheat was quoted at $71\frac{3}{8}$ cents on May 1, advancing to $75\frac{3}{8}$ cents by the 13th, but closed at $69\frac{1}{8}$ cents. The range was small during June, July wheat opening at $66\frac{1}{2}$ cents and closing at 69 cents, with September wheat 4 cents to 5 cents lower. During July the price of September wheat advanced from $64\frac{1}{4}$ cents to $75\frac{5}{8}$ cents, and in August there was much excitement and the heavy buying by Leiter carried the price to \$1 on the 23rd, but with a reaction to $88\frac{1}{2}$ cents by the 27th. September was a month of great activity and No. 2 spring cash wheat sold up to \$1 on the 10th, but declined to 85 cents by the 30th, with December wheat at $89\frac{1}{8}$ cents. During October the market was active but steadier, ranging upward, the December delivery going from $87\frac{7}{8}$ cents the 4th to $98\frac{1}{2}$ cents the 29th. December wheat opened at 96 cents, November 1, and after declining to $91\frac{1}{2}$ cents, reached \$1 by the 26th, again declining to 95 cents the 30th. December saw the culmination of the buying movement by Leiter, December wheat selling as high as \$1.09 on the 9th. Mr. Leiter did not support the market at this figure and there were enormous offerings which brought the price down to 94 cents near the last of the year, and the closing quotation was 95 cents.

Corn. A factor in the corn trade was the large export trade which aggregated 181,878,000 bushels. For the first time in the history of the Chicago market the receipts of corn exceeded 100,000,000 bushels, the total being 116,747,389 bushels and the shipments 97,456,807 bushels, the latter being nearly 4,000,000 bushels in excess of any previous year. Prices responded somewhat to improved business conditions and there was something of an advance during mid-summer on account of fears of drought and later the price was to some extent maintained in sympathy with wheat. Opening at 23 cents, the market was steady, but a trifle lower during January and February, advancing to $24\frac{3}{4}$ cents by the close of March. The high price in April was $25\frac{1}{4}$ cents and in May $25\frac{1}{2}$ cents, with the closing price the same as at the opening of the year. The average price during June was 25 cents, and the range was small, while the advance movement became noticeable toward the end of July, that month closing at 28 cents. The excitement and activity continued through August until $32\frac{5}{8}$ cents was reached the 23rd, and the

market was strong the remainder of the month, closing at 30¾ cents. With September 32 cents was reached on the 2nd and the price averaged above 30 cents until the middle of the month, when the drought was relieved, and assurance that the crop was safe from danger of frost, caused a decline to 27¼ cents by the 30th. The October range was from 29 cents the 6th, to 24 cents the 22d, with the closing price at 26 cents, which was also the closing price for November. With December there was some improvement and the year closed at 27¼ cents.

Oats. The receipts of oats again were very large, exceeding those of the record year of 1896 by nearly 9,000,000 bushels, the aggregate being 118,086,662 bushels, while the shipments were 104,666,956 bushels, this being the first year in which the shipment of oats exceeded 100,000,000 bushels. There was increased export demand and good domestic demand, but the large receipts prevented any material increase in price and the range was but little higher than in 1896. The market was affected by fear of drought in August and by a speculative movement in November and December. No. 2 cash oats were quoted at 16¾ cents on January 2, and even this low price was not maintained, for 15¾ cents, the low point of the year, was reached on the 11th, and the month closed at 16 cents. The low point was reached on several days in February, and the close was the same as in January. It was not until May that a price above 18 cents was recorded, and this was about the average price in June and July. The first real improvement was in August, when the price went to 20⅞ cents and the month closed at 19⅞ cents. Twenty cents was the average price for September, but the market closed at 18⅞ cents, which was the average price for October. A speculative movement carried the price to 22¼ cents in November and 23⅞ cents in December, the year closing at 23½ cents.

Barley. The receipts of barley were 17,195,744 bushels and the shipments were 7,717,351 bushels. The quality of the crop was poor and the little choice barley on the market commanded a good premium, while much that was sold for feed brought a low price. There was little speculation until August, when there was an advance on account of drought. The formation of the American Malting Company was the chief market event of the year. As in 1896, there was practically no No. 2 barley on the market, and there was a wide price range as to different qualities of No. 3. The outside price for No. 3 cash barley on January 2 was 35 cents, and this was the average price for the month. During February the range was lower, the price of the best No. 3 standing at 32 cents the latter part of that month, and this was also the average price for March, while April ranged about 1 cent higher. The May market opened at 35 cents, but closed at 32 cents, while June opened at 33 cents and closed at 34 cents. In July the price was steady at 33 cents and 34 cents, the advance movement beginning the second

week in August and carrying the price to 47 cents by September 3. The price was fairly maintained during September, but the close was at 42 cents. The October market showed wide fluctuations, the range of outside prices being from 36 cents to 45 cents, with the close at 40 cents. In November the price touched 45 cents on three separate days, but the close was weak at 38 cents. This was the low price for December also, while the high price was 43 cents and the year closed at 42 cents.

Rye. The receipts of rye were 3,388,651 bushels and the shipments 3,800,872 bushels. The trade was dull the first month of the year, but a larger foreign demand and the wide difference in price between rye and wheat, with increased speculative activity, caused a more active market and better prices the latter part of the year. No. 2 rye opened the year at 38 cents, declining to 35 cents by the end of January and to 32½ cents by the close of February. An additional decline was reported in March down to 32 cents at the end of that month, while in April the price advanced to 37½ cents, but declined to 33½ cents at the close. The market was steady during May and June, but a marked advance began about the middle of July, carrying the price to 42 cents the 30th, while in August the top price of 56 cents was registered, although the month closed at 49½ cents. The price was carried well above 50 cents during the first half of September, but declined to 46½ cents by the 30th, which was the average price for October, the month closing at 47¼ cents. The market went to 48 cents during November, but near the close of the month a decline set in, but with temporary rallies, lasting the remainder of the year, the close being at 46¼ cents.

Flour. For the first time in its history Chicago manufacture of flour exceeded 1,000,000 barrels, the total aggregating 1,188,126 barrels. The receipts were 2,947,005 barrels and the shipments 2,736,211 barrels. Concerning this branch of trade the Secretary said in his report: "The manner of conducting this business has entirely changed during the last few years. By far the greater proportion of sales is made before the flour is shipped from the mills, and, indeed, in many cases is bargained for in advance of being manufactured. In consequence of the observance of these methods, few samples are exhibited on 'Change, and there is but little demonstration connected with the prosecution of the business."

Seeds. The receipts of timothy seed were 57,079,591 pounds and the shipments 46,417,248 pounds. The quality was quite ordinary, being affected by drought and storms in the Northwest. Choice timothy sold at \$2.70 per cental the first of the year, but the price ranged higher until \$3.15, the top price of the year, was reached in April. From this point there was an irregular decline to \$2.65 in December, with \$2.75 as the price at the close. Receipts of clover seed were 13,007,821 pounds and shipments were

17,230,467 pounds. The high prices were reported in January at \$8.50 per cental, with the exception of the temporary bulge to \$9.25 in March. During the remainder of the year the price declined irregularly, reaching the low price, \$5.35, prevailing in November and December.

The movement of flax seed was less than 50 per cent of that of the year preceding, the receipts being 4,976,209 bushels and the shipments 2,859,493 bushels. The small crop and the large export demand created by the low prices of 1896 caused improvement in price, and gave rise to much speculative activity. Opening at 75 cents, the market was of small range until March, when active trade caused an advance to 81 $\frac{3}{4}$ cents. In April the market sagged to 71 $\frac{1}{2}$ cents the 10th, went to 80 cents the 19th, and closed at 77 $\frac{1}{2}$ cents, which was the average price for May. The market stood at about 76 cents until the latter part of June, when there was an advance to 80 cents, and in July speculative activity carried the price to 89 cents at the close. This advance continued through August until \$1.20 was reached on the 21st, with a sharp reaction to 99 $\frac{1}{2}$ cents by the 30th. The price ranged well above \$1 during September, touching \$1.09 $\frac{3}{4}$, but with a sharp decline to 96 $\frac{3}{4}$ cents on the 30th. This decline continued until 91 cents was reached October 4, but this was followed by an advance to \$1.07 $\frac{1}{2}$ the 29th, with \$1.03 $\frac{1}{2}$ as the closing price for the month. During the latter part of November the price was well sustained at \$1.10 $\frac{1}{2}$ and the advance movement continued through December, the top price of the year, \$1.22 $\frac{1}{2}$, being reached the 30th.

Provisions and Live Stock. The packing industry of Chicago continued to maintain its supremacy, but the volume of business was about the same as that of the two preceding years. Noticeable features of the trade were the improved quality of the cattle received and the larger use of hogs for the fresh meat trade, between 800,000 and 900,000 hogs being required for this purpose. The receipts of cattle were 2,554,924 head and the shipments 843,392 head. The price range for cattle was small, prime beeves selling at from \$5.10 to \$5.75.

The receipts of live hogs were 8,363,724 head, and the receipts of dressed hogs had decreased from 353,093 received in 1866, to 1,698, this being the first year when the receipts of dressed hogs had fallen below 2,000 head, and showing the practical extinction of country butchering for the Chicago market. The shipments of live and dressed hogs aggregated 1,694,465 head, and the number of hogs packed in the year ending March 1, 1897, was 5,967,595. Owing to the abundance of corn, the hog crop was large and of good quality, while prices ruled low. The best packers' and shippers' hogs sold at \$3.50 the first of the year, gradually advancing until \$4.25 was paid in March and April. There was a decline to \$3.52 $\frac{1}{2}$ in June, with but small recovery until the latter part of July. In

August and September the top price of \$4.40 was reached, followed by a decline to \$3.50 in December, and with a closing price of \$3.60.

The market for mess pork opened at \$7.75 and showed a small, irregular advance until \$8.90 was reached in March; \$8.50 was about the average price in April, while the May range was higher for the first half of the month and lower the second half, reaching \$7.95 the 29th. In June the market ranged lower, while a gradual advance in July carried the price up to \$7.95. The same conditions which advanced other markets were felt in August and the price reached \$8.92½ the 30th, and stood at \$9 September 3. A decline followed, the price going below \$8 October 7, and to \$7.15 December 1, after which there was an advance, the year closing at \$7.90. Lard opened at \$3.85 and advanced irregularly until \$4.27½ was paid in April. The decline following carried the price down to \$3.42½ in June, while the August boom caused an advance to \$4.90 September 1. There was a decline to \$4.15 in November in sympathy with pork, followed by an advance to \$4.72½ at the end of the year.

Transportation. Much difficulty was experienced during the year in fixing the status of the Interstate Commerce Commission, and in the interpretation of the Interstate Commerce law. Freight rates averaged higher than in 1896, except by the all-water route, the average freight on wheat per bushel to New York being by lake and canal \$.0522, by lake and rail \$.0742, and by all rail \$.1250.

1898

The years 1897 and 1898 will ever be memorable in Board of Trade history as the years of the Leiter wheat deal. In January the amount of contract wheat in store was 8,715,954 bushels, and the total wheat of all grades in store was 10,982,710 bushels. This was not an excessive amount, but it was almost entirely owned by Mr. Leiter, and his efforts to market this grain and his necessity for maintaining the price, together with the collapse of the deal in June, formed the chief element of interest during the first six months of the year. This giant transaction overshadowed all the other markets, demanded the attention of the entire civilized world, and largely intimidated the other traders, so that speculation was restricted in nearly all lines. Nevertheless there were many incidents of importance to the members, and they were not idle either on their own account or in caring for the affairs of the Board as an institution.

Interest in the culmination of the December wheat deal, together with the fact that President Baker removed all flour and grain samples from the tables in the Exchange and thus prevented the usual hilarious celebration of the closing year, but a livelier interest in Board politics was shown when, on December 27, 1897, a caucus was held and Zina R. Carter was nominated for

President. Z. P. Brosseau was afterwards nominated, and the election resulted in a victory for the former by 142 majority, the vote being: Carter, 726; Brosseau, 584. H. O. Parker was elected Second Vice-President without opposition. The election was an exciting one, more ballots being cast than at any previous election, and many "old time" members participated who had not been on 'Change for years. Both candidates were on the floor and actively campaigning. The retiring President, W. T. Baker, gave his support to Mr. Carter, and the argument was used against Brosseau that he favored the bucket shops and the elevator men. Although strenuously denied by Mr. Brosseau, this statement undoubtedly operated against him. The election of Mr. Carter was in the nature of regular promotion, he having been Second Vice-President in 1896, and First Vice-President in 1897. Under the rule, Richard S. Lyon became First Vice-President, and the new Directors were John A. Bunnell, Frank Harlow, Frederick W. Smith, Joseph G. Snyder and Frank E. Winans.

The election of Mr. Carter was considered a victory for the radical anti-bucket shop element of the Board, and it was understood that the policies of ex-President Baker would be continued. There was much interest in the annual meeting, which was held a week following the election. In his inaugural President Carter dwelt upon the great need for the improvement of shipping facilities on the Chicago River by deepening and widening the channel, and said that it was "the highest duty of the Board to push with the same vigor that it had in the past its warfare against bucket shops and bucket shopping."

The Directors' report showed receipts of \$271,021 and expenditures of \$276,940, and \$11,617 cash on hand. The amount received from rentals was \$110,251 and the interest item on bonded indebtedness amounted to \$67,969. The membership was 1,835. In reference to the bucket shop war the Directors' report gave much credit to the good work of the postal authorities, and mentioned the fact that in his report to the Postmaster General, Chief Inspector Hamlet credited, in turn, the "heroic fight made by the Civic Federation and the Chicago Board of Trade." The meeting also passed highly commendatory resolutions as to the efficient administration of ex-President William T. Baker.

The Union Stock Yards were much improved, as is shown by the following taken from the Secretary's Report:

"The Union Stock Yards, where unequaled facilities are provided for carrying on this extensive business, cover 475 acres, 230 acres of which are covered with plank flooring. There are 13,000 pens provided, occupying 50 acres. Seventy-five thousand head of cattle, 50,000 head of sheep, 300,000 head of hogs and 5,000 horses can at these yards be taken thorough care of at one time. No mere description can afford an adequate understanding of the extent or

variety of this business, the capital and capacity required and supplied, the facilities provided, or of the most scrupulous attention given to details, etc. A visit to the 'yards'—actual observation of activity therein—or the methods employed, and of the regularity with which all departments of this stupendous industry is carried on only will enable one to at all comprehend the magnitude of this business.

"Six artesian wells furnish an ample supply of water, varying in depth from 1,250 feet to 2,250 feet. The water tank has a capacity of 30,000 gallons, and the combined capacity of ponds and reservoirs is 8,000,000 gallons; 7,000,000 gallons are consumed on the hottest days. There are 90 miles of water pipes, and if the water troughs with which the pens are supplied were placed end to end they would measure 38 miles."

The attitude of the Chicago Board of Trade toward the unjust discrimination against American commerce passing through the Welland Canal is shown by the Secretary's report on the subject, of which the following is the gist:

The discrimination made against American commerce with respect to tonnage passing through the Welland Canal is in violation of the twenty-seventh article of the treaty between Great Britain and the United States, known as the Treaty of Washington. This discrimination is grievous to American citizens in view of the fact that American canal connections to the Great Lakes are enjoyed by the citizens of Canada on absolutely equal terms with the citizens of the United States.

The trade relations between the Dominion of Canada and the United States are of so intimate a character that what benefits the commerce of one government benefits the commerce of the other, and for this reason the attention of the United States and British Joint High Commission was invited to the desirability of the abolition of tolls now imposed upon merchandise passing through the Welland Canal destined to American ports.

This controversy has caused so much criticism and irritation for several years that it has been the subject of presidential messages, one by President Cleveland in the year 1888, and one by President Harrison in the year 1892.

Canadian ports do not, and will not, gain one bushel of grain by adherence to its existing policy; on the contrary the volume of their business would be greatly augmented by the abolition of the tolls which are inflicted upon American shipments via the Welland Canal.

In searching the official acts of the Board it is found that the vexed question of "cross-trading" was given consideration by the Directors in February, and a special committee, of which Lloyd Smith was chairman, made an investigation, receiving testimony from a number of members, but no important developments followed. Although taking no part in politics, as an institution, the

Board was strongly in favor of the gold standard, and in February a series of resolutions was adopted, and Congress was petitioned to enact the bill prepared by the Indianapolis Monetary Commission.

In March President Carter cleared the corridors of traders in privileges. This had the effect of great restricting "privilege" trading for the time, as officers employed by the Board patrolled the halls, preventing the brokers from gathering.

This was the year of the Spanish-American War, and the spirit of patriotism ran high throughout the country. The Board of Trade joined in the intense feeling of indignation felt by all Americans when the battleship "Maine" was blown up in Havana harbor on February 13, and when war was declared by the United States on April 21 the Directors held a special meeting and adopted the following resolution: "Resolved, That the Stars and Stripes be at once displayed from the Board of Trade Building and kept there displayed until the demands made by the United States Government upon Spain regarding Cuba are complied with." The announcement of this resolution from the gallery was received with wild cheers by the traders, and the Board of Trade flag streamed gallantly from its staff during all the days of the brief but triumphant war, not being furled until August 19, when it was definitely known that the protocol had been signed, and that the war was at an end. The Board was just as patriotic in 1898 as it was during the days of the Civil War, but the exigencies were not so great, and it was not necessary for the Board to raise regiments of fighting men, as it did during the earlier day. Nevertheless it responded to every call to assist the boys at the front. On April 20 the Illinois Naval Reserve paraded through the hall of the Exchange in full uniform, and President Carter appointed a committee to solicit funds to provide Illinois sailors with necessary accoutrements. Twelve thousand dollars was the sum required, and \$1,000 of this amount was raised by the committee on the first day. As war became imminent, the Board of Trade shared in the general enthusiasm, and a memorial endorsing the actions of President McKinley was circulated by William T. Baker and received many signatures. In June a communication was received from the Army and Navy League asking that the Board raise funds to help the needy families of the men who had gone to war. This appeal was not unheeded, and President Carter at once appointed a committee as requested. Again, in August, a bale of cotton which had been donated for the purpose of raising funds for soldiers' relief work, and which had been sold in Exchanges at New York, St. Louis and other cities, was sold on the Chicago Board of Trade for \$1,500, this being the highest amount received for the cotton bale at any Exchange in the country. Still later, in September, Miss Thomas, representing the Army and Navy League,

was given permission to sell bronze and gold badges in the Secretary's office for charitable purposes connected with the work of the League, and these badges met with a ready sale. The Directors in their report, covering the year 1898, mention the following subscriptions: For account Naval Reserve Association, \$927; for account Army and Navy League, \$775; from proceeds of sale of a bale of cotton, donated, \$1,500. This does not take into account the many private subscriptions made by Board members, nor the sum of \$2,164 donated to the flood sufferers of Shawneetown, Illinois. It was undoutbedly in recognition of these numerous acts of patriotism and generosity that the Union League Club invited President Carter to name a committee of twenty-five to represent the Board of Trade at a reception to Col. Young's regiment of cavalry at Fort Sheridan held in September.

Another evidence of the interest which the Board and its Directors took in the general commercial affairs of the nation was the appointment in September of the special committee on Welland Canal tolls, Lloyd J. Smith being chairman of the committee and J. G. Keith and J. S. Dunham the other members. It was understood that this matter would also be taken up at Milwaukee and Duluth, and later at Montreal and other points. It was the opinion of the Board that the discrimination instituted against American commerce by the officials of the Welland Canal was in violation of the Treaty of Washington between the United States and Great Britain, as stated by Secretary Stone in his annual report quoted above, and it was their intention to make such protest as would protect American interests.

This was the year of the Trans-Mississippi Exposition held at Omaha, and with the memory of Chicago's great World's Fair still in mind, the Board of Trade was anxious to show its good will to its western neighbor, and a committee was appointed to represent the Board on Illinois Day. A greater showing was made in October when Chicago Day was celebrated. A special committee was named, and a large number of members went with the delegation, a special train being run over the C., M. & St. P. Ry. This excursion was a great success, and was much enjoyed by the 300 members, who with President Carter at their head, represented the Board of Trade at the Chicago Day celebration. They received a most hearty welcome, and special arrangements were made for their benefit, including the receipt of Chicago market quotations at the Press building on the Fair grounds.

The question of warehousing and the participation of warehousemen in the grain trade had been a vital issue with the Board for many years, and this continuing feeling found expression in September when members of the Illinois Grain Dealers' Association and of the Board of Trade met informally to discuss matters relative to public warehouses. One result was the appointment of a

committee to petition the Directors to call a general meeting of the Association to determine whether or not a rule should be passed that no public warehouseman should deal in grain, and further to discuss conditions as they affected members of the Board resulting from the practices of the warehousemen at that time.

In September R. S. Lyon, James Nicol, L. W. Bodman, B. A. Eckhart, H. F. Dousman, J. T. Rawleigh, W. S. Warren, J. G. Steever, B. Frank Howard and Secretary George F. Stone were appointed as delegates to the National Board of Trade, which convened at Washington December 13. These delegates decided to submit recommendations favoring the proposed Nicaragua Canal, stricter enforcement of the Interstate Commerce law, and changes in the War Revenue measures. They also decided to urge the establishment of a Department of Commerce and Industry, with its head as a member of the Cabinet.

The Spanish-American war brought with it not only the burdens of military duty, and the calls of patriotism, but added taxation. To meet the heavy expense imposed by war Congress passed an Internal Revenue bill placing a tax upon commercial transactions. While the members of the Board were willing cheerfully to bear their share of the national burden, it was felt that the tax imposed was onerous and out of proportion to that imposed upon others, and especially was there much misunderstanding as to the provisions of the new law. To meet this emergency, the Directors in May took action to ascertain at once from the Washington officials just what would be the workings of the proposed tax as to Board of Trade transactions. For this purpose John Hill, Jr., was sent to Washington to get an official interpretation of the provisions of the tax law. Mr. Hill reported on his mission, but there were nevertheless serious differences of opinion as to the application of the tax. The attorney of the Board decided that members must pay a tax on every transaction made on the Exchange floor. But it was decided that the Board of Trade as a corporation would have nothing to do with the collection of the tax. For the convenience of the members Secretary Stone prepared a form of memorandum of sale in compliance with the new revenue law which went into effect July 1. This was not, however, an official document, as it was not ordered by the Directors. Another great difficulty arose in the shortage of the stamps, which were required to be affixed to all documents. The immediate demand for stamps was very large, the supply on hand was quickly sold, and the officials found themselves unable to fill orders made by the Board of Trade members. In September, Judge Showalter of the United States Circuit Court held that the right to sell on the Exchange was property, distinct from the sale or the product sold, and that a tax on this privilege was valid and at the same time he imposed a fine of \$500 on James Nicol for neglecting to make and

stamp a memorandum of trade which he had negotiated, this having been made a test case. The burden of these taxes was very heavy. It was stated that the tax had a bearish effect upon the market, and that it cost some traders from \$60 to \$150 per month. The expense to the Board of Trade was said to reach \$100,000, and traders feared that they would have to go out of business if "transfers" were to be taxed as sales. Relative to the tax on transfers President Carter and three Directors held a conference with United States Collector Coyne, at which it was agreed that the Board should submit a statement fully covering transfer trades, and that Mr. Coyne should endeavor to obtain a decision from the Internal Revenue Office at Washington as soon as possible. It was also understood that trades in "puts" and "calls" were subject to the same tax as the recognized dealings of the Board of Trade. Members of the Board who had gone to Washington to secure a more definite ruling as to the working of the revenue law reported that in the case of an "unauthorized broker negotiating a sale, the memorandum of sale which he delivers to his principal needs only a 10-cent stamp and need not be stamped at the rate of 1 cent per \$100. Bills of sale, however, must be stamped at the latter rate." A little later a communication was received from the Commissioner of Internal Revenue, the second paragraph of which read as follows: "When a member of the Board of Trade, not a broker or not acting as a broker, makes a sale of grain or produce on his own account, and said sale is afterward assumed by a commission merchant for account of the seller, but one sale has occurred, and the commission merchant is the only person required to pay tax on this transaction." This ruling was considered satisfactory, and did much to clear the existing misunderstanding, and, after Judge Grosscup had rendered a decision upholding the constitutionality of the tax upon transactions of the Live Stock Exchange there was no more controversy concerning the revenue tax.

Despite all that had been done in preceding years, the bucket shop was an ever-present and growing evil, its lure drawing to it people of every class, and many women were among the habitués. The Anti-Bucket Shop Committee, of which John Hill, Jr., was chairman, kept up an incessant war against the evil, but the fight was made under discouraging circumstances and was not productive of great results. Mr. Hill was employed as a special agent on the part of the Board in the prosecution and suppression of bucket shops, and he was also a leading spirit in the crusade against gambling in Chicago, including that at the Washington Park races. These activities brought upon him the displeasure of many parties of widespread influence, and in July it was rumored that the Directors had passed a resolution to the effect that Mr. Hill must give up his connection with the Civic Federation if he wished to continue as special agent of the Board. This rumor, as to the passage of a reso-

lution, was not confirmed, but a few days later Mr. Hill tendered his resignation to the Board, alleging that an attempt had been made to coerce him to drop the crusade against gambling at Washington Park. This resignation was accepted by the Directors, and President Carter was authorized to appoint an Anti-Bucket Shop Committee. This committee, appointed in August, consisted of James Nicol, Henry O. Parker and W. N. Eckhardt, and it was asserted that there was to be no let up in the campaign against the bucket shops. It was but a short time after Mr. Hill's resignation that a bomb was placed at the entrance of his residence, resulting in the wrecking of his home, although fortunately none of the inmates were injured. This outrage stirred all Chicago deeply, and especially incensed the members of the Board of Trade. The Directors took immediate action and a committee consisting of Messrs. Logan, Patten and Greely was appointed to raise funds to be offered as a reward for the apprehension of the perpetrator of this crime. The guilty party was never discovered and no reward was paid, but the prompt action of the Directors served to show the sentiment of the Board. The work of prosecuting the bucket shops was carried on vigorously throughout the year, and in November a special meeting of the Directors was held at which time an additional appropriation was voted to carry on the work of the Anti-Bucket Shop Committee for the remainder of the year. In January (1899) the Directors' account of expenditures in 1898 carried an item of \$15,727.61 for "Special Service," which was meant to cover the activities of this committee and which did not include nearly \$10,000 for legal expenses. In spite of all this expense and activity and litigation but little headway was made against the bucket shops, and they continued to flourish, not only in Chicago, but in many prominent cities in the United States and Canada.

An important action of the Board was that taken in May, when, upon the joint recommendation of the Transportation and Finance committees, the Board of Directors established a Freight Bureau, under the management of John J. Hiland, a man of great experience in transportation affairs. It was the duty of this bureau to furnish information to members of the Board with reference to transportation, and more especially in regard to rates of freight, unjust discrimination, terminal charges, and other phases of the transportation question wherein discrimination was shown and which operated to the detriment of the members. The bureau also was to attempt to secure the equalization of rates for Chicago as against competing points south, east and west. Mr. Hiland took hold of his work vigorously, and in September issued a statement urging more active co-operation on the part of the members. In this line an opinion was rendered by the attorney for the Board that a railroad company has not fulfilled its obligation to a shipper until it has unloaded property, and that demurrage could not be charged

on such articles as hay unless a suitable warehouse was provided for unloading the same. The railroads seem to have yielded this point and allowed extra time for the reconsignment of bulk grain, baled hay or straw, on account of the necessity of inspection, but denied it as to bran and feed.

During the course of the year a number of decisions were rendered in litigation in which the Board was concerned, further fixing the legal status of the Board and its relations to its members and to others. Concerning these decisions the Directors said in their report: "During the year the State Supreme Court has affirmed the decision of the Superior Court of Cook County denying Harry M. Green an injunction to restrain the Board from trying him on charges preferred against him. This decision reaffirms the right of the Board of Trade to discipline its members for violation of its rules, and decides against the right of members to be represented in discipline cases by legal counsel. It also upholds Sec. 15 of Rule IV, providing for a preliminary investigation by a committee prior to the filing of formal charges of misconduct. The court also holds that the fact that some of the Directors had acted on the preliminary committee would not prevent the full Board from passing on a case involving the discipline of a member. This is the first time that these two points have ever been decided by the highest court of this state and it is gratifying that the rules have again been held to afford members a fair trial.

"Last June the State Supreme Court affirmed Judge Tuley's decision in the elevator cases, holding that it is inconsistent with the character of a public warehouseman for him to store his own grain and mix it with that of his depositors. A rehearing asked by the elevator proprietors was, in November last, denied by the court, thus fully vindicating the legal attitude taken by the Board on this question.

"Before this decision, and in anticipation of it, at its last regular session, the Legislature passed a law expressly permitting owners of elevators of Class A to warehouse their own grain. As many members of the Board of Trade question the constitutionality of this law, it was deemed best by the Warehouse Committee that this question, which has so long divided the Board, should be permanently set at rest; and, acting under your resolution, the Attorney General was asked to secure a judicial decision upon the validity and effect of this new law. Proceedings to this end have been begun by him before Judge Tuley, and he now has the case under advisement and an early decision is expected.

"In December last Robert H. Kelley, a former member of the Board of Trade, brought suit against it based on the charge that he had been illegally expelled, and laying his damages at \$200,000. Your committee, after consulting the attorney of the Board, sees no occasion for apprehension as to the outcome of this suit."

The history of the Chicago market for the first six months of 1898 was practically the history of the Leiter deal. Not only the wheat market but the prices of other commodities, both coarse grains and provisions, were affected to a greater or less extent, not alone by what Mr. Leiter did in wheat, but by what it was reported he had done, and what it was thought he might do. During the earlier months Mr. Leiter's star was in the ascendancy, and he was alternately lauded by the hero worshipers and denounced by those who saw in his great transaction a menace to the commercial world. A newcomer in the field of grain speculation, Mr. Leiter's tactics baffled the old-time traders by their very candor and simplicity, as well as by the gigantic proportions of the deal. Instead of the "squeeze" and the forced settlement by the "shorts" to which they were accustomed, Mr. Leiter actually bought real grain, and for the most part allowed prices to take their own course, as in December of 1897, when, although in full control of the market, he allowed the price to fall during the last days of the month. Mr. Leiter stated repeatedly that he acted upon the theory that wheat at the prevailing price in 1897 was very cheap, and was being sold for much less than it was worth, and that he had full confidence that he would be able to sell all that he had bought at a much higher price in the European markets. He stated that his deal was commenced after a careful survey of conditions of supply and demand throughout the world, and, in January, he announced that he was perfectly satisfied and confident, and that he expected to retire from the grain trade as soon as he had marketed the vast quantity of wheat which he then owned. But back of Mr. Leiter at all times was the shadow of the challenged Armour, the experienced trader and man of immense resources who stood as a Nemesis following every move of the gigantic deal. In January honors were easy between Leiter and Armour. Armour had delivered the many millions of bushels of wheat which he had sold to Leiter and was earning storage thereon at the rate of $\frac{3}{4}$ cent per bushel per month. Leiter had bought the wheat, and was secure in the idea that it could be sold at a good profit. This belief was based upon personal investigations in Great Britain and the continent, and upon the fact that the crop of 1897 was small. The fact that it would cost him in the neighborhood of \$500,000 for storage and insurance to carry this wheat until April did not dismay him. On the face of things it looked in January as if his profits amounted to nearly \$2,000,000. The high price paid for December wheat had attracted wheat from all parts of the Northwest so that the great mills at Minneapolis faced a grain shortage and were in danger of having to shut down. This situation was created by the millers themselves, who sold at the high price in December, expecting to be able to buy it back at a much lower price in January. Among the Board of Trade men it

is an old saying that it is not so difficult to run a corner, but that the greatest skill is required in "burying the corpse." Never had there been a "corpse" of such giant frame as Mr. Leiter found upon his hands, and he soon found that in order to maintain the price of cash wheat and to effect sales on a profitable basis it was necessary for him to actively support the market for the month and the future deliveries. Along in January, 1898, the extent of the Leiter line was semi-officially stated to be 15,000,000 bushels, and January 25 the current month delivery sold at \$1 a bushel. It was this continued support of the price that compelled the millers to enter into active competition with the Chicago market, which was raising the price of bread, this latter fact being the occasion for much of the severe criticism to which Mr. Leiter was subjected. On January 12 came the first of the reports of the reduction of the tariff on wheat by European countries. It was reported that France would make such a reduction but the rumor was denied the next day. Nevertheless the European situation was extremely favorable to Mr. Leiter and the rumor of early January in regard to France was repeated in late January in regard to Italy. In March, Spain let down the bars, conditionally, and in May France admitted wheat free from the fourth of that month until June 30th. Throughout February and March there were daily rumors as to enormous sales effected by Mr. Leiter, the most of which were denied by his representatives. Near the close of January cornering by shorts forced the price of cash wheat as high as \$1.10, but the delivery was allowed to expire without anything approaching a corner in the ordinary sense of the term, although Mr. Leiter could have realized a large profit had he "squeezed" the "shorts" at this time. At the close of January cash wheat was quoted at \$1.04, May at 94 $\frac{1}{8}$ ¢, and July at 85 cents, thus showing each delivery quoted about ten cents lower than the one preceding.

With February there were renewed complaints on the part of the public as to the poor quality of bread and the smaller size of the loaf, and it was asserted that the country would soon have to be content with black bread. Soon after the first of this month some traders who were long on wheat became anxious to take profits and there was heavy selling by all the long interests except Leiter, forcing the price down February 5 to 98 cents for spot wheat and 95 cents for May. Leiter maintained his hold on wheat, however, and his methods proved a mystery to all the traders, for he took no pains to protect prices in the sample market, and this worked largely to the disadvantage of commission men and scalpers. The large quantity of wheat in store in Chicago, and the knowledge that Mr. Leiter would be forced to dispose of it sooner or later attracted buyers from eastern cities and from Europe, but Mr. Leiter refused to lower the cash wheat price, and from February 16 until the end of the month the price did not fall below \$1, while

the May option rose by the close of the month to a premium of nearly 1 cent over February. It was during the fore part of February that the first of the insidious attacks was made upon Mr. Leiter's credit, and his representative, George B. French, was forced to send a long message to the New York and Minneapolis newspapers, denying in a most vigorous way that Leiter was borrowing large sums in New York or that he had been unable to borrow in Chicago. The mystery as to what Mr. Leiter intended to do with his wheat, the reports and denials of huge sales, the rumor that he would erect large grain elevators in Kansas City, kept the market in a nervous condition, and the continued sales of cash wheat frightened the shorts and thus kept up prices. On February 12 came one of the first of the large shipping orders from the Leiter people which was to mark the heavy wheat movement of the next two months. This order was for the loading of 400,000 bushels of wheat from the Armour elevators into cars of the Nickel Plate line. The shipments during February amounted to more than 1,200,000 bushels, the heavy shipments not beginning until the last week of the month. Wheat continued to pour into Chicago, however, the receipts for February being nearly 1,100,000 bushels. The heavy shipments of Leiter wheat continued until the first week in June, gradually rising in March, and reaching 1,113,217 bushels, the week ending March 26, and for the next ten weeks the shipments averaged fully 1,500,000 per week. Receipts, however, continued to be heavy, and while approximately 18,000,000 bushels of wheat were shipped, not less than 10,000,000 bushels were received in Chicago between the 1st of February and the 1st of June. It was these continued heavy receipts which furnished the surprise of the year, and which eventually caused the failure of Mr. Leiter's plan. It was thought by many, in January, that the wheat bins of the great Northwest had been swept clean by the enormous movement of the preceding month, but January receipts exceeded 1,000,000 bushels, February approached 1,100,000 bushels, March showed receipts of over 2,400,000 bushels, April of 1,841,000 bushels, while in May the receipts were nearly as large as in December, reaching 4,363,414 bushels. It was noticed by the trade that the Leiter wheat for loading was chiefly ordered from the Armour elevators, and this was interpreted by many as a sign of hostility, and a desire upon Mr. Leiter's part to avoid the payment of storage to Armour. During February the general course of the market favored the Leiter deal. General business and industrial conditions were good, causing an increased demand for breadstuffs, and from Europe came the report that the Russian wheat crop was a failure, that there was a shortage in Argentine, and that there was not enough wheat in European markets to feed the people. The markets were booming, not only in corn and oats, but in provisions. The middle of February came the news of the sinking of

the Maine, and the certainty that war with Spain was imminent. On February 17 May wheat rose to \$1.06½, with February selling as high as \$1.09. A little later in the month the July future became more active, and the shorts began to fear that the Leiter deal would be carried into that month. Throughout the remainder of February cash wheat did not fall below \$1.00½, and May wheat did not fall below \$1.01½, while the July deliveries went as high (February 19) as 94¼ cents. Toward the close of February Mr. Leiter let it be known that he would support the market for July wheat, and that he would continue his shipments to Liverpool. The trend of the market the last week of February was against Mr. Leiter. There was agitation for the establishment of a marginal price on May wheat and some former bulls turned aggressively bearish. A market sensation which favored the Chicago dealers was the report early in March that the establishment of an independent warehouse at Buffalo threatened the hold of the Buffalo elevator pool which had so long been a barrier to the Chicago grain business, arbitrarily high charges having been made for transfer from ships to cars and into storage. It was said that the rate would be cut from 7⁄8 cent to 5⁄8 cent. Later in March it was reported that seven Buffalo elevators were operating outside of the pool and that the price had been cut to 5⁄8 cent, and by the latter part of April it was announced that the pool had been dissolved. While the destruction of the Maine had the effect of raising prices, the approach of war had the opposite effect, as it was feared that it would interfere with exports. The shipping movement continued to be large, however. The free receipts from the Northwest and the fact that Leiter was obliged to support the entire wheat market caused continued rumors that the load was getting heavier than he could bear. To counteract this, on March 10, his brokers declared that he was able to margin his wheat down to 85 cents if necessary. Nevertheless, on the day following, brokers supposed to be active for Armour offered large quantities of May wheat, but refused to trade with Leiter's representatives. This was followed by a terrific onslaught on the market which was only stopped by the purchase by Leiter's brokers from Armour of 1,000,000 bushels of May wheat at \$1.04. The fierce bear raid caused a vast amount of comment on 'Change and the traders discussed eagerly the question whether Leiter would be able to withstand similar raids in the future, and it was apparent that the action of the brokers was with intent to harm Leiter's credit and to break prices. This "barring" was variously viewed by members of the Board, some saying that it was uncommercial conduct, and others that it was a proper and a legal act. In the meantime, however, Leiter's enemies encouraged the suspicion that May deliveries might not be taken and paid for by Leiter, but there was no sign of breaking on the part of the big operator. On March 12 Leiter took his enemies by surprise by

requesting that a marginal price be fixed on May wheat. This was considered a bold stroke, and his friends congratulated him upon his strong stand. It was at this time that the opposition on the part of Mr. Armour to Mr. Leiter became more pronounced. In reply to Mr. Leiter's bold challenge, the directors, on March 17, decided "that the value of May wheat for the purposes covered in the rule under which a marginal price might have been established is the present price of that commodity in this market." This decision ended the controversy over marginal prices. During all these months in which Leiter dominated the Chicago wheat market he had not been a member of the Exchange, but on March 18, to the surprise of many, his name was posted for membership, with William T. Baker and John P. Grier as sponsors. Membership in the Board would enable Leiter to make first-hand settlements through the Clearing House, and he was duly elected to membership by the Directors on March 29. An evidence of the widespread interest in the Leiter deal and the partisanship felt by many who had no possible connection with the Board of Trade was the receipt by Mr. Leiter of \$100, said to have been sent by a New York boy "to help him pay margins." It was afterwards claimed, however, that this was but a market canard, intended possibly to reflect on Leiter's credit; that the "boy" was nineteen years old, and denied having sent any money. About this time the Leiter interests again began to be more discriminative in their acceptance of deliveries. A lot of 100,000 bushels tendered as No. 1 Northern by the Weare elevators was refused as of poor quality and this objection was sustained by the inspection department as to some cars, and overruled as to others. His objection to a tender from Keith's as being mixed with corn was also sustained. On March 31 Leiter confirmed the report of a sale of 2,250,000 bushels of cash wheat, and stated that his sales abroad had been averaging not less than 250,000 bushels per day. At no time during March was the price of cash wheat allowed to fall below \$1, while May wheat was kept at a higher figure, reaching \$1.07 on three days of the month. The highest quotation for cash wheat on March 31 was, however, $4\frac{1}{2}$ cents lower than the top on March 1; May wheat also was $1\frac{3}{4}$ cents lower. During April the price on all deliveries went steadily upward, and by the middle of the month Mr. French, speaking for Leiter, was able to say: "We have sold (today) 772,000 bushels of cash wheat in various positions abroad and received bids on 250,000 more. I look for higher prices right along from now on. We have passed the Rubicon." The reports of sales by Leiter for export continued almost daily, and there were rumors that he was receiving secret railroad rebates, and this led to his testimony before the Board of Directors that his rail rates were "anywhere from 17 to 12 cents." On April 15 the Leiter interests forced May wheat up to \$1.15 and followed this action by free selling of July

wheat, unloading 5,000,000 bushels according to the estimate of traders, May wheat breaking during the day to \$1.08. His operations were not confined to the wheat market, and on April 16 he is quoted as having sold 500,000 of May oats, making a liquidation of 2,000,000 bushels within two days. A ripple of amusement went around the market place a few days later when it was reported that Philip D. Armour had presented his photograph to Leiter with the inscription "With kindest regards." This was perhaps the most expensive photograph ever taken as within two months it was about all that Mr. Leiter had to show for about \$2,500,000. The remainder of April the wheat market was all in Leiter's hands, and there were many reports of sales at fancy prices, and the European demand was said to be urgent, while on the 28th the Liverpool market was reported to be "wild" with prices 10 cents higher. Under these influences the market for cash wheat reached \$1.23½ April 28, and closed the month at \$1.20@1.20½. The high price for May wheat was reported April 26 at \$1.25, and it closed the month at \$1.20¼. The July delivery also showed an increase of from 10 to 12 cents during the month. All this but paved the way for the great advance in May. As has been noted, May receipts exceeded 4,000,000 bushels, but this did not prevent the tremendous increase in the price of cash wheat, which rose on May 5 from \$1.31 to \$1.50, and within five days reached the top price of the entire deal at \$1.85. At this time the profits of the Leiter deal were estimated at \$4,000,000 and the high prices on the Chicago market so incensed the European public that London newspapers published cartoons and articles holding Joseph Leiter responsible for the bread riots which occurred in Spain and the similar demonstrations which took place in France and Italy. The market fell from this point under the pressure of large receipts, receding May 14 to \$1.30, but regaining its position so that on the 26th, 27th and 28th the outside price was \$1.75, with Leiter in arbitrary control of May wheat deliveries. On the 31st Leiter closed his gigantic deal in May wheat and the price at once fell, the closing quotation for the day being \$1.25. Throughout the fore part of June the shipments and sales by Leiter continued to be the feature of the market. On the 2nd the sale of 1,400,000 bushels abroad was reported, on the 3rd 250,000 bushels, on the 6th 220,000, on the 8th it was said that Leiter intended to move out all but 500,000 bushels of cash wheat by the following Saturday and that he would ship out all his wheat, but that he could not get the vessel space. On June 10 came the Government report forecasting a record-breaking crop of spring wheat, the prediction being for a total yield of wheat, winter and spring, of 650,000,000 bushels. During the first ten days of June the price had receded irregularly from the last May quotation, the outside price June 1, which was the highest price for the month, being 20 cents lower than the outside price

May 31. By June 10 the price had worked down to \$1@1.03 for cash wheat, and 87@89 cents for July. With the publication of the very optimistic Government report the price tumbled, reaching 89 cents for cash wheat June 11. On Monday, the 13th, there was a further decline, and it was on this day that the utter collapse of the great Leiter deal was announced. The vast estimated profit at the close of May had vanished and had become a loss of between two and three million dollars. The collapse of the deal was sudden and rather humiliating for the young man who had figured for nearly a year as a Colossus in the speculative market. The steady downward trend of prices in spite of the great support given the market by Leiter had wiped out the paper profits shown in May. The Government report was a stunning blow and indicated that only Herculean efforts could maintain the price in the face of the great flood of wheat which the Government report indicated would soon be available. To carry on the movement would require the expenditure of many additional millions and even then the prospect was for a disastrous defeat. In this emergency Levi Z. Leiter, who had retired after amassing a vast fortune as a Chicago dry goods merchant and real estate owner, came to Chicago from Washington and by his refusal to provide more capital forced the closing of the deal. He provided funds, however, so that the entire transaction was closed with strict commercial integrity, and without loss to any one but the principal. He also arranged that Mr. Armour should take over the cash wheat held by Leiter in this country, Leiter retaining that which was in foreign markets. Mr. Joseph Leiter explained the defeat of his plan by saying that the prices for future deliveries had commenced to break faster than the cash wheat declined and that he was unable to carry the transaction through.

At the time of the collapse the Chicago Tribune published an interesting statement of the "Chronology of the Leiter Deal" as follows:

- April 2, 1897—Buys his first wheat at 72 $\frac{3}{4}$ cents.
- June 18, 1897—Pays lowest price, 64 $\frac{3}{4}$ cents.
- July 1897—Wheat trade scents a "corner."
- September, 1897—Leiter recognized as principal.
- December, 1897—Complains of rigid grain inspection.
- December, 14, 1897—Seven weeks' Duluth shipments foot up 4,000,000 bushels.
- December 18, 1897—Armour delivers first million bushels for December.
- February 8, 1898—Two million bushels start east by rail.
- March 10, 1898—Trade talks of Marginal price.
- March 24, 1898—Talk of Leiter-Armour compact.
- April 26, 1898—May wheat sells at \$1.25.
- May 5, 1898—May wheat sells at \$1.50.

May 10, 1898—May wheat sells (top price) at \$1.85.

May 31, 1898—May wheat breaks 50 cents.

June 10, 1898—Government predicts 640,000,000 bushel crop.

June 13, 1898—Leiter closes his deal; price collapses to 70 $\frac{7}{8}$ cents.

Largest market interest, 35,000,000 bushels; sales for export, 25,000,000 bushels; cash wheat in all positions, 10,000,000 bushels; paper profit at one time, \$3,00,000; estimated net loss in deal, \$2,500,000.

In the above quotation from the Tribune it will be noted that the low price after the collapse of the deal is quoted at 70 $\frac{7}{8}$ cents.

The Secretary's report, covering the same period, does not, however, quote any such prices, and the Tribune's quotation of 70 $\frac{7}{8}$ cents was for September wheat, which was about 15 cents per bushel below the price of wheat for immediate delivery. According to the official figures cash wheat sold June 14 at 84@87 cents; July wheat at 76@79 cents; and September wheat at 69 $\frac{7}{8}$ @71 $\frac{1}{2}$ cents. The range of cash wheat for the last half of the month was from 75 cents, June 20, to 86 cents June 23, and the closing price June 30 was 79 cents. During the remainder of the year the price of cash wheat ranged irregularly downward until the early part of October, when it touched 62 cents. After that time there was a moderate improvement culminating in the last days of December at 70 cents.

The course of the market was naturally influenced by the large quantity of cash wheat in Mr. Armour's hands, but he sold this rapidly at the lower prices, and on June 23 he made the statement that not more than 2,000,000 bushels of the Leiter wheat were unsold, and in August it was reported that the Leiter wheat was practically disposed of.

After the collapse of the Leiter deal the corn market dominated the speculative trade temporarily. In August the demand for corn was said to be the largest in twenty years, and samples from the west received the last of August showed much corn which had failed to mature, and it was said that the quantity was small and the quality poor. The only cornering operation during the remainder of the year was a comparatively small "squeeze" in short ribs in October. This was engineered by a combination with Samuel McLean at its head, and the price was forced from \$5.30 to \$6.75, at which price some 3,000,000 pounds were settled. It was reported that P. D. Armour was one of the victims, but this he denied. In November there was considerable speculation in oats, the market being strengthened by low rail freight rates. Mr. Patten figured largely in this deal, it being reported, November 22, that he was long about 2,000,000 bushels. The great feature of the market, however, continued to be the phenomenal export demand for corn and wheat. Clearances were at an exceptionally high level, and

in November and December all old records were broken on heavy weekly exports. The speculative market signally failed to respond, however, and the trend of prices was gradually downward, with but feeble and short lived rallies until near the end of the year. In December a so-called Co-operative Grain Association was advertised by unknown parties in Chicago, the scheme being to induce the farmers of the west to send the promoters 1 cent per bushel for the amount of wheat each farmer raised, and by co-operation to control prices. It went the way of many similar fakes.

Wheat.—The course of the wheat market has already been fully described in relation to the Leiter deal and subsequent events. The receipts for the year were 35,741,556 bushels, and shipments 38,094,894 bushels, as against 28,087,147 and 26,669,466 bushels, respectively, during the year 1897. The low price was 62 cents in October and the high price \$1.85 in May. The opening price of the year was 90½ cents per bushel for regular No. 2 wheat, and at the close of January sales were made at \$1.08½. The total exports of wheat from the United States were 148,053,394 bushels, valued at \$129,706,847.

Corn.—The movement of corn was the largest Chicago had ever known, the receipts being 127,426,374 bushels and the shipments 130,397,681 bushels, and the total exports from the United States aggregating 205,394,289 bushels valued at \$76,669,622. The foreign demand was steadily and largely increasing. The exports for the year 1897 having been the largest known up to that time. A part of this increased demand was due to the efforts of Charles J. Murphy, who was the apostle of American maize in European countries. The first cargo of American corn shipped to Europe is supposed to have been that sent to the famine sufferers of Ireland in 1848, but it was a strange grain and the people did not know what to do with it. Mr. Murphy, who represented American interests at a Scotch exposition, conceived the idea of educating Europe to the use of corn. Returning to this country, he presented his ideas before the Chicago Board of Trade and received much encouragement, and later received the financial backing of the New York Produce Exchange, and the co-operation of Secretary Rusk of the Department of Agriculture. Mr. Murphy returned to Europe and established a number of cooking places where corn meal dainties were given away. His free lunches soon converted the English and Scotch to a larger use of corn. He was also able to interest the German Government to test corn as an army ration, but the German people were slow to accept it as an article of diet. Later, J. Sterling Morton, as Secretary of Agriculture, failed to see the value of the work and it was discontinued, but it had already done much to stimulate the export trade, corn being used to some extent in place of potatoes, when that crop failed.

Prices of corn at the opening of the year ranged from 26½ to

26 $\frac{7}{8}$ cents per bushel for the contract grade, strengthening gradually, and closing in January at 27 $\frac{1}{2}$ @28 cents per bushel. There was a steady market in February and March, the last quotation of the month being about 29 cents. In April and the first half of May there was decided strength in sympathy with wheat, and the market reached a high point at 37 $\frac{1}{2}$ cents on May 9. The price was but little affected by the Leiter collapse in wheat, but fine weather and good crop prospects gradually forced it down to 31 cents at the close of June. There was a gradual rise during July, the price reaching 35 $\frac{1}{2}$ cents on the 25th, but this was followed by an August decline, and on the 22d of that month it touched 29 $\frac{3}{4}$ cents. There was but little reaction in September, and only a slight improvement in October. November, however, showed strength and December was still better, the high price for the year, 38 cents, being reached on the 28th, and the year closed with corn at 37@37 $\frac{1}{2}$ cents.

Oats.—The receipts of oats were 110,293,647 bushels, and the shipments 85,057,636 bushels, the movement being smaller than during the preceding year. A large and steady domestic demand was supplemented by liberal shipments to foreign markets. With the exception of a moderate rise in April and May in sympathy with wheat, the market in oats was not disturbed by any special feature until near the close of the year. Then, however, a series of speculative operations set in which attracted much attention. The decline caused by the collapse of Leiter's deal continued throughout June, cash oats touching 21 cents on the 28th, a fall of more than 10 cents from the high point reached early in May. July witnessed a speculative rise to 26 cents on the 28th, but the price declined to 20 $\frac{3}{4}$ cents the last of the month. The market during August was heavy, with cash oats quoted as low as 20 $\frac{1}{4}$ cents and seller September 19 $\frac{1}{2}$ cents. The range during September was small, being from 20 $\frac{1}{4}$ @22 $\frac{3}{8}$ cents, but in October there was a gradual rise, the price of cash oats the last day of the month being 25 cents. Better prices ensued in November, the market advancing irregularly to 27 $\frac{3}{4}$ cents the last of the month. The range during December was very small, the price being well maintained between 26 $\frac{1}{4}$ and 27 $\frac{3}{4}$ cents, the year closing at 27 $\frac{1}{4}$ cents.

Rye.—There was a good market for rye, and the trade was constantly surprised at its unusual strength compared with wheat and corn. An export demand developed immediately after the harvest, and the close of the year found stocks reduced to a minimum, with a large part of the crop moved out at remunerative prices owing to an urgent foreign demand. The receipts were 4,935,308 bushels, and shipments, 4,453,384 bushels. The quality of the crop was unusually good, and the strong demand kept prices reasonably high. The market opened at about 46 cents for No. 2 rye and advanced irregularly in company with other cereals until May, when it sold

as high as 75 cents per bushel. Following the close of the Leiter deal the price declined, reaching 41 cents by June 20. There was a rise until 48½ cents was reached the middle of July, and the August range was from 41 to 46½ cents. With September there was some improvement, the range being from 42½ to 49 cents. With some recessions the price increased during October, the month closing at 51½ cents, and the November range was from 51 to 52¾ cents. December showed still more improvement, a price of 55½ cents being attained, and the year closing with cash rye at 55 cents.

Barley.—The receipts of barley were 18,116,594 bushels, and the shipments 6,755,247 bushels. The first quotations of the year were for No. 3 cash, the range being given as 26½@42 cents per bushel, and there was but little change in these figures during the month of January. In February the top price averaged 40 cents, there being few quotations above that figure, but March showed the effect of the general improvement in prices, and the outside at the close of the month was 43 cents. During April there was a further gain, the quotation for the 30th being 43@52 cents, the price being sustained at or slightly above these figures during the larger part of May. It was this bulge in barley, together with heavy losses in wheat and corn which caused the suspension of Robert Lindblom, one of the oldest and best known traders on the Board, his losses being estimated by himself at \$2,000,000. Near the close of May there was a sharp recession, the outside price reaching 42 cents May 28. June showed a further recession, the outside price going from 46 cents June 2 to 33 cents June 30, and 32 cents July 5. From this point the market gradually rose to 47½ cents August 20. Prices the remainder of August and September ranged from 2 to 3 cents lower, then gradually increased until 49 cents was reached on October 27. The outside price during November varied little from 50 cents, these prices running into December with a bulge December 5 to 54 cents. After the 10th of the month the price did not reach 50 cents, and the last quotation for the year was 42@49 cents, according to quality of sample.

Flour.—Flour receipts were 5,316,195 barrels and shipments were 5,032,236 barrels. Flour manufactured in Chicago amounted to 1,037,442 barrels, being 150,000 barrels less than in 1897. The greater portion of the flour trade was transacted outside of the Exchange, millers dealing directly with the retailers. The price of flour followed the course of the wheat market to a large extent; the price in January for winter wheat patents stood at \$4.80 and rose to \$6.90 under the influence of the Leiter deal. The price fell rapidly after the collapse of this deal, touching \$3.20 in September and closing at \$3.60 the last of the year.

Seeds.—The receipts of seeds other than flax amounted to 97,039,279 pounds and the shipments were 78,764,646 pounds. The

market for timothy seed was extremely dull, the price declining from the opening of the spring to early autumn. The market for clover seed was also without strength, with low prices consequent upon the large crop of 1897. The outside price for timothy the first of the year was \$2.67½ per cental. The highest price was \$3 paid in March and April, and the lowest outside price was \$2.20 paid in December. Clover seed opened at \$5.35 per cental as the outside price; \$4.50 paid in July was the lowest outside price, and the top of the market was \$8 paid during September and October.

The receipts of flax seed were 5,481,173 bushels, and the shipments 3,366,739 bushels. The market opened in January at \$1.21 for cash seed and rose to \$1.32 by the 28th of the month. February and March saw an irregularly declining market, the price March 31 being \$1.15¾. At this time a rise began which lasted until May 20, having reached \$1.39 on the 13th. During the latter part of May a decline set in which continued until the first of August, when the low price of the year, 86 cents, was reached. A slowly advancing market in September and October, with some recession in November, gave place to another advance in December which culminated on the last business day of the year at \$1.18.

Provisions.—From a manufacturing point of view the provision business of 1898 was unsatisfactory. There was but little working profit between the price of live hogs and the price of finished product. These conditions were reflected in the unfavorable reports of packing concerns. The distributing business, on the other hand, was on an unprecedentedly large scale, and naturally satisfactory. The war was a distinctly favorable factor in the provision trade. The troops, either in active service or in reserve, were located in climates where cured meats were among the most available supplies. Not only were large contracts for the navy and army placed with packing concerns, but the conditions stimulated active buying by foreigners. It was believed that foreigners had more than anticipated their requirements, and that the cessation of hostilities would bring a reaction. This proved to be an error, as the export movement on a high level was continuous, and this country never before marketed a greater quantity of provisions abroad than was exported in 1898.

The following table shows the range and the last price of the principal mess pork deliveries traded in during the year:

May	highest, \$12.30; lowest, \$9.12½; close, \$11.50
July	" 12.70; " 9.25; " 9.37
September	" 12.60; " 8.00; " 8.05

The direct war effect was shown in the advance in price of provisions between the date of the report of the Maine inquiry board and the culmination of the Leiter wheat deal of between 20 and 30 per cent. Up to the end of November the excess in exports

of lard for the year as compared with the same period of the previous year was nearly 100,000,000 pounds. There was an excess in exports of hams of 44,000,000 pounds and in bacon of 50,000,000 pounds.

Export clearances of pork were almost double those of the previous year. Receipts of hogs were heavy throughout the year, but at no time were there the accumulations of product which depressed prices in former years. At one time it was accepted in the trade that consumption would never catch up with production in lard. In face of the extensive packing operations, however, stocks of lard were steadily reduced the world over.

The following table shows the range and last price of the principal lard deliveries traded in during the year:

May	highest, \$6.82½; lowest, \$4.72½; close, \$5.92½
July	“ 6.90; “ 4.87½; “ 5.45
September	“ 7.00; “ 4.72; “ 4.80

Domestic consumption increased by reason of the increased industrial activity and the improved financial and commercial conditions all over the country. The laboring classes had more profitable employment and their purchasing capacity increased.

The Southern trade was excellent all the year and was not seriously interfered with by the yellow fever scare which at times threatened to be a demoralizing factor as important as in 1897. It was in an effort to protect the speculative market from bear attacks based on yellow fever reports that a deal in ribs which culminated in a little squeeze in October originated. The speculative trade in provisions lacked spectacular features, and, as in all other speculative produce markets, there was an apathy shown by speculators towards bullish considerations in the actual demand and supply situation.

The following table shows the range and last price of the principal deliveries of ribs traded in during the year:

May.....	highest, \$6.70; lowest, \$4.60; close, \$6.22½
July.....	“ 6.62½; “ 4.90; “ 5.45
September.....	“ 6.70; “ 5.00; “ 5.25

The receipts of cattle during the year were 2,480,897 head, being less than for any of the three years immediately preceding. The feature of the trade in cattle was the increase in the receipts of “corn belt” cattle, these being cattle bred on the range and fattened in the corn-producing states. The lowest price for native steers ruled in May and the highest in August, and the average was about 15 cents higher than in 1897, being the highest since 1894.

The receipts of live hogs were 9,401,919 head, the highest number received during any year up to that time. The shipments were

1,340,544 head. The lowest prices obtained in November, and the highest in May, the average being lower than in 1897. The opening price on packers' and shippers' hogs was \$3.45@3.72½, and by May this had increased to \$4.30@4.80, receding in December to \$3.25@3.50, the year closing at \$3.40@3.75.

Transportation.—Lake (steam) and rail freights on wheat per bushel to New York were 4½@4¾ cents during April, advanced to 5⅜ cents during May, and averaged 4¼ cents until the latter part of September, after which time they stood at about 5½ cents. Freight rates by lake (sail) to Buffalo and Erie Canal to New York, exclusive of Buffalo charges, on wheat, per bushel, ranged from 4⅜ cents in May to 5¾ cents in November, the lowest price being 3⅞ cents, which obtained for short periods during the mid-summer months. All rail freights on grain per 100 pounds to New York were 20 cents from January to June 27, 18 cents from that time until November 10, and 20 cents the remainder of the year.

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Notwithstanding the general commercial prosperity of the year 1899, no special advantage accrued to those engaged in handling breadstuffs and provisions. Nevertheless, inland and foreign trade showed a considerable increase; labor was well employed; general industry revived, all of which aided in the general circulation of money and a wider distribution of wealth, and gave promise of better things.

The general speculative markets were comparatively quiet, and had been since the conclusion of the Leiter deal and this gave the members time to devote to the consideration of the official organization of the Board, and to changes and reforms in its rules and regulations. On January 3, a caucus was held at which James T. Rawleigh presided and a so-called "regular" ticket was placed in the field. R. S. Lyon was the nominee for President and James Nicol for Second Vice-President. A day later an opposition ticket was named with J. H. Milne for President and James Nicol for Second Vice-President. The interest in the election, however, centered largely upon the selection of Directors, and this, in turn, hinged upon the bucketshop question. John Hill Jr., who for a number of years had been most active in the crusade against the bucketshop evil, issued, at this time, a review of his work entitled "Three Years With the Bucketshops." In this he claimed that twelve expulsions or suspensions of Board members had been made for having bucketshop affiliations or for bucket-shopping trades. He also charged that the Directors had not been in sympathy with him, and had tried to force him to give up the fight, which he claimed to have carried on at considerable pecuniary loss. Both tickets were filled with strong men and the ballot resulted in the election of

Richard S. Lyon, who received 791 votes to 455 cast for James H. Milne. H. O. Parker became First Vice-President by rotation and James Nicol was elected Second Vice-President without opposition. The Directors elected were Thomas M. Baxter, Elzear A. Beauvais, Thomas M. Hunter, William L. Gregson and Charles W. Buckley.

At the annual meeting President Lyon outlined his position upon important Board policies and retiring President Z. R. Carter, on behalf of himself and the Directory, spoke of the work of his administration. Relative to the bucketshop crusade he said: "The number of bucketshop concerns in operation in Chicago at the close of the year 1895 was 80; at the close of 1896, 42; at the close of 1897, 29; at the close of 1898, 13. Of these thirteen concerns, the proprietor of one has been convicted; the proprietors of three of the largest are indicted and awaiting trial. During the last three years, under the direction of the Board, 201 bucketshops have been investigated, 188 of which have been closed." With this excellent showing there is no wonder that the resolution introduced by R. G. Chandler was passed, providing "That the Directors of the Board of Trade are hereby instructed to use every effort to suppress bucketshops and bucket-shopping, and to this end we pledge the resources of the Association for all necessary expenses."

The report of Treasurer Hamill showed that the receipts for the preceding year were \$249,848.54, and the expenditures \$248,065.33. The bonded indebtedness was \$1,250,000, bearing 4% interest, and the cash on hand was \$13,400.57. The rentals for offices in the Board of Trade building showed a slight increase, amounting to \$111,954, but the Directors felt that this could be increased still more by the better arrangement of the building, as it was asserted that it had been erected with lavish disregard for space and economy. These changes were carried out at a cost of nearly \$6,000, but with the addition of \$5,500 per annum to the rentals received. The location of the Directors' rooms and the rooms for the Committees of Arbitration and Appeal was changed, and rooms fitted up for the Clearing House and for Churchill & Co., and by April the Directors held their first meeting in their new quarters in the pavilion annex on the seventh floor.

An interesting question which confronted the Directors at the beginning of the year was involved in the application of Miss Lenore Hattie Lindblom for membership on the Board of Trade. She was a member of the firm of Lindblom & Co., and her sponsors were Col. Henry M. Kidder and J. H. Drake. Her application was made in compliance with the rule that every member of a firm doing business on the Board must be a member of the Association. This was the first application on the part of a woman for membership in the Exchange and aroused much interest and discussion. No official action was taken and it was announced that the application

would be withdrawn. This was done when the sponsors erased her name from the blackboard on which applications were posted, and the Directors were not compelled to go on record as to the membership of women on the Board.

A somewhat extensive trading in privileges had again grown up but this was largely confined to operations after the close of the Board's session in a room at 28 Sherman Street. The new Directory went on record, however, as opposed to all trading in Puts and Calls as illegal under the State law, and this action served to greatly reduce the Sherman Street activities. Later it was reported that the Sherman Street room was still open, but that it was not frequented by any representative houses in the grain business, and that ticker service had been withdrawn. The suppression of privilege trading was, doubtless, further aided by the fact that during January the Grand Jury had before it charges against members of the Board for trading in Puts and Calls. John Hill Jr. was summoned before the body to give testimony, but no indictments were returned. It was conceded on the "curb" that privilege trading was practically dead and, in February, it was stated that Mr. Hill would take several cases as to privilege trading before the Grand Jury but without involving the Board. The Grand Jury again failed to act, however, and as there seemed to be no aggressive desire on the part of the Directors to enforce the resolution passed in January, there was a revival of privilege trading, although a scare among these traders occurred when it was announced that Mr. Hill had asked the Directors to take steps to stop all transactions in Puts and Calls. In March the habitual privilege traders announced that they would continue in spite of Mr. Hill and this seems to have been done, for Mr. Hill's objection to the pigeon-holing of certain charges which he had filed was unheeded by the Directors.

In February the Directors reappointed John J. Hyland Traffic Manager of the Board of Trade Freight Bureau, and under his direction the Bureau was active throughout the year. A protest on the subject of the discrimination against Chicago in Eastern rail rates on corn and flour was submitted to the Directors who, in turn, presented it to the Interstate Commerce Committee and to the Railroad and Warehouse Commission of Illinois. In March the Grain Receivers were much concerned over a bill pending in the Illinois Legislature, which had been quietly pushed to its third reading, allowing railroads to charge a "reasonable sum" for the use of cars after the lapse of 48 hours from the time of their arrival and giving a lien on the property for such charges. The Receivers expressed their opposition in the form of a resolution and the Directors appointed a committee to go to Springfield to work against the passage of the bill. The committee did its work well and returned from Springfield satisfied that this proposed legislation would not be enacted and stating that it had progressed as far as it had on

account of a misunderstanding, as many members of the Legislature thought that the proposed charge of 5¢ for car service was a reduction from an existing charge of \$2, whereas no such charge was in force. The Secretary's Report covering the year stated that it was through the efforts of this committee and the Traffic Manager that this undesirable legislation was defeated. In May Manager Hyland attended a meeting of the Interstate Commerce Commission held in New York and presented Chicago's case against railroad discrimination. This was a part of an extensive investigation, conducted in Chicago, St. Louis, and other points. No decision was arrived at by the Interstate Commerce Commission during the year, but it was felt that through this investigation material progress had been made toward checking these abuses.

During the Spanish-American war large quantities of canned beef were purchased for the use of the United States Army and Navy. There were no serious complaints from the Navy department, but from the Army there were many reports that the meats furnished were of inferior quality and unfit for use in the tropics. So great were the complaints from Army sources that Gen. Nelson A. Miles was appointed as the head of a Court of Inquiry which came to Chicago, among other places, to investigate every department of the packing industry. This court made an extended investigation of the packing houses and stockyards, calling a large number of employes as witnesses. The subjects investigated by the war board were as to the kind of beef used in preparing "canned roast beef"; the process of canning, to determine whether the nutriment was extracted from the meat thus canned; the disposition of condemned animals, and an explanation of the contracts made with the army from the packers' point of view. A great volume of testimony was taken and, according to the testimony of many witnesses "canned roast beef" was unfit for use, especially in hot countries.

Hardly had the interest subsided in this somewhat sensational investigation before the Board was pained to hear rumors that the two Vice-Presidents, H. O. Parker and James Nicol, had been engaged in the bucket shop business. Affidavits were made and presented to John Hill Jr., who, in turn, presented them to the Directors, and President Lyon appointed a committee to investigate. The charges were that the Vice-Presidents above named were in partnership with Alexander Nicol in the conduct of a bucketshop and the committee of investigation consisted of James H. Milne, John M. Fiske, C. B. Congdon, William N. Eckhardt, and Albert Seckel. The report of this committee was such as to exonerate the officers from the charges made and to stop the rumors, although they were revived later as concerned Mr. Nicol.

The Board of Trade was much interested, in May, over conditions arising from a strike of the dock laborers at Buffalo, and

which threatened to seriously interfere with the grain shipping trade. In this emergency the Board adopted resolutions to the effect that the contract of the Lake Carriers' Association with William J. Connors ought to be abrogated on account of the vast commercial interests involved. These resolutions were telegraphed to Buffalo, where the Carriers' Association denounced them as "impertinent." A committee consisting of Messrs. Lyon, Patten and Farnum was appointed to go to Buffalo to represent Chicago's interest in the strike situation which had developed. Later, however, the Directors felt that their action had been hasty and the first resolution was formally withdrawn.

In June Judge Kohlsaet rendered a decision in the case of Nash-Wright vs. Noble Jones, which went before him on application of the defendant for injunction restraining the Board of Trade from enforcing the payment of a claim after the defendant had gone through bankruptcy. Judge Kohlsaet decided that he had no jurisdiction over the Board in this matter, and this decision placed it squarely before the Directors for their action. The claim was of seven years' standing, but Noble Jones, Edgar S. Jones and Walter Metcalf were suspended on account of it as the Directors felt that no other course was open to them. About a month later A. I. Valentine, who had been suspended in 1896 for twenty years on charges in connection with the elevator service, was reinstated by the Directors. This action led to application for reinstatement on the part of other suspended members, and in August a petition was circulated, and liberally signed, for the reinstatement of J. L. Ball. In this instance the Directors called upon their attorney for advice, and in September, acting upon the reports of the Rules Committee and the Legal Advice Committee, unanimously refused to restore Mr. Ball to membership.

Growing out of the inferior quality of a large proportion of the oats crop there was a strong movement to make No. 3 white oats the contract grade, instead of No. 2. As grades of grain could not be altered without authorization from the Illinois Railroad and Warehouse Commission, President Lyon appointed a committee of five to consult with that body, but the desired change was not effected. This rule was urged as necessary as 80 per cent of the oats received had not graded above No. 3.

In September the traders were much exercised over the increasing rumors that there was to be a corner in September wheat, which had kept strong without any notable cash demand. The price difference between September and December wheat disappeared and this was thought to be on account of pressure applied by some secret clique. Within a short time September wheat went to a premium and an advance in freight rates, scheduled to take effect September 18, was a further stimulus to trade, especially in cash corn and oats which could be moved before that date. The

report was current that 13,500,000 bushels of wheat had already been purchased to arrive in Chicago from the Northwest and the Southwest. Wheat advanced until $75\frac{1}{8}$ cents was reached on the 26th, and there were numerous evidences of a manipulated market, but by the 30th the price of cash wheat had fallen to $71\frac{5}{8}$ cents, and it was felt that there would be no corner. It was alleged that one reason for the non-success of this deal, if one was intended, was the nervousness of the Chicago market as the result of the sensational developments on the Cotton Exchange of New Orleans. This Exchange was closed for two days, and all trades in spot cotton and futures declared void on account of the panic occasioned by alleged discrepancies in cable market reports from Liverpool. One report, said to be official, showed an advance of three cents per pound, while another cablegram, equally official, expressed surprise at the activity in New Orleans, as the Liverpool market was normal. It was during the advance in wheat prices in September that the firm of Barrett-Farnum & Co. was forced to suspend, having sold some 6,000,000 bushels short for December delivery. This firm made a proposition to its creditors to pay 20 per cent on the face of all claims at once and to place all accounts of value belonging to the firm in the hands of a trustee for collection for the benefit of creditors. The following month steps were taken to have the Barrett-Farnum & Co. failure made a matter of investigation by the Directors. The result of this agitation was the appointment of a special investigating committee consisting of Directors Baxter, Gregson, and Smith. This committee reported that John F. Barrett, the senior member of the firm, was guilty of uncommercial conduct in transacting a business of practically 10,000,000 bushels of wheat on a capital of \$30,000. Mr. Barrett was cited to appear before the committee to answer to formal charges made by the chairman of the committee. Mr. Barrett was disciplined, but such was the feeling of leniency toward him that a petition for clemency on the part of the Directors was circulated on 'Change. In December settlement was offered on the basis of 30 cents on the dollar, but this did not go into effect on account of the refusal of about 15 per cent of the creditors to accept the terms.

The later months of 1899 witnessed great agitation for the complete reconstruction of the rules and for fundamental changes in the governing body of the Board. The feeling aroused by these controversies was at times bitter, and included personal resentment against the Directorate for alleged favoritism in regard to the disciplining of members. The first of these new rules was one brought forward by Director L. W. Bodman who proposed that the rules be amended to permit the Directors to meet but once in two weeks during July and August. This seemed to be an entering wedge, and a flood of proposals for changes followed. A month later Mr. Bodman introduced another resolution providing for a

change in the rules for disciplining members so that it would require twelve votes of the Directors, instead of a majority of a quorum, to suspend a member for more than one year, or to expel. The feeling against the Directors found expression the latter part of October in the first of a series of circulars signed by "The Committee on Publicity." This first circular was a bitter tirade against the methods of the Directors, especially in regard to their actions in disciplining members. The Directors decided to postpone any vote on the proposed rule as to discipline until the annual meeting, and it was at this time that George R. Nichols came forward with a plan to decrease the number of Directors, who alone were to be elected by members of the Board, the President and all other officers to be chosen by the Directors. The next amendment offered was that a record of transactions on the Board of Trade be maintained. It was argued that this would prevent commission houses from bucket-shopping orders, and the scalping of orders by employees of commission houses, which had been rumored. As an outgrowth of Mr. Nichols' suggestion a committee was appointed by the President to consider the advisability of reducing the number of the Directors. This committee consisted of ten members, and held its first session in November. On the day of its meeting a second circular by "The Committee of Publicity" made its appearance, but it was not so savage in its tone as was the first. There was much conjecture as to the authorship, and many considered it simply as part of the campaign for the presidency. Another matter which added fuel to the flames was the announcement, in October, of a large increase in the rates of grain elevator insurance. The Warehouse Committee was designated by the President as a special committee to confer with the insurance men, and to protest against the raise in rates, and the elevator men also appointed a committee to represent them at the conference. The conference was without results, and late in November depressed wheat markets aggravated the tendency to criticise the Warehouse Commission for not taking sharper action in regard to the insurance rates, and to increase the general dissatisfaction with Board management. The committee of ten on general revision reported in favor of the election of nine Directors, the President and Vice-President to be elected from their number. While this report was still under consideration by the members, a considerable agitation grew up in favor of a change in the Clearing-House rules, by which no trade for deliveries at periods farther away than ninety days should be cleared. While not desiring to prohibit trading in the distant futures, it was thought that this would tend to restrict business in them which was said to have a depressing influence upon the market. The reform movement was now in full swing, and it was stated that it was more pronounced in character than any previous agitation of the kind; it was even suggested that the Board of Trade should surrender

its charter for the purpose of a voluntary reorganization, to be modelled after the New York Stock Exchange. Following the report of the Committee of Ten a second committee of twenty-five was appointed on Rules revision. This committee met on November 27 and appointed a sub-committee of seven to bring the rules up to date, and to decide upon the general lines of revision. This sub-committee called for suggestions from the general Board, and the interest taken was shown by the fact that it received more than one hundred responses. Along with this movement for the revision of the rules came increased activity on the part of the Directors for the enforcement of the rules as they existed, and a conference was sought with the Boards of Trade of other cities looking to the suppression of the bucket shop evil, and it was rumored that an effort would be made to control quotations as a part of the bucket shop crusade. A movement was also made to force compliance with the rule which required the President and Secretary of all corporations doing business on the Board to hold memberships in the association. In carrying on this campaign for rule enforcement the Bucket Shop Committee secured the passage by the Directors of a resolution requiring all concerns having private wires to furnish a list of their outside connections. By this time the atmosphere of the Board of Trade was surcharged with reform movements: "open circulars" were much in evidence; the Directors received an anonymous letter charging favoritism in cases of discipline; and George R. Nichols prepared a new petition for a change of the rules concerning the organization of the Board providing for a Directorate of eleven members, including the President and Vice-President. The conviction of James A. Royal and Theodore A. Birch for running a bucket shop increased the interest in the general reform movement, while the rumored increase in the annual assessment aroused much opposition especially from the small traders. The Committee of Twenty-five finished its labors, recommending a Governing Board of thirty-six, and its argument in favor of these proposed changes was ordered printed, and at the same time the "Committee of Publicity" issued its third circular, which was a violent attack upon the Directors. The final test as to all this agitation came on December 27, when the vote was taken on the proposed changes. The total number of ballots cast was 933, and all the proposed rules were defeated by majorities of from 70 to 74.

While these sweeping changes in the rules were not made, new rules governing the trade in provisions were enacted during the year. As was proper these rules were first formulated by the dealers in provisions at a meeting held at the office of Swift & Co. in March. These changes were adopted by the provision men and were presented to the Directors of the Board of Trade who placed them before the full Board and they were passed by large majori-

ties. These changes were in Section 8 of Rule 24, and in Sections 4, 7, 16, 18, and 19 of Rule 25, and had to do with the deliveries of pork, lard, and ribs. They provided for the marking, on barrels, of the date when pork was packed, as well as the number of pieces in the barrel and the weight when packed; and also that pork must be kept in cold storage, and be deliverable on contracts only when fully cured. The average weight of short ribs was raised, and a reduction made in the percentage of boxed meats, failing to pass inspection, necessary to reject the whole lot.

As usual, the Board of Trade took an active and intelligent interest in civic and Governmental affairs. This found expression during the year in a number of resolutions and memorials, among which may be noted the following: In February resolutions were passed urging the installation of pneumatic tubes in the mail service of Chicago, and asking the Legislature of Illinois to appropriate money for the display of corn and a demonstration of its uses at the Paris Exposition. In May petitions were circulated on the floor of the Exchange in the interest of a meeting held at the Auditorium to express sentiment in favor of sustaining the Government in its efforts to restore order in the Philippines. A resolution having a more direct political bearing was that introduced by Lloyd J. Smith, and unanimously adopted by the Directors urging the election of Hon. Albert J. Hopkins as Speaker of the House of Representatives of the United States, on the ground that the western states should be recognized. In September President Lyon appointed W. T. Baker, George F. Stone, D. E. Richardson, F. G. Logan, and B. A. Eckhart to represent the Board at a convention held in Chicago for the discussion of the problem of combinations of capital and of labor. Action commending the project of holding a Pan-American Exposition in Buffalo was taken in November, and the delegates to the National Board of Trade showed their interest in the coming deliberations of that body by appointing committees to consider the various questions which would come before it, and to prepare suitable resolutions. An important action of the Board was taken in February when John Jones was displaced as the Liverpool market correspondent, and the Broomhall reports were adopted, to take effect March 1, 1899. This was done on account of complaints that the official service was slower than private advices.

The outstanding social event on the Board of Trade for the year was the reception tendered Lord Charles Beresford in February. A committee was appointed to arrange this affair, and the distinguished guest was enthusiastically received. His address, delivered from the balcony of the Exchange, was filled with eulogies of Chicago's enterprise and energy, and with the desire for wider trade relations. After his address he was introduced to members of the Board. The Board of Trade, with its characteristic generosity, showed its sympathy for the people of Porto Rico, who were

in great need as a result of the reign of Spanish tyranny and the ravages of war, by the appointment of a committee consisting of Messrs. Logan, Bartlett, and Lyon to solicit funds for their relief. The amount of this subscription was \$1,700.

As has been previously noted, the speculative trade of 1899 was almost entirely free from sensational features, forming in this respect a marked contrast to the preceding year. The commission business, however, was fairly active, and Chicago fully maintained its reputation as the great market place of the world. The total receipts of grain and of flour, in its grain equivalent, were almost the same as in 1898, and the shipments more than 40,000,000 bushels less. Shipments of dressed beef were but 1,000,000 pounds more than in 1898, and the total receipts of cattle and hogs were 600,000 less. In other branches of the trade the movement was greater in some and less in others, than in 1898, but as a whole the two years ran nearly parallel.

Wheat.—While the American wheat crop was nearly 130,000,000 bushels less than in 1898, it was much larger than generally predicted. This was owing to the large acreage induced by the high prices prevailing during the Leiter deal, and it had a tendency to depress the market throughout the year. The total receipts were 30,971,547 bushels, against 35,741,556 bushels in 1898, and the shipments were 10,784,168 bushels, against 38,094,894 bushels in 1898. These shipments were the smallest since 1868, and showed a great disparity between supply and demand. The price range was from 79½ cents, in May, to 64 cents, in December, the variance in price being the least since 1894. The first quotation for cash wheat, January 3, was 67¼@70 cents, with the range slightly higher until the latter part of the month, when, on the 27th, it reached 76 cents, with May at 79 cents. January closed, however, with a recession to 71¾@74 cents. During February the market both for cash and May wheat sagged, but the month closed with the outside price for both at 74 cents. During March the market was devoid of excitement, and declined until 66 cents for cash was touched on the 17th. This loss was regained, however, and again the month closed with cash and May wheat at a parity, the outside price being 74½ cents. Trading was more active during April, and the price level was higher, reaching 76½ cents for cash wheat on April 19, with May at 75 cents. This was followed by a reaction, and the last quotations for the month were cash wheat, 71⅛@72¾ cents and May, 71⅞@71⅞ cents. Further improvement was shown during May, although on the 13th cash wheat touched 68¾ cents. The highest prices of the year were reached the last of May, however, with cash at 77@79½ cents, and May at 78@79½ cents. This improvement was not continued during June, and the market declined irregularly, the month closing at 72@73 cents, with the July delivery a fraction lower. The first days of July showed a strengthening market,

and the price rose to $75\frac{3}{8}$ cents for cash, but during the remainder of the month the trend was irregularly downward, the month closing at $68\frac{3}{8}$ @71 cents. The range during August was from 69 cents to $74\frac{1}{2}$ cents, the latter price being reached on the 23d, after which the market receded to $69\frac{3}{4}$ cents on the 31st. During September there were irregular gains until $75\frac{1}{8}$ cents was reached on the 26th, the month closing with the outside price but $\frac{1}{4}$ cent higher than at the end of August. The course in October was irregularly downward, this being more accentuated the latter half of the month, and the quotation October 31 was $69\frac{1}{2}$ @71 cents. November was a month of extreme dullness, and prices sagged off from mere neglect; sales were made on the 29th at $65\frac{1}{2}$ cents, and this lack of interest and depression continued during December, the low price of the year, 64 cents, being reached December 2. There was a gain to 69 cents during the month, and the year closed at $65\frac{3}{4}$ @ $68\frac{1}{2}$ cents.

Corn.—The excellent export demand was an important factor in the corn trade, and this was caused by a shortage of the forage crops abroad for several years in succession. While the start of the crop was not auspicious, this was offset by a period of ideal growing weather, and the crop matured well, except in some sections injured by drought in September and early frosts. The advancing price of cattle and meats kept the farm price of corn relatively higher than in the primary and shipping markets. In spite of these tendencies toward an advanced price, the speculative market was dull throughout the year, although speculation on the long side received considerable impetus, and during several extended periods corn furnished market support to wheat. The receipts during the year aggregated 133,776,350 bushels, and the shipments 116,552,096 bushels. The price range during January was from $35\frac{1}{4}$ cents to $38\frac{1}{4}$ cents per bushel, and the average price 36 cents. The highest price of the year was attained on the 28th of this month. The range during February was small, and the price, though slightly lower than in January, was well maintained, the month opening and closing with the outside price at $36\frac{1}{2}$ cents. During March the sellers predominated, and prices were upon a lower plane, sales being made as low as $33\frac{1}{2}$ cents for May, while cash corn sold at 33 cents. The April market was steady with a range of less than 2 cents, and in May prices again weakened, touching $32\frac{3}{8}$ cents for cash and $32\frac{1}{2}$ cents for July delivery. The June market was stronger, sales ranging from $33\frac{3}{8}$ cents to $35\frac{1}{2}$ cents per bushel. Indications of a large crop brought out a strong selling interest in July, and quotations on the last day of that month, for delivery during December, were from 29 cents to $29\frac{3}{8}$ cents per bushel, while, during August, December corn reached 28 cents, although cash corn sold at 31 cents to $31\frac{1}{2}$ cents per bushel. The range during September was higher on account of an improved cash demand, and cash corn reached 35 cents, while December delivery was quoted up to $30\frac{5}{8}$ cents. Dur-

ing October the price for December corn advanced while the cash market declined, the quotations for December corn, October 31, being $31\frac{1}{8}$ @ $31\frac{5}{8}$ cents per bushel. The range during November was small, being from $30\frac{3}{4}$ cents to $33\frac{1}{4}$ cents for cash corn. The December market was dull, cash corn ranged from 30 cents to $31\frac{1}{4}$ cents per bushel, closing at about 31 cents, while January corn touched $29\frac{7}{8}$ cents on the 4th of the month, this being the month of lowest prices.

Oats.—The quality of the oats crop in 1899 was excellent, and furnished a good basis for the trade in that cereal. Domestic and foreign demand was good, and city consumption amounted to 25,000,000 bushels. On account of the superior quality there was no temptation to mix it with common grades of barley or grain refuse, thereby lowering both quality and price. The receipts were 110,775,732 bushels, being but 500,000 bushels less than during the year previous. The shipments were 85,982,204 bushels. The majority of sales were made by sample, and altogether independent of the grade as fixed by the inspection department. As has been noted, the effort to make No. 3 the contract grade, as urged during the summer months, was unavailing, and the high standard of the Chicago market was thus maintained. Cash oats were quoted January 3 at 27 cents, the range was small and the month closed at $27\frac{1}{2}$ cents. During February also there was little change in prices, the range being from $26\frac{3}{4}$ cents to $28\frac{1}{4}$ cents, and the month closed at $27\frac{3}{4}$ cents. Prices were lower in March, touching $25\frac{1}{4}$ cents and closing at $27\frac{1}{4}$ cents. The April quotations varied little, while May was dull and weak, the price declining to 24 cents per bushel. The market was sluggish during June, but prices were maintained, reaching $26\frac{1}{4}$ cents, and the month closing at $24\frac{3}{4}$ cents. During July there was an irregular decline, September oats being quoted at $21\frac{5}{8}$ cents the first of the month and at 19 cents on the 31st. The range during August was very slight, and the month closed with the outside price at $20\frac{1}{2}$ cents. September brought an advancing market with a net gain for the month of $2\frac{1}{2}$ cents per bushel for cash oats, and about 3 cents for the December delivery. For the remainder of the year the price of cash oats varied little, ranging from $22\frac{1}{4}$ cents to 24 cents, the year closing at $22\frac{1}{4}$ cents for cash and $23\frac{7}{8}$ cents for May delivery. The lowest price for cash oats was $19\frac{1}{4}$ cents August 1, and the high price $28\frac{1}{4}$ cents on February 15.

Barley.—Owing to unfavorable weather about harvest time, the quality of the barley crop was poor, although it was large in quantity. The Chicago receipts were not so heavy, however, aggregating 15,847,710 bushels as against 18,116,594 bushels in 1898. The shipments during 1899 amounted to 6,371,223 bushels. Fortunately for the barley grower, the foreign demand for coarse grains of all kinds was good, large quantities of the poorer grades being exported

for feed. Conditions were such that the speculative market was active, especially during the fall months, but spot barley was very largely sold by sample and without regard to official grades. No. 3 cash barley was quoted at 42@49 cents per bushel on January 3, the outside price rising to 54 cents and falling to 52 cents by the close of the month. The February range was irregularly downward, the month closing at 43@51 cents. March witnessed a further decline, the lowest quotation being 38@46 cents, and the month closing at 40@47 cents. This price was well maintained until near the close of April, when there was a sharp decline to 39@41 cents the 27th. This decline continued irregularly through May, the outside price touching 38 cents the middle of the month and reaching 40 cents on the 31st. The June market was one of steady but moderate advancement, the outside price ranging from 38 cents June 1 to 42 cents June 30. The market in July was well sustained until the middle of the month, when there was a decline from 42 cents for the best samples of No. 3 the 14th to 37 cents the 25th, followed by a reaction to 41 cents on the 31st. The range of the outside price for No. 3 cash barley was 3 cents during August, going from 40 cents to 43 cents during the first nine days of the month, receding to 40 cents during the next nine days, and reacting to 43 cents a week later. During September there was a steady advance until 47 cents was reached the 14th, after which the top price varied but one cent until the close of the month. The October range also was very limited, opening at 37@46 cents and closing at 38½@45 cents. In November the outside price for No. 3 cash barley ranged from 43 to 45 cents, while the inside price ranged from 34 to 38 cents. The range during December was practically that of November, the last quotation for the year being 36@45 cents.

Rye.—The trade in rye was moderate only, and the range of prices was about 13 cents per bushel. The low price of wheat reduced the foreign demand for rye, and the domestic consumption was not sufficient to make the market active. The receipts were much smaller than during the preceding year, being 2,793,476 bushels against 4,935,308 bushels in 1898, while the shipments were 2,282,442 bushels. On January 3, No. 2 cash rye was quoted at 54@54¼ cents per bushel, but rose to 58½ cents before the close of the month. The price ranged irregularly downward until the middle of March, when it was quoted at 49½@50 cents. This was followed by a rising market until 62 cents was reached May 16. During June the price ranged from 56 cents the 1st to 62 cents the 22d. The price stood at 60 cents the first days of July, after which there was a decline to 51 cents by the 27th. The August range was higher, touching 56 cents and the month closing at 54 cents. September showed a further increase in price to 58 cents by the 20th, while October opened at 57¾ cents and closed at 54½ cents. In November the price touched 49 cents, but rallied to 53 cents and

closed at 51½ cents. The December range was from 49 cents the 1st to 51½ cents the 7th and the year closed at 50¼ cents.

Flour.—The trade in flour was rapidly passing out of the hands of the commission merchants, the mills dealing, to a large extent, directly with the wholesale and retail grocers. The large mills were also crowding the smaller ones out of business or reducing them to a merely local trade. The manufacture of flour in Chicago was nearly 100,000 barrels larger than in 1898, and the movement in Chicago included receipts of 5,890,139 barrels and shipments of 5,421,548 barrels. The millers complained greatly of the discrimination by railroads against flour in favor of wheat as seriously damaging the export trade. The range of prices did not exceed 60 cents per barrel and standard patents sold at from \$3.75 to \$4.45 per barrel. Notwithstanding the discriminations complained of, the export trade in flour exceeded that of any previous year by nearly 2,000,000 barrels.

Seeds.—The receipts of timothy seed were 66,233,991 pounds, and shipments 52,430,340 pounds. General market conditions were improved, but not sufficiently to induce speculative trade, and prices ruled steady, ranging from \$1.25@2.30 at the opening of the year to \$1.50@2.75 per hundred pounds in July. The receipts of clover seed were 7,855,759 and the shipments were 12,330,932 pounds, and the price of prime seed ranged from \$5.50 per hundred pounds in March to \$8.50 in December.

The receipts of flaxseed were 6,616,626 bushels and shipments were 3,093,943 bushels. The price rose to a higher point than had been recorded since June, 1895. There was a good demand throughout the year. The opening price was \$1.13@1.17½ per bushel, and prices advanced gradually and steadily until \$1.25 was paid in the middle of April. From this time until the 1st of August prices declined (largely on reports of a bountiful crop), when 96½ cents was touched. During this month, however, new conditions arose. There was a better foreign demand and American crushers were eager buyers. Under these influences there were sharp fluctuations and increased speculation, not only for cash, but for future deliveries. The price for No. 1 cash rose to \$1.20 per bushel August 31, declined to \$1.04½ September 11, the month closing at \$1.15. In October there was a brisk speculative trade, the price being 15 cents higher than a month previous, and the shorts buying eagerly. Under these influences No. 1 cash touched \$1.32½ per bushel, October 19, while the December delivery reached \$1.33½ the following day. The month closed, however, at \$1.27¾@1.28¼. November saw increased activity, and a corresponding rise in prices. This was particularly marked the last of the month, when No. 1 cash flaxseed went from \$1.34, the 23d, to \$1.39¼, the 29th. The December delivery was particularly active, and there were rumors that it had been cornered. These rumors proved correct,

and there was a rise of 12 cents from the 6th to the 13th of December. Many of the shorts settled at or about \$1.51, and the market declined slightly, the year closing at \$1.49½.

Provisions and Live Stock.—On account of the active foreign demand and the unusual number of soldiers in the field at home and abroad the year 1899 was one of exceptional activity in the beef trade, especially in that of canned meats. Cattle sold at the highest prices since 1883, and the quality of the meat was excellent. The latter part of the year was specially busy, large foreign orders for canned meats being received. The export trade was also large in fresh beef and in live cattle. The receipts of cattle were 2,514,446 head. Prices of inferior to prime beeves were quoted at \$2@6 the first of the year. The top price gradually declined to \$5.55 in June, but rose to \$7 in October, ruling near that point the remainder of the year. The receipts of sheep were 3,682,832 head, of which 386,991 were shipped, while 3,295,841 were required for city consumption and packing.

The receipts of live hogs for the year ending December 31, 1899, aggregated 8,721,596 head, being considerably less than in 1898. The range of prices for heavy packing hogs, weighing from 250 to 500 pounds, was \$3.35 to \$4.95, averaging from 20 to 30 cents per hundred pounds more than in 1898. The speculative demand for mess pork was good and prices fluctuated widely, ranging from \$7.85 to \$10.50 per barrel. January was the month of highest prices, and low points were touched in May and October. Mess pork sold at the beginning of the year at \$10.15 to \$10.20 per barrel. Soon thereafter the market declined to \$9.70 per barrel, and remained at about that point until the 20th of January, when prices recovered to about \$10 per barrel. During the latter part of the month sales were made at from \$10 to \$10.40 per barrel, but this range of prices was maintained but a brief period. In February prices gradually declined until on the 28th of February sales were made at from \$9.20 to \$9.25 per barrel.

March was a dull month in this trade, and the market closed on the 30th at \$8.95 to \$9 per barrel. No material change took place during the month of April. The market still further declined in May, ranging from \$7.85 to \$8.85 per barrel, the lowest prices prevailing the last of the month. The trade during the month of June slightly improved. Prices, however, did not materially change. In July came an improvement, prices reaching \$9.20 per barrel, but losing the advance before the close of the month. The market during August was exceedingly dull and sales were made within a very narrow range, viz.: from \$8.15 to \$8.60 per barrel. Most of the sales were in the neighborhood of \$8.25 to \$8.30 per barrel. Prices declined in September, ranging from \$7.90 to \$8.25 per barrel. In October sales were made upon a still lower plane, the highest price during that month being \$8.25 and but for a brief

period, and the lowest price was \$7.85. There was no material change in November, but an improvement during the month of December. The highest price during that month was \$9.05 and the lowest \$8. A large part of the trading was done at \$8.80 to \$8.85 per barrel. The closing price of the year was \$8.90@8.95.

One impetus to the trade in pork came in January when the German Government simplified its inspection system, only one inspection being required, and no discrimination being shown against the American product. Another factor of market importance during the latter part of the year was the opening of the South African War, which was expected to create a larger demand both for provisions and cereals on the part of Great Britain.

Transportation.—Something has already been said of the efforts of the Traffic Bureau against freight discriminations and to secure better and more equitable treatment for Chicago dealers. Aside from these activities an interesting question was brought before the Arbitration Committee having to do with the through billing of grain. This case was brought by Ware & Leland against the Weare Commission Company, the former having made sales on through billing, and the buyers having attempted to force the receivers to make freight allowances down to a cut local rate of 15 cents to the seaboard. The receivers contended that they sold on regular through billing and that western roads did not prorate on the 15 cent local rate. The difference on through billing was said to amount to 2 cents per hundred to country grain dealers. The decision in this case was in favor of Ware & Leland. At the close of the year it was announced that the majority of the railroads would restore the old practice of through billing on January 1.

During 1899 the last work was done on the Sanitary and Ship Canal, which was one of the improvements the citizens of Chicago and members of the Board had long desired. The construction of this canal was authorized by the legislature in 1889, and under it the sanitary district of Chicago was organized. Work was commenced on the canal September 3, 1892, and just after the close of 1899, January 2, 1900, the first water was turned into the channel, and the waters of Lake Michigan, after an interval of many centuries, once more flowed toward the gulf. The canal begins at the junction of Robey street with the west fork of the south branch of the Chicago River and extends to Lockport, a distance of 28.05 miles. The total cost of construction up to January 1, 1900, was \$34,000,000, and thus was the project first conceived by Joliet completed on the first days of the new century. Very much was expected from this new means of transportation by which a waterway was opened from the Gulf of Mexico to the Great Lakes and thence to the Atlantic Ocean.

Transportation rates during 1899 were not materially different from those of preceding years. The rate on wheat per bushel to

Buffalo by sail ranged from 2 cents to $3\frac{7}{8}$ cents, while the rate by propeller averaged about the same. To New York the rate on wheat per bushel averaged higher by lake and rail and by lake and canal, but lower by the all rail route, the rate by the latter route ranging from 17 cents to 22 cents on wheat per hundred pounds.

1900

During the last few days of 1899 and the first of January, 1900, but little interest was shown in Board politics, owing to the uncertainty as to the adoption of a number of amendments. This matter disposed of, however, interest was again revived and on January 4 the regular nominating caucus chose Luther W. Bodman for President and William B. Bogert for Second Vice-President, the former being a member of the firm of Milmine, Bodman & Co. On the following day the "opposition" candidates were nominated, these being William S. Warren for President and William N. Eckhardt for Second Vice-President. There was a nomination of Directors by the caucus for the first time, instead of the appointment of a committee to select them, as in former years. The opposition ticket had the support of Henry W. Rogers, William T. Baker and many others, and the leaders of both tickets expressed themselves in favor of a vigorous enforcement of the rules. While the campaign was short, there being but two days left before election, it was one in which the greatest interest was shown, this even surpassing that displayed in the condition of the market.

The election was held January 8, and the "opposition" ticket, as outlined above, was victorious by a vote of 829 to 476, an active campaign having been carried on by John Hill, Jr., as leader of the Warren forces. The newly-elected Board of Directors consisted of Charles H. Requa, Israel P. Rumsey, William Nash, H. M. S. Montgomery and Robert Bines. The campaign's chief issue was the question of bucket shops, and the intense interest shown was evidenced in the fact that voters came from New York, St. Louis, Nashville and Milwaukee to cast their ballots. The new chief executive of the Board, William S. Warren, came to Chicago from Davenport, Iowa, in 1869, and two years later became a member of the Board of Trade. He was with Spruance, Preston & Co., and later with William Young & Co. In 1877 he established the firm of W. S. Warren & Co., from which he retired in 1883, and in 1893 became a member of the firm of Hulburd, Warren & Co. The final count on the election was not completed until January 9, on account of the heavy scratching which defeated C. H. Canby, who was a candidate for Director on both tickets, he receiving but 468 votes as against 618 for Robert Bines, who secured the next highest vote. The election of the reform ticket was generally regarded as a censure for the old Directors, who had restored suspended members.

At the annual meeting, held on January 15, after ex-President R. S. Lyon had tendered his thanks to the Board, President Warren was introduced. A resolution was put before the meeting, and was adopted, providing that the President was to be given full authority to call a convention of the leading commercial exchanges of the country in Chicago, to take up the question of uniform commission rates and national legislation looking to the suppression of the bucket shops. In his address to the Board President Warren expressed his strong disapproval of the practice of bucket shopping and privilege trading, the penalty for which he felt should be expulsion; severely criticised methods of grain inspection as existing at the time, and made an earnest plea to the members for co-operation and support in the discipline of the Board.

The annual report showed receipts (including \$13,400 cash on hand Jan. 10, 1899) of \$271,284; expenditures, \$265,497; bonded indebtedness \$1,240,000; rental received, \$114,172. The membership was stated to be 1,809, and every office in the building was said to be occupied. The clearances of the clearing house for the year totalled \$58,366,800, and the balances amounted to \$20,597,677, as against \$75,050,396 and \$24,802,486 respectively in 1898. The expenditures in the real estate department, exclusive of construction and insurance, amounted to \$44,885.

After the resignation of James Nicol, First Vice-President, following his suspension on charges of bucket-shopping, E. S. Adams, of the firm of Adams & Samuel, was elected to that office. During its tenure of office the administration of President Warren won a number of signal successes, particularly in connection with the bucket shop evil, and the Board received much encouragement at the hands of others throughout the country who had watched with interest the fight being made. An example of the appreciation indicated is found in the "Northwestern Miller," which stated in part: "In its heroic struggle to accomplish certain long-needed reforms, the Chicago Board of Trade has risen above the mere level of commonplace and has dignified itself as a home for legitimate business. Its earnest and determined fight against bucket shopping entitles it to the sympathy and moral support of every friend of straightforward business methods. We cannot have too high a standard in our Boards of Trade and Chambers of Commerce. If the Chicago Board of Trade runs the risk of some temporary loss in thus cleaning house, all the more honor to it that it has the courage to undertake the reform regardless of cost."

That the President had the support of a goodly number of the leading members of the Board is shown in the following statement of appreciation of the work of the administration and the President, which was signed by twenty-three of the most prominent firms: "Believing that the administration of the Board of Trade has given an unusual amount of time and labor to the advancement

of the best interests of all the members of the Board, and with the hope that we may be of some assistance to it in the future, we hereby form ourselves into an organization for the following purposes: 'To assist the administration in the enforcement of all rules and to loyally support all action which it may take hereafter or has already taken for the upbuilding and maintenance of the Board, especially in its fight against the bucket shops. And we earnestly request all members of the Board of Trade to assist us in every way in their power with their advice and suggestions.'

One of the most important features of the year 1900 was the strong fight made by the administration and the members of the Board in general against the bucket shops. It is not charged that strenuous efforts had not been made prior to this time for the elimination of the evil; on the contrary, the bucket shop committee of 1899, H. O. Parker, chairman, and H. J. Hayward, attorney, showed in its report of Jan. 12, 1900, that the fight had been determinedly waged in the previous year. This report showed that forty-three bucket shop keepers had been prosecuted and indicted, that fourteen had been found guilty and fined from \$200 to \$500 each, that three were found guilty and not yet sentenced, six left the city before warrants could be served, fourteen still awaited trial; since conviction nine went out of business, and six others who were threatened with prosecution "changed their ways." The report of the bucket shop committee showed the expenses in 1896 to be \$21,000; in 1897, \$19,000; in 1898, \$13,000, and in 1899, \$6,500.

In 1900, however, the litigation concerning the bucket shop business probably came into touch with the Board in more different ways than it had in the years which had gone before, and while several phases of the fight are taken up elsewhere, some of this litigation was of a character important enough to be worthy of special mention. In his first speech to the members of the Board, President Warren put himself upon record as a bitter opponent of bucket shops and bucket shopping, and January 19 he called a convention of grain exchanges from all the leading cities to consider, among other things, the question of a national bucket shop law, as authorized by the annual meeting. The Chicago delegates were R. S. Lyon, H. F. Dousman, L. W. Bodman, A. M. Day, W. S. Jackson, J. H. Milne, R. G. Chandler, W. H. Chadwick, P. B. Weare and C. L. Raymond. The meeting was held at the Grand Pacific Hotel, February 13 and 14, and went into executive session with C. L. Raymond of Chicago acting as chairman, and George H. Morgan of the St. Louis Merchants' Exchange secretary. In its personnel it represented the Chicago Board of Trade, the New York Produce Exchange, the Peoria Board of Trade, the Indianapolis Board of Trade, the Detroit Board of Trade, the Kansas City Board of Trade, the New York Consolidated Exchange, the Toledo Produce Exchange, the Pittsburg Stock Exchange, the

Duluth Board of Trade, the Milwaukee Chamber of Commerce, the St. Louis Merchants' Exchange and the Minneapolis Chamber of Commerce. Following the convention an informal dinner was tendered the visiting members by the Chicagoans at the Grand Pacific Hotel, with President Warren acting as toastmaster. Resolutions adopted by the members were in favor of abolishing sales of long-deferred futures and passing a rule limiting sales to a period not exceeding ninety days; requesting all the exchanges to support efforts to suppress privilege trading. The resolutions urged the establishment of a uniform rate of $\frac{1}{8}$ cent on grain futures to be charged non-members by exchanges represented, the charge to resident members of trading organizations in other regularly-established markets to be not less than $\frac{1}{16}$ of 1 cent per bushel, and also the appointment of a standing committee for national bucket shop legislation, as well as a resolution in favor of all exchanges putting a stop to bucket shop methods and connections among their members. The standing committee was composed of the Presidents of the New York Produce Exchange, the St. Louis Merchants' Exchange, the Toledo Produce Exchange, the Minneapolis Chamber of Commerce and the Board of Trade of the city of Chicago. On the 23rd following, the Christie-Street Commission Company of Kansas City secured a temporary injunction from Judge Tuley, which enjoined the Board from discontinuing telegraphic market reports. On June 19 Judge Tuley ruled that the Christie-Street Commission Company was a bucket shop and was therefore not entitled to receive market quotations from the Board, at the same time dissolving the injunction before noted, and, on a cross bill of the Board of Trade, granting an injunction restraining the commission company from receiving quotations and the Western Union Telegraph Company from sending them to that company. The decision of the court also confirmed the Board of Trade in its right to collect its own quotations. These rulings were considered a great victory over the bucket shops. The Christie Company declared that it was doing a legitimate business, but this matter was disposed of by the court, which ruled that the company's contracts called for actual delivery of grain, while the evidence showed that it had never bought nor sold a bushel of grain, although it had made trades totalling 157,000,000 bushels in a single year. The decision affected the business of no less than fifteen concerns throughout the Southwest who had been doing business by receiving Board of Trade quotations through the Christie concern. On June 29 the commission company secured a stay of proceedings from the Appellate Court, and subsequently endeavored to secure a continuance of the original injunction against the Board and the telegraph company, but this was denied by the Appellate Court July 19, and on July 24 the company sent out a circular letter to its customers advising them to even up their trades by July 31, as

after that date they would be unable to furnish them with Chicago market quotations.

Another case which attracted widespread interest, because of the prominence of the men identified with it, was that generally known as the McLain case. On March 1 the members of the Board were thrown into a state of great excitement upon receiving the news that the grand jury had indicted Charles R. and Albert O. McLain, James Nicol, Henry O. Parker and Calvin A. Whyland on charges of bucket shopping. These men were all well known on the floor, and Mr. Nicol was the First Vice-President of the Board. Appearing before the grand jury March 8, they made a plea of "not guilty," but Judge Kohlsaas overruled their demurrers and the trial was set for March 22, but later changed to May 2, when it started in the United States District Court. A fund of \$6,000 had been raised by the officials and members of the Board for the prosecution of this case, and a number of Board members testified, among them President Warren, who gave expert testimony and defined bucket shopping, stating that there would be no infraction of the law if an actual delivery of commodities were made, even though the transaction had been carried out in the office of the broker. In spite of much damaging evidence, the case was taken from the jury by Judge Kohlsaas and the defendants discharged, the court ruling that, while no doubt bucket-shopping had been carried on, the evidence failed to prove the conversion of customers' money in the transactions. John Hill, Jr., who prepared the evidence and marshalled the witnesses for the Board, stated that the methods made clear in the court's decision would result beneficially to the Board in the way of weeding out similar operators. As an aftermath of the McLain case, a vigorous reform was advocated by a number of members, who felt that the Board had been hurt in the confidence of the speculative public. On June 28, the unanimous vote of the Board of Trade Directors expelled C. R. and A. O. McLain from the Board, this being after due consideration of section 9, rule 4, covering bucket shops, the specific charges being "making false and fictitious trades, dishonorable conduct, trading out of hours, and uncommercial conduct." On June 29, when the McLains appeared for admittance on the floor at the opening of 'Change, they were denied, and, alleging a conspiracy, sought an injunction and brought suit for \$200,000 against the Board of Trade Directors and Secretary Stone. On July 12 Calvin A. Whyland, connected with this same case, a member of the Board of Trade for twenty years, was suspended by the Board of A. Whyland, connected with this same case, a member of the Chicago Stock Exchange, and had been expelled therefrom the December previous upon similar charges. This was followed, July 19, by the suspension for one year of James Nicol, First Vice-President, and on July 25, for the same reason, of H. O. Parker, who

had formerly been a Vice-President of the Board. The completion of the McLain case came July 26, when four more members were suspended for one year, these being John Dwyer, L. L. Kellogg, J. M. Fiske and S. L. Robinson. The example made of this case no doubt had a lasting effect upon dealers, some of whom had not been overly careful in their operations.

One of the most drastic movements of the Board against the bucket shops was an amendment to section 22, rule 4, aimed to keep quotations from falling into other than legalized hands. This amendment, adopted by the Board of Directors, July 25, stated that the Board of Directors should prescribe certain times during exchange hours at which the market prices of transactions should be quoted by members to their customers. The fixed times were five-minute intervals, and under said amendment no member was to be permitted to use prices made in actual transactions as quotations, or to give same to any person other than the one making the trade. This was passed August 4 by a vote of the members of 706 to 23, and its passage by such an overwhelming majority was considered another great victory for the administration.

On August 17, the Board of Trade made application to the United States District Court for an injunction restraining Milwaukee bucket shops from using the Chicago Board quotations, and at the same time asked that this ruling be made to apply to all other firms of a like nature in the eastern district of Wisconsin. This was taken under advisement by Judge Seaman in the United States Court at Milwaukee. The bucket shop men claimed that the figures were news and that the public had a right to them, while the Board of Trade insisted that its quotations were private property and that the public did not have a right to them upon demand or upon a tender of the price. On October 1, Judge Seaman denied the Board of Trade plea for an injunction in this matter. The ruling was considered a victory for both sides, for, while quotations were declared free to the public as soon as published, the Board of Trade property rights were again upheld.

By October Judge Kohlsaas's decision in the McLain case had been productive of great results in Chicago. Many bucket shops had closed their doors, while others were still operating on quotations which they claimed they were receiving from the Open Board of Trade. President Albertson of the Open Board, in a conference with President Warren of the Board of Trade and Manager Crawford of the Cleveland Telegraph Company, stated that the Open Board received its quotations from the Board of Trade and did not furnish them to anyone else.

Among other important litigation of the year 1900 was the case of Lloyd J. Smith. Mr. Smith, who was at the time a candidate for the office of drainage trustee, was accused on May 24 of having speculated for two years with the money of the Chicago

Elevator Company, of which he had been manager. Board of Trade men severely criticised the grain inspector's office for allowing Smith's irregularities to occur, and the Directors, on May 25, declared the Wabash Elevator, conducted for the Chicago Elevator Company, "irregular." On the 29th they adopted resolutions asking for the removal of Grain Registrar Daniel Hogan, for unworthiness and inefficiency, and a resolution providing for the appointment of a committee to investigate the officers of the Chicago Elevator Company who were members of the Board of Trade. This action was followed on June 4 by the appointment by Governor Tanner of a committee of five business men to investigate the state grain registrar's office, the Board of Trade being represented by J. L. Fyffe. Later a special committee composed of H. F. Dousman, John C. Ross and A. E. Schuyler, of the Board of Trade, was appointed to investigate Chicago grain elevators, and their report of July 11, giving all the regular elevators a clean bill of health and finding stocks to correspond with receipts, did much to restore public confidence. Smith was indicted by the grand jury on six counts on August 4, and September 11 the Board of Directors began hearing his case as regarding his right to membership on the Board of Trade. This latter hearing was repeatedly postponed, but he was finally expelled from the Board December 3, although he had been acquitted November 4 in the Criminal Court of the charge of shipping grain without canceling the warehouse receipts.

When, on February 24, the Board of Trade was temporarily enjoined from discontinuing telegraphic market reports by an injunction issued by Judge Tuley, on behalf of the Christie-Street Commission Company of Kansas City, a matter was brought up that resulted in much controversy during the remainder of the year, and which for a time threatened serious complications. At the time mentioned the bill of the petitioner also sought relief from the effects of alleged discrimination asserted to be planned by the Board of Trade in limiting daily reports to its own members and a few other favored ones, although President Warren denied that the suit was the result of any overt act on the part of the committee of five Presidents of commercial organizations, who had been appointed on the 14th for the purpose of securing national bucket shop legislation, or by the Board of Directors of the Board of Trade of the city of Chicago. On April 12 there appeared in the Chicago newspapers an article which gave alleged information as to the cutting off of bucket shops, and the ill effect of the publication of these plans was noted the 16th, when a petition was filed by A. J. Lichstern & Co. to restrain the Board of Trade and the Western Union Telegraph Company from cutting off market reports, the Directors at that time expecting that other suits would follow.

It was suggested that a solution of the difficulty of distributing the reports of the Board might be found in the adoption of the

Chicago & Milwaukee Telegraph Company, which had six wires between this city and Milwaukee, and of which company A. McD. Young, of the latter city, was President, the principal owner, however, being F. E. Crawford, superintendent. By May 25 matters had reached so serious a condition that the Board of Directors made a move which they considered would solve the question of distributing quotations and at the same time would withhold them from the bucket shops. This action consisted in notifying the Western Union Telegraph Company that, after June 1, the Board of Trade would collect its own quotations and assume control of the wires and instruments on the floor of the exchange. This led to some decidedly interesting correspondence between President Warren of the Board of Trade and R. C. Clowry, Vice-President and general superintendent of the Western Union Telegraph Company, in which the former intimated that the telegraph company was interested in bucket shops because of the immense revenue it derived from sending quotations to 25,000 of them, Mr. Crowley replying that the company had only 2,400 subscribers, that its interests lay parallel with those of the Board of Trade and that it was in no way conniving with the bucket shops against the Board. President Warren, in his answer, stated that the action of the telegraph company did not bear out the assertions as to friendliness, that all large communities were full of bucket shops, while few smaller towns were without one or more, and that the quotations for all originated with the Western Union Telegraph Company. When Judge Tuley, on June 22, modified a temporary injunction which had been granted A. J. Lichtstern and which had prevented the Board from cutting off quotations, the Board of Trade was enabled to allow its own employes to collect quotations made on the floor and to give them to telegraph companies for distribution. The five quotations clerks employed by the Western Union Telegraph Company on the floor handed in their resignations to their company, and were immediately employed in the same capacity by the Board of Trade.

On June 26, President Warren proposed new contracts with the telegraph companies, to go into effect August 1, with the provision that no other companies save those signing contracts could secure quotations. The contracts were intended to "secure so far as is feasible the co-operation of the telegraph companies in the campaign of the Board of Trade against the great and growing bucket shop evil and to enable it to derive enough revenue from the quotations—above the cost of collecting and furnishing such quotations and market news—to reimburse the Board for the expense it will be obliged to incur to make such campaign effective." These contracts were rejected by the Western Union and Postal Telegraph Companies, which, in turn, drew up contracts unsatisfactory to the Board of Trade, and, feeling that the companies

named would discontinue their service on August 1, the traders began to discuss a plan to connect the leading commercial exchanges of the country by a \$5,000,000 telegraph system of their own, to control market reports, with the particular idea of killing the bucket shops. Further complications were caused July 28, when the Board of Trade was again enjoined from withholding market reports from the Central Stock and Grain Exchange, Judge Bishop granting a restraining order broad enough to prevent the Board from interfering in any way with the Western Union Telegraph Company in gathering and distributing market reports to its customers. An agreement was soon effected with the Central Stock and Grain Exchange, however, to furnish it with ticker quotations, and this allowed the Board to oust the Western Union from the floor of the Exchange. The new order became effective August 1 and quotations were withheld except in a few cases where injunctions made this impossible, and, in order to cope with the situation, the telegraph companies made arrangements to furnish New York Produce Exchange and other market quotations to their customers in lieu of those of the Chicago Market. The new plan of the Board did not at first prove a great success, as claims came from outside cities that the bucket shops were still receiving reports while legitimate traders were not, and hurried arrangements were made for the sending of quotations by private messages on fluctuations of $\frac{1}{8}$ of a cent or more.

On August 15 President Warren announced that a general committee had decided to organize the Exchange Telegraph Company. A sub-committee was duly appointed to complete arrangements. The plans contemplated the construction of a telegraph line connecting the Board of Trade with the exchanges of twenty-eight other cities. The contract of the new company was submitted to the Board of Directors on September 4, and, although a secret conference was held between the officials of the Board of Trade and those of the telegraph companies on the 12th, which seemed to indicate that a satisfactory arrangement of differences would be effected, on the 14th the members unanimously authorized the President and Secretary to execute the contract with the new company, both for floor space on the Exchange and for the distribution of quotations, these actions being without debate. The agreement provided for construction and equipment, before December 31, 1904, of a first-class telegraph system connecting the Board of Trade Exchange hall of Chicago with the exchanges of Peoria, Indianapolis, St. Louis, Omaha, Sioux City, Kansas City, Minneapolis, Duluth, Milwaukee, Toledo, Cincinnati, Detroit, Philadelphia, Baltimore, Boston, Buffalo and New York, to be operated for a period of twenty-five years; the company to receive continuous quotations from the Board of Trade, with the provision that these quotations would be kept out of the hands of the bucket shops. The

committee in charge thereupon instructed Attorney Robbins to proceed with the organization of the company, in the state of New Jersey, the capital stock to be placed at \$5,000,000. These incorporation papers were duly forwarded by Mr. Robbins to New Jersey on September 21.

In the meantime, it became the opinion of a number of traders that business had suffered since the general distribution of market quotations had been discontinued, but, in refuting this statement, the report of the operations of the Board of Trade clearing house for the months of August and September, in comparison with the same months of 1899, was cited, this showing:

	No. of Items	Clearings	Balances
1899.....	219,139	\$8,398,881.76	\$2,842,083.33
1900.....	199,659	9,308,662.00	3,584,482.14

Later it was shown that the Chicago bucket shops had suffered greatly. Out of twenty-seven firms in operation August 1, by October 18, thirteen had closed their doors, thirteen more had given up their fight to secure Board of Trade quotations, while only one was operating, and that under a temporary injunction. In the meanwhile there was much dissatisfaction, and it became more and more the feeling that only the private wire houses were benefitting by the arrangement. An endeavor was accordingly made to come to an agreement with the telegraph companies, but the chief difficulty in coming to an amicable settlement lay in the fact that the telegraph companies flatly refused to treat for quotations unless allowed to distribute them in Chicago as well as elsewhere. This was practically impossible to agree upon, as the Board of Trade had a contract, dated July 1, 1900, with the Cleveland Telegraph Company of West Virginia, which gave this company the exclusive privilege of distributing quotations in the down-town district of Chicago. In this connection it may be stated that, on September 8, the Cleveland company had filed a bill in the United States Circuit Court for an injunction restraining various persons and firms from obtaining market quotations from the Board of Trade, asserting that the figures belonged to the Board of Trade and that they were being obtained surreptitiously by others. This injunction was granted by Judge Kohlsaat against Oscar M. Stone and others October 10; and October 23 testimony was filed with the clerk of the United States Court at Milwaukee, which was taken at an examination of Stone before Commissioner Harper at Chicago, and which revealed an elaborate spy system used in securing Board of Trade quotations for the supplying of bucket shops. Further developments in the Central Stock and Grain Exchange case came in the form of a decree issued by Judge Vail, November 5, which made the injunction perpetual, subject to an appeal to the Appellate

Court, restraining the Board of Trade and the Cleveland Telegraph Company from cutting off quotation service from the company named.

On his return from New York in November President Warren announced that he had been unable to effect a settlement with the Western Union and Postal Telegraph Companies, although reporting that the companies had made important concessions. The Cleveland Telegraph Company continued to afford the only ticker service over which Board quotations were to be secured in Chicago, and, while prominent commission men went into conference with President Warren, it soon became apparent that no definite arrangements would be made with the telegraph companies until after the annual election in January, 1901. On December 18 certain allegations having been made by Frank D. Riordan, charging that President Warren and other officials of the Board of Trade were connected personally and financially with the Cleveland Telegraph Company, and for that reason had been trying to sell it for their own profit, the Board of Directors authorized the Vice-President to appoint a committee of seven members to investigate, those chosen being F. P. Frazier, C. L. Raymond, P. B. Weare, B. A. Eckhart, Z. R. Carter, W. T. Baker and John W. Conley. The committee had not completed its investigations when the year closed, nor had any definite solution of the telegraph company question been obtained.

A number of important rules were adopted and others strengthened or modified during 1900, many of these causing extended argument and needing much revision before they became satisfactory. The greater part of the labor connected with these rulings was accomplished by a committee of ten on the Revision of Rules, appointed by President Warren January 19, which consisted of the following: Charles L. Raymond, chairman; John W. Conley, C. H. Hulburd, M. C. Mitchell, R. G. Chandler, George T. Smith, S. A. McClain Jr., W. H. Chadwick, P. B. Weare and J. H. Milne.

One of the rules which proved of much importance was that which had to do with puts and calls. On January 16 the Directors adopted resolutions prohibiting the practice of dealing in puts and calls in the Exchange room or any payment of money connected therewith, and on the following day these resolutions were posted on the floor and read from the gallery by the Secretary. At that time the amendment was generally approved by the best element and many houses issued notices to the effect that they would discontinue the practice. The private wire houses later put their stamp of approval upon the movement by agreeing not to trade in privileges directly or indirectly, and the administration thus began to reap the fruit of one of its victories. A number of the smaller operators asserted, however, that the restriction of privilege trading took the life out of trade in the corn and provision pits and that

the Board of Directors had overstepped its duties in interfering with business outside of 'Change. The dissenters further claimed that privilege trading was no crime in other states, that the rule had never been tested, and that they saw grounds for a damage suit in case the rule was attempted to be enforced. In spite of these predictions, on February 5, by a vote of 623 to 373, the Directors were empowered to prevent trading in puts and calls and to suspend or expel a member found dealing in them. The minority vote was large because many felt that the practice was not immoral, even if illegal, and held that the law must be unconstitutional. On the 7th the action of the Board of Trade was followed by the Board of Directors of the Saint Louis Exchange; on the 10th the Open Board of Trade discontinued puts and calls, and later numerous other bodies throughout the country followed Chicago's lead. To test the legal status of this ruling, a case was taken into court, where A. V. Booth was fined \$100, being found guilty of a statute violation. The case was appealed to the Supreme Court, in which, on June 21, the finding of the lower court was affirmed and Booth was called upon to pay his fine, under the indictment of contracting unlawfully in writing with the Weare Commission Company for the option to buy 100,000 bushels of corn at a future time.

On January 23 it was proposed that an amendment be made to the rules, making them stricter and the punishment for violations greater.

One of the rules which caused as much discussion as any other in 1900 was that known as the commission rule. On February 8 the committee revising the rules first took under consideration a ruling to provide for an increase in the rates of commission and with the penalty of expulsion for violators, and \$1,000 reward for the conviction of such. The amendment was printed and placed in the hands of members of the Board and duly balloted upon March 12, when 1,051 votes were cast and the new rule was passed by a good majority. The rule as adopted provided for the following rates to be paid by non-members of the Board: $\frac{1}{8}$ cent per bushel on all kinds of grain in 1,000 and 5,000 bushel lots or multiples thereof; $\frac{1}{4}$ cent per bushel on flaxseed in same lots or multiples; 4 cents per tierce on lard in 50 and 250-tierce lots or multiples thereof; $2\frac{1}{2}$ cents per barrel on mess pork in lots of 50 and 250 barrels or multiples thereof; and $12\frac{1}{2}$ cents per 1,000 pounds on d. s. ribs and d. s. short clears in lots of 25,000 and 50,000 pounds or multiples thereof. Members' rates were to be one-half the commission charged non-members. Penalties were provided for violation or for attempt at evasion through rebating, etc., free telegraphic communications being excepted. Under the foregoing rule, questions soon began to arise, and at a meeting held on March 21 the Directors held that it was a violation of the commission rule to pay any resident agent in another city a fixed salary for soliciting

business. Also that houses having contracts with agents in other cities must discharge these agents or buy them memberships. Another ruling which excited criticism at the time was that one which gave suspended members the right to members' rates of commission. Both of these rulings were soon reversed, but the Board of Trade in May defeated an amendment which would have permitted the establishment of branch offices in charge of employes on a salary basis. The last of May saw the adoption by the members of the Board of forty-three of the forty-six amendments recommended by the Committee on Revision of the Rules, there being 812 votes cast. These were largely of a technical nature, but some affected members in their relations with the general public. The bucketshop question was covered, an amendment making it unmercantile conduct punishable by expulsion for members to execute an order for anyone having a bucketshop connection. An amendment to Section 9, Rule 4, made suspension the penalty for neglect or refusal to adjust claims or for non-compliance with a committee finding; another amendment made it impossible for a member to accept or clear trades on behalf of an employe of another member where the name of the employe appeared in the trade. Under a new rule no member was allowed to appear as both principal and agent in a transaction; the rule on memberships was amended, making only men eligible, and all the recent rulings of the Board of Directors promulgated as "interpretations" were adopted. An amendment was adopted preventing a confirmation as well as a settlement through the Clearing House of irregular trades; and "splits" were legislated against by requiring all trades to be made at a one-price figure, the unit of variation being $\frac{1}{8}$ cent. Storage rates were divided into one-day instead of ten-day periods, beginning May 15, and the "regular" elevator capacity was increased under certain conditions from 12,000,000 to 25,000,000 bushels. On May 9 the Directors rescinded the second paragraph of the advisory rulings of March 21, substituting: "The establishment of branch offices or the employment of solicitors on salaries only will not be considered a violation of Rule 14, provided that all business shall be conducted only in the name of the parent firm or member, who shall be responsible to customers in every transaction and also for the conduct of the employe."

In the latter part of February President Warren and the Directors made overtures to the elevator interests for a change in the system of computing carrying charges on grain from $\frac{1}{4}$ cent for each 10-day period to $\frac{1}{40}$ cent for each day, feeling that the result of such a change would be the encouragement of trading in cash grain in the speculative pit, thereby putting it on a firmer and more satisfactory footing. On April 6th a final agreement was reached, the details of which were: "Beginning May 15 a daily rate of storage after the first ten days to be $\frac{1}{40}$ cent per bushel, and com-

mencing in January, 1901, the rate to be (after the first ten days) 1/50 cent per bushel per day. The committee voted to accept the communication and it was submitted to the Board of Directors with the committee's unanimous endorsement, with the result that the change was accepted and was included in the amendments as noted above.

During the year 1900 the Board of Trade engaged in much activity in connection with the Interstate Commerce law. As early as January 23 the members were presented with an amended interstate commerce bill intended to make the law more effective, and were urged to give their individual and collective support to its passage. This matter was subsequently turned over to the Committee on Transportation which, it was hoped, would take action against the railroads for discrimination against shippers at large as to leasing elevators and paying subsidies in the form of rebates; also in regard to maintaining the old form of lake and rail through billing, and making rebates to favored shippers. On February 13 an open letter was sent by the committee of grain shippers to J. Pierpont Morgan calling attention to violations of the Interstate Commerce law and asking his influence in remedying them, and on the 21st of the month a reply was received from the great financier, which, after having been discussed by the grain shippers, was turned over to Chairman Chandler, of the Committee on Revision of Rules, which thereafter had charge of the matter. This committee took favorable action on the 14th of March, at the request of the Committee of Grain Shippers, for the submission of an amendment to the rules making it unmercantile conduct, punishable by expulsion, to accept cut rates from railroads, providing, however, that to be punished members must first be convicted by the Interstate Commerce Commission. The shippers becoming insistent that the Board of Directors take action in regard to violations of the Interstate Commerce law as to cut rates, an amendment was proposed to Section 28 of Rule 55 making it unmercantile conduct for a member of the Board of Trade to make himself a party to any transaction in which a violation of the Interstate Commerce law was contemplated or involved, but this petition of the shippers was refused by the Board of Directors on March 27. The recommendation was placed on file at the time, the Directors feeling that the entire matter of enforcement of the law should be left in the hands of the Commission. In this connection it was the expressed opinion of C. L. Raymond and others that the enforcement of such a rule would be constantly making the Board of Trade do detective work. Put before the Board on April 23, the proposed amendment was defeated by a vote of 680 to 145.

On March 30 H. F. Dousman of the Chicago Board of Trade, F. J. Chadwick of the Commercial Association of Chicago, and E. C. Bacon of the Milwaukee Chamber of Commerce appeared

before the Senate Interstate Commerce Committee at Washington, D. C., to speak in favor of the Cullom Bill, which was framed with the intention of increasing the powers of the Interstate Commerce Commission. The visiting committee represented people and interests who felt they were oppressed by the railroads in the matter of granting rebates and making improper rates to large shippers and Mr. Dousman quoted the sentiment of 150 men representing trade and other associations which had appeared before the Legislative Committee of the Chicago Board of Trade and expressed themselves in sympathy with the Cullom Bill or some other law which would give the Interstate Commerce Commission power to fix railroad rates. The Cullom Bill was not acted upon during that year, however.

Among the matters which interested the Board of Trade members during 1900 and one which was possessed of great interest and importance to American exporters generally as directly affecting our export trade, was the action of the German Reichstag Commission in regard to the meat inspection bill, which proposed to subject all imported cattle to inspection, both before and after slaughter. The United States Government, realizing that this action would completely stop the importation of American meats into Germany, and that the American agricultural products affected, including animal products and grain, would be approximately \$80,000,000 annually, broke off reciprocity negotiations with Germany upon learning of the favorable action of the Reichstag Commission upon the bill. The action of the Agrarians met with a strong protest in Germany, and in an opposition meeting of chambers of commerce at Berlin, forty-five of the leading cities were represented, while eighty more smaller cities and towns sent letters of protest. On the 23rd the Conservative Reichstag deputies resolved, practically unanimously, to insist upon the exclusion of pickled meats, as well as canned meats and sausages, while, on the 26th, the German National Society of Dealers in American Meats published a statement refuting the Agrarians' argument and stating that American meats were harmless and healthful. In spite of arguments and protests, the bill was passed by the Reichstag on May 23. While general in character, it particularly affected Chicago packers. It was felt in this country that it was proposed by the Agrarians as a means of raising the value of the native product, and while it was at first opposed by the German Government, the latter was forced to accept it as a compromise because of domestic political conditions. On the 24th leading Chicago packers appealed to Secretary of Agriculture Wilson for measures to counteract the influence of the bill, and on the 26th Ambassador White protested against it at the Foreign Office at Berlin, acting upon instructions which he had received the day before. The bill was not to go into effect until October 5, before which time Chicago packers

hoped that a change would be made in its provisions, but the Agrarians, becoming more insistent, demanded that the Bundesrath make exclusion of canned meats and sausage immediately effective, and under this and other pressure the Bundesrath passed the bill, which was published July 11, officially, thus becoming a law.

Some matters of interest are noted in connection with memberships during the year 1900. On February 7 the prospective adoption of the commission rule, which made trading less expensive to members than to non-members of the Board, raised the value of memberships from \$1,000 to \$1,500. The highest price paid up to this time had been \$4,450, in 1885, while the lowest in recent years had been \$485. On the 8th seven memberships sold from \$1,500 upward, the top price being \$2,075, and on the 9th three memberships sold at \$2,000 each. From that time forward the prices of membership, while fluctuating to some extent, ruled at a good figure.

A notable retirement during the year was that of John B. Sherman, who, on January 16, after nearly thirty-six years of service in the capacity of president of the Union Stock Yards, tendered his resignation because of advanced age. Mr. Sherman started the Myrick Yards on Cottage Grove Avenue in 1856, and was one of the incorporators of the Union Stock Yards in 1864. On March 16 a number of names appeared on the bulletin board for transfer of membership, these including some of the oldest members. In this connection the Chicago Tribune of March 17 published some interesting information regarding some of these men: "There are few of the old set who do not remember Wiley B. Waters. He became a member of the firm of S. H. McCrea & Co. when that firm was among the heaviest on the floor. George B. Johnston was the great story-teller of his day. His early business connection was with William H. Beebe and with Martin D. Steevers. Johnston used to draw pictures of anything and everything and many private offices around the Board are still decorated with his work. Edward F. Pulsifer's name was a power in the grain trade years ago. There were few points in Illinois along the Canal where he was not known. So was Charles A. Pulsifer. Joseph H. Hurlbut is one of the old-time members and was once a candidate for president of the institution. Wilfred Massey was one of the founders of the Chicago grain trade. Daniel Lacy was generally known as "Genial Dan" and came here years ago from McGregor, Iowa. Jonathan B. Young came here fifty-three years ago and was always connected with the flour trade. He was 'brought up' in the offices of A. M. Wright, who was president in 1886 and 1887. Edward B. Strong is one of the old-timers, once a member of the firm of Foss, Strong & Co. Mr. Strong was 'Diamond Jo's' right-hand man at a river town. When Reynolds took an interest with Mr. Foss Mr. Strong followed him. He is on the Board daily, more from force of habit

than because of business. James Hayde has been connected with the grain trade for thirty-five years, first as a grain inspector and later as a member of the Board. He was entirely in the sample market—a man of original ideas and opinions and a man of considerable influence. Alson Clark's identity with the Board dates back thirty years. His old firm was Hoagland & Clark, a large factor in the shipping and receiving business in the early '80s."

Among the notable additions to the Board during 1900 was Sir Thomas J. Lipton, the famous merchant and international sportsman, and owner of the yacht "Shamrock" and later of the "Shamrock II" and "Shamrock III." He applied for admission January 18, being vouched for by John C. Hately and Henry Botsford, and was duly accepted. It is interesting to note that in October of the same year Sir Thomas succeeded in running a corner in pork.

During the year the Board lost several notable members by death. Among these was Sidney A. Kent, who died April 1. Sidney A. ("Sid") Kent came to Chicago in 1854, engaged in business as a packer in 1859, engineered a large deal in pork in the early days of the Board of Trade, and, in January, 1880, started a wheat deal which culminated April 30, 1881. He had been a member of the Board from 1856 and was at one time a Director. Mr. Kent was an organizer and promoter and while a consistent and heavy dealer in grain was never a plunger, merely a successful speculator.

On November 21 the following members of the Chicago Board of Trade were appointed delegates to the national convention of Boards of Trade, to be held at Washington, D. C., January 22, 1901: H. F. Dousman, B. A. Eckhart, John C. Hately, R. G. Chandler, W. H. Chadwick, J. G. Steever, George F. Stone, B. Frank Howard, Robert Bines and C. B. Congdon.

During the year the members had several opportunities of displaying their charity, once in May, when a carload of corn, donated by the people of Waverly, Kansas, for the benefit of the famine sufferers in India, sold at auction on the floor of the 'Change, netted \$1,080 for the cause; and again in September, when the members contributed \$5,693 for the relief of the Galveston flood sufferers.

Several special holidays were celebrated during the year. For the first time in the history of the Board its doors were closed upon a May 1 other than a Sunday, the occasion being the visit of the hero of Manila, Admiral George Dewey. On August 28 the Exchange was closed all day in honor of the annual encampment of the Grand Army of the Republic, and the courtesy of the floor was granted during all that week to the visiting members of the old soldiers' organization.

On February 7 the Committee on Real Estate sold the old bell which had hung in the tower for years for \$500 to a wrecking company. When purchased, it cost \$5,000.

The result of the November election of 1900, which chose McKinley and Roosevelt to occupy the presidential and vice-presidential chairs, was particularly pleasing to the majority of members of the Board, and leading traders expressed their opinion that the incoming administration would be a prosperous one from the viewpoint of trade.

In looking backward over the history of the wheat market of Chicago, as of the country and of the world, for the year 1900, one fact stands out so prominently as to obscure all the rest—the long drought in the Northwest through the early summer. This drought threatened to destroy almost totally the spring wheat crop of Minnesota and the Dakotas, as well as of Manitoba, and did reduce the crop materially before reviving rains came to save the remainder and caused a sensational advance of about 22 cents within eighteen days in the speculative markets of the country. The advance started in Chicago, the local traders being first to appreciate the speculative possibilities promised by a shortage in the Northwest. But once started, the fever spread with great rapidity and took firmest hold in the Northwest. Farmers who saw their crops shriveling before their eyes sent buying orders to Minneapolis and Duluth. Markets fluctuated widely with the weather bureau forecasts of possible showers and reports of hopes deferred. Prices appreciated 3 and 4 cents a day, and speculators who thought the advance too rapid and sold out their wheat for reaction, time and again bought it back at a higher price to make another profit. While the bull campaign was still young, "dollar wheat" was a popular subject of conversation, and shrewd veteran traders held firmly to the belief that that price would soon look cheap. The volume of speculative trade was tremendous, commission houses being overwhelmed with orders and unable to keep up with their business by working double forces late into the night. On several days it was estimated that from 50,000,000 to 100,000,000 bushels were traded in. On June 5 cash wheat sold as low as $65\frac{7}{8}$ cents. On June 23 cash wheat reached $87\frac{1}{2}$ cents, an advance of $21\frac{3}{8}$ cents in sixteen trading days by the calendar. On Sunday, the 24th, there were heavy rains through the Northwest, and though for days crop experts and grain men had been declaring that no amount of rain could save the crop in many sections, or produce more than 50,000,000 bushels in the three states, the effect on speculation was at once apparent. Cash wheat did not sell above 85 cents on the following Monday. The speculative demand did not fall off at once, however, as July wheat, which had closed at 88 cents on Saturday, sold at $88\frac{1}{2}$ cents early on Monday, and September touched $89\frac{1}{2}$ cents, the highest price of the crop. While an army of traders

clung to the opinion that wheat would sell at a dollar and that the crop of the Northwest was practically a total loss, there was a rush to take profits and a 5-cent break on that Monday, though half of the drop was recovered at the close. The decline continued, however, though the bulls fought desperately. Local traders were almost unanimously of the opinion that the highest figures on the brief advance would yet be surpassed, and on each decline thought the turn must come at once. But foreign markets had not been in sympathy with the bull movement, and export trade languished. While wheat holders here were adding 22 cents to the price of wheat, Liverpool, the great English market, had advanced only 16 cents. In three days there was a loss of 9 cents, and the tendency continued downward, with occasional small reactions. In July, September wheat sold between 83 cents and $74\frac{3}{8}$ cents a bushel. In August the range was from $71\frac{5}{8}$ cents to $76\frac{1}{2}$ cents. In September the limits were $72\frac{1}{2}$ cents to $79\frac{3}{8}$ cents. During October the price of December, the active trading future, ranged from 72 to 79 cents, and in November from $69\frac{5}{8}$ to $74\frac{7}{8}$ cents, the price of contract wheat for any delivery first breaking under 70 cents on November 28. In the closing days of the year, however, there was a sharp falling off in the receipts of wheat at the two big northwest markets. This was taken as proof of the claim repeatedly made that the earlier rush of grain to market was because so much of it was in bad condition that it could not be saved on the farm. It was assumed that all the poor grain had been marketed and that receipts would be small for the rest of the year. The effect of this theory was immediately apparent in a broadening of speculation and a scurrying of bears to cover their previous short sales. In the last three trading days of the year the market advanced 5 cents per bushel, which was more than it had lost in seven weeks, the year closing at $74\frac{5}{8}$ for cash wheat. The receipts were 48,048,298 bushels and the shipments were 36,649,956 bushels. The low price was $61\frac{1}{2}$ in January and the highest $87\frac{1}{2}$ cents in June.

Corn.—The corn crop of the United States was the fourth largest on record, but there were so many increased demands for corn that the price was good throughout the year, the average being the highest since 1895. The receipts were 134,663,456 bushels, and the shipments 111,099,653 bushels. Cash corn stood at $31\frac{1}{4}$ cents January 22, with May corn quoted at $32\frac{7}{8}$ @ $33\frac{3}{8}$ cents. The market was very steady throughout the month and in February prices averaged about 1 cent higher. In March there was a gradual and uniform improvement, and by the 31st 39 cents was reached for the May delivery. The range was higher in April, touching 42 cents April 5 and the month closing at 40 cents. During May speculative trades were largely changed into July and September deliveries, but there was a gradual and irregular decline throughout

the month, the price of cash corn May 31 being about 3 cents lower than on the 1st. In June the range was from $36\frac{7}{8}$ cents for July delivery the first of the month to $43\frac{3}{8}$ cents the 27th, closing about 42 cents on the 30th. Higher prices obtained the first half of July, touching 45 cents for September delivery on the 13th. On the 16th there was a sharp decline and during the remainder of the month the price was below 40 cents and touched $37\frac{1}{2}$ cents several times. The range in August and September was from 36 cents to $41\frac{1}{4}$ cents. There was a limited business transacted in October, the extremes in prices being substantially the same as in the preceding two months, while December corn sold as low as $34\frac{5}{8}$ cents. During this month many trades were changed into May (1901) deliveries and that future sold on the 31st at 36 cents. During November there was a manipulated market for that month's delivery, George H. Phillips having a line of some 3,000,000 bushels for himself and others. The price was forced up to $49\frac{1}{2}$ cents on the 27th, but after settlements had been made, it quickly receded to 35 cents, which was about the prevailing price for December and May deliveries. Commenting on this corner, the Chicago Tribune said that it was manipulated very cleverly and that the corner conditions had existed for about three weeks before the shorts were aware of it. The price when the deal commenced was $35\frac{7}{8}$ cents and the highest price bid was 51 cents, while settlements were made at 50 cents. During December there was an irregular market and the year closed with May corn about 37 cents. The range for the year was from $30\frac{1}{2}$ cents in January to $49\frac{1}{2}$ cents in November.

Oats.—The receipts of oats were more than 5,000,000 bushels less than in 1899 or in 1898, being 105,226,761 bushels. Shipments showed a still larger decrease, being about 8,000,000 bushels less than for the two years preceding, and amounting to 77,554,695 bushels. The market was devoid of speculative features, the entire range for the year being but $5\frac{1}{2}$ cents. Cash oats were quoted at $22\frac{3}{4}$ cents on January 2 and the 31st, while February was but $\frac{1}{2}$ cent higher at the close of the month. By the end of March another cent had been added to the price, and in the early part of April the price reached $25\frac{1}{4}$ cents, declining to 23 cents by the 30th, and to $21\frac{1}{4}$ cents on May 31st. The market for June was stronger, advancing to $26\frac{1}{4}$ cents and the month closing at $24\frac{3}{8}$ cents. Early in July $24\frac{3}{4}$ cents was reached but this was followed by an irregular decline to $21\frac{1}{2}$ cents at the close of the month. The range in August was from 21 to $22\frac{3}{8}$ cents, and in September from $21\frac{1}{4}$ the 1st to $22\frac{1}{4}$ the 28th, and this was about the range for the remaining months of the year.

Barley.—The receipts of barley were 17,813,919 bushels and the shipments aggregated 5,739,009 bushels. The crop was short and of poor quality, more than one-half the barley received in the Chicago markets grading as No. 4. Low grades sold readily at

from 37 to 38 cents per bushel for feed, while the best malting barley found a ready market at from 62 to 65 cents per bushel. The price of No. 3 barley was steady at 36@45 cents during January and February, declined slightly in March, recovering the loss in April. During May the market was easier, while at the close of quotations June ranged from 39 to 47 cents, according to quality, and in July from 45 to 48 cents for the best samples of No. 3. Better prices prevailed toward the close of August, the outside price the last of the month being 50 cents. There was a steady gain in price during September and October, the top price for No. 3 cash barley being 60 cents on the 20th of October. The high point of the year was reached November 10 at 62 cents, but there was an easier market during the remainder of the year, and the final quotation for the best samples of No. 3 was 60 cents per bushel.

Rye.—The receipts of rye were the smallest since 1895, aggregating 1,973,701 bushels, with shipments of 1,223,796 bushels. The quality of the grain was not good, foreign demand was small, and the speculative market without features; nevertheless, prices were fairly steady on account of the small movement. No. 2 cash rye was quoted January 2 at 50½ cents and reached 55½ cents in February, with May at 57¼ cents. During March and April an easier feeling prevailed, while the month of May opened and closed at 53 cents, although 56¼ cents was reached during the month. There was an upward trend in June, culminating at 62 cents the 23rd, and receding to 58 by the 30th. The July market was lower, opening at 57 and closing at 50½, while the August range was from 48 to 51½ cents. The average for September was slightly better, but there was a falling market in October, the price reaching 47¼ cents the latter part of the month. The decline continued through November, touching 44¼ cents, while December showed gradual improvement, the price on the 31st being 49½ cents.

Flour.—The receipts of flour were 9,313,591 barrels, this being by far the largest receipts Chicago had known up to that time, being nearly 2,500,000 barrels in excess of the receipts of 1887, which was the banner year up to that time. Flour manufactured in the city aggregated 1,274,776 barrels, the largest production the city had known. Shipments were also large and amounted to 7,396,697 barrels. Speaking of the flour trade, the Secretary said in his report: "Formerly this trade was almost exclusively confined to this Board and the long array of sample tables upon which was displayed a great variety of samples of flour consigned to this market have disappeared, and the flour commission merchant is a genus of the past. The buyer and miller are now in direct relationship, and in place of the commission merchant is the miller's salaried agent, going from place to place distributing flour direct from the mill. The old plan was neither profitable to the commission merchant nor to the miller." The range of prices was as follows:

Winter patents, \$3.65@3.80; Winter straights, \$3.40@3.60; Minnesota straights, \$3.25@3.40; Minnesota patents, \$3.65@4.30; low grades, \$1.60@1.90.

Seeds.—The receipts of timothy seed aggregated 43,764,951 pounds, and shipments 46,218,163 pounds. The price for the week ending January 5 was from \$1.75 to \$2.70 per 100 pounds, but continued dry weather during the summer months advanced the price rapidly, reaching \$4.65 for choice timothy in September, which was also the quotation at the close of the year. The receipts of clover seed amounted to 10,393,821 pounds with shipments of 8,812,802 pounds. The course of the market was much the same as that for timothy, and for like reasons. The opening prices were \$5@8.10 per 100 pounds, the outside price for best samples declining to \$7 in April and rising sharply to \$10.25 in August and to \$10.75 in October. The range for the remainder of the year was from \$10 to \$10.50.

The receipts of flaxseed were about two-thirds as large as during the preceding year, amounting to 4,896,513 bushels, with shipments of 3,266,481 bushels. Fluctuations were violent, producing an excitement never before experienced in the history of the trade. There was at times the wildest excitement and the rapidity of changes in prices was so great as to render it impossible for commission merchants to execute all their orders. The range of prices was from \$1.32 to \$1.86 per bushel, the latter being the highest price known to the trade at that time. The great advance was due to a serious shortage in America and Argentina. The foreign demand was good and the farmers realized high prices. No. 1 cash flaxseed was quoted at \$1.48 on January 2d, with May slightly below that figure. By the last of the month the price had risen to \$1.56, with May at \$1.58. February showed a gain to \$1.60, while in March the price advanced steadily to \$1.65, with May delivery at the same figure. During April prices rose steadily and closed at \$1.76 for cash, \$1.72 for May and \$1.25 for September. During May and June No. 1 cash was steady at \$1.80, while the September deliveries rose during the same months from \$1.25 to \$1.85, which price was reached June 25th. The price of \$1.80 was maintained for No. 1 cash until July 18th, when the market broke and receded to \$1.50 by the end of the month, the September delivery ranging during this month from \$1.47 on the 2nd irregularly downward to \$1.35½ on the 31st. The August range for cash was from \$1.32 to \$1.42, the September delivery gradually strengthening to \$1.42 near the close of the month. In September cash flaxseed ranged somewhat higher, reaching \$1.59½ on the 18th and receding to \$1.47½ the 29th. October witnessed a sharp advance, No. 1 cash flaxseed going from \$1.47½ the 1st to \$1.86 the 20th, and declining to \$1.71 on the 31st. In November the price of cash flaxseed reached \$1.84 on the 2nd, fell to \$1.75 the 8th; the month closed at \$1.62@1.63. De-

cember was another month of gradual recession, the last quotation for the year being \$1.55@1.66.

Provisions.—The livestock and provision trade fully maintained its supremacy during the year 1900 and the facilities for packing and for handling livestock were largely increased. The reputation of Chicago as a lard market was the very best and its beef and pork products found their way to the remotest parts of the earth. The receipts of cattle were 2,729,046 head and the shipments 934,649 head, city consumption and packing using the balance, or 1,794,397 head. The price paid for heavy native steers was from \$4.70 to \$15.50, the latter price being paid for Aberdeen Angus steers, averaging 1,492 pounds, shown at the Live Stock Exposition. Good to extra steers brought \$5.45@6.60 in January and were lowest at \$4.90@5.60 in April. In August the outside price again rose above \$6 and ranged between \$6.20 and \$5.80 the remainder of the year. Shipments of dressed beef amounted to 1,178,950,898 pounds.

The receipts of live hogs were 8,694,578 head and shipments were 1,452,183 head. The range of prices for heavy packing hogs was from \$4.30 to \$5.85. The price stood at \$4.30@4.60 early in January, the high price, \$5.85, being reached in April, after which prices ranged irregularly downward, going below \$5 in October for best quality, but the year closing with the outside price at \$5.10. In addition to the cattle and hogs, there were receipts of 3,548,885 sheep, with shipments of 487,254 head. The mess pork market was active throughout the year. The price January 2nd for cash pork was \$10.45@10.50, but the trade was alarmed at the report of scarcity of hogs and the price rose by the 15th to \$10.90, to \$11.10 in the first half of February, to \$12.75 in March, and to \$13.25 early in April. This was the highest price of the year until Lipton's corner in October "boosted" it to \$20. As soon as the unfortunate short sellers had settled with the titled manipulator prices tumbled, reaching \$11.25 the next day. It was in September that Sir Thomas Lipton laid the foundation for this corner in October pork. The situation became known to the traders the first week in October and there was a sharp advance, the price going from \$12.60 the 1st to \$16 the 8th. It soon became realized that Sir Thomas had almost complete control of the market and in the Secretary's report no quotations for cash pork are given for October after the 17th, when it was quoted at \$14. The deal was, however, closed out on October 31st at \$20 per barrel, as already stated, the profits being estimated at \$300,000. November pork in the meantime declined, the month closing at \$10.40 to \$10.75. The December market was without excitement, but there was an irregular gain of about 50 cents, the year closing with the outside price for cash pork at \$11.62½. The lard market also was the subject of active trading and witnessed wide and rapid fluctuations, but there were no dis-

tinct market manipulations as in the case of pork. The range of prices was from \$5.65 in the latter part of February to \$7.40 in October, the last quotation of the year being \$6.90 per hundred pounds.

Transportation.—The lake fleet had grown so that it surpassed, both in number and in tonnage, the fleets of the Atlantic coast and the Gulf of Mexico. Lake and rail freights from Chicago to New York on wheat, per bushel, ranged from $5\frac{1}{4}$ cents to $8\frac{3}{4}$ cents, while the all-water route via the Erie Canal showed a range of from $4\frac{1}{4}$ cents to 7 cents. All-rail freights on wheat per 100 pounds to New York were 22 cents during the spring months, 13@15 cents during the summer and $17\frac{1}{2}$ cents during the late fall and early winter.

1901

Upon accepting the renomination for the presidency tendered him by the caucus, President William S. Warren stated, on January 2, that the Cleveland Telegraph Company should be perpetuated to continue the Board's successful fight against the bucket shops. On January 4 a second ticket was placed in the field, presenting for election five Directors, five members of the Committee of Appeals and five members for the Arbitration Committee. This action was not taken with a view to opposing President Warren, but with the object, it was claimed, of best serving the interests of the Board. The annual election, which was held January 7, resulted in the re-election of Mr. Warren as President. Edward S. Adams, of Adams & Samuel, was elected Second Vice-President, and Wm. N. Eckhardt became first Vice-President by rotation. Both of these choices were without opposition. Of the 975 votes cast, President Warren received 922 and Vice-President Adams 926. The Directors elected were: Frederick W. Smith, Thomas C. Edwards, William H. Chadwick, John L. Fyffe and Harry B. Slaughter. The absence of opposition to the head of the ticket took away the main features of interest, and less than the usual number of retired members came out to cast their ballots. It was noted that it was the first time in thirty years that Philip D. Armour's vote was not among those cast, his death having occurred on the previous day. The newly-elected officials were all believed to be in accord with President Warren in regard to bucket shops and the quotation question, and the disturbed relations of the Board of Trade in these matters formed the most cogent reason for Mr. Warren's acceptance of the renomination.

At the annual meeting, held on January 14, the financial report showed receipts of \$257,636.52; expenditures, \$242,710.74; balance on hand January 8, 1901, \$20,713.37. The Directors reported that the fight had been kept up on the bucket shops and that out of twenty-five operating in Chicago August 1, 1900, there was but one remaining and that protected temporarily by an ex parte in-

junction. The Directors also reported on the quotation situation and stated that the stand of the Board of Trade would be maintained in refusing quotations to telegraph and telephone lines which would not expressly agree not to furnish quotations to bucket shops. It was also stated that the Board of Trade was deriving an annual income of \$10,000 net from its quotations. President Warren, in his address, said that the market value of memberships had increased 150% during the year. He likewise stated that the Board of Trade was the greatest market in the world for producer, receiver and speculator, and gave it as his opinion that a continued stand for a high standard of commercial ethics and for legitimate trading methods would bring a still greater reward. The subjects needing attention during the coming year, he said, included the enactment into a law of the so-called Cullom Bill, amending the Interstate Commerce law, the repeal of the unjust war tax on sales, the improvement of the Chicago River, and the amendment of railroad and warehouse laws to correct existing abuses.

The Board of Directors reappointed Secretary Stone, Treasurer Black, Attorney Robbins and all the other employees of the Board of Trade.

At the close of the year, December 26, William S. Warren was again nominated by acclamation for the presidency on the regular ticket, with William L. Gregson for Second Vice-President.

In an open letter to President Warren January 21, Chief Grain Inspector E. J. Noble denied the charges made in President Warren's annual address that "the certificates of inspection of the state of Illinois are not worth the paper they are written on, which is not only a disgrace to the commonwealth, but a direct menace to the interests of every producer and dealer in grain." President Warren declined to enter into a newspaper controversy, but refused to retract anything he had said, and stated that conditions then existing had obtained for years and had reached such an aggravating point that dealers were on the verge of revolt. That feeling was running high in this direction was shown when the Directors of the Board of Trade forwarded, on February 5, a protest to Governor Yates, protesting against the reappointment of any of the members of the Railroad and Warehouse Commission or any incumbent of the offices of the Grain Inspector and Grain Registrar. This was also resented by Grain Inspector Noble, who charged distortion of facts and stated that the management of the department was always open to the closest scrutiny. Inspector Noble was succeeded by J. E. Bidwill, an appointment which did not meet with the approval of the Chicago grain men and members of the Board of Trade, who protested against his assuming the office. The firm of A. O. Slaughter & Co. made public a definite charge, filed several months before with Governor Yates, that Mr. Bidwill had a hand in upholding the dishonest inspection of grain. This firm cited a

specific case to the effect that in January the firm had loaded out of an elevator over 20,000 bushels of No. 1 northern wheat. The wheat was not satisfactory, and Slaughter & Co. appealed to Mr. Smilie, assistant chief grain inspector of Chicago, and then to Mr. Bidwill, at that time a member of the Railroad and Warehouse Commission. Both upheld the elevator, pronouncing it No. 1 northern. Of the twenty-two cars loaded with this wheat, Slaughter & Co. had one car sealed and sent out of town and then returned to Chicago for inspection. The car arrived, seal unbroken, and was regularly inspected as No. 3 spring wheat, practically two grades below No. 1 northern. Slaughter & Co. also served notice that within two weeks they would begin suit against Bidwell and his associates on the railway and warehouse board, Cicero J. Lindley and Charles E. Runnells, and against Grain Inspector Noble and Registrar Hogan, the basis of the claim being losses incurred through the failure of these officials to perform their duties properly in the matter of the Lloyd J. Smith warehouse receipts case of 1900. This suit was not brought, but May 8 Slaughter & Co. were allowed judgment by default against the Chicago Elevator Company for \$110,871.59 for losses sustained in that case. On April 18 the State Senate confirmed Bidwill's appointment and the Board of Trade practically gave up the fight against him, although there was a proposal made by some members to take inspection appeals out of the Chief Grain Inspector's hands, the Board of Trade having the power under its charter to take over the entire business of grain inspection as far as it affected deliveries on contracts made in the market between its members. It also had the right to fix grades, declare which should be regular, and, it was held, to declare irregular any public warehouse which should refuse to recognize its authority. This eventually led up to a concurrence of the elevator interests, the shipping and receiving interests and the Warehouse Committee of the Board of Trade, in the formation of a Committee of Appeals, made up of thorough judges of grain, and in the establishment of a uniform inspection of grain with standard type samples. On June 25 all elevators sent in applications to be made "regular," and were duly referred to the Warehouse Committee, which made all "regular" with the exception of three. The capacity of the regular houses at that time was reduced to less than 23,000,000 bushels. On August 8 the request of the Board of Trade for representation on the Inspection Appeals Committee of the Railroad and Warehouse Commission was granted by the selection of J. F. Kendal and the reappointment of M. J. Sheridan and John Mansfield. On August 15 further advancement was made when the Railroad and Warehouse Commission took action whereby dealers and shippers of grain were to be provided with samples to be used as criterions for judging the grade of cereals, the plan of the commission being to establish a bureau at the Board of Trade,

where samples might be obtained. On the same date the Commission also decided that on outgoing inspection of grain a leeway of 1% should be given grainholders on account of the dust, dirt and foreign particles that accumulated while cereals were in storage for several months.

On January 14 it was reported that negotiations had been reopened for the settlement of the quotation controversy between the Board of Trade and the Western Union and Postal Telegraph Companies. The latest so-called quotation war had started August 1, 1900, when the Board of Trade, in an effort to keep its market quotations from the bucket shops, cut them off from the telegraph companies and had their wires removed from the floor of the Exchange. Terms for settlement had been discussed frequently, but the stumbling blocks in the way of reaching an amicable settlement were the Board's agreement with the Cleveland Telegraph Company, and the question of the revenue the Board of Trade was to derive from its quotations. The Western Union had formerly paid \$6,000 a year for the distributing privilege, doing its own collecting on the floor of the Exchange. The Board's demand for \$50,000 was met by an offer of \$12,000 yearly on the part of the telegraph companies, the latter demanding an exclusive local field in Chicago. This latter the Association could not meet because of its contract with the Cleveland Telegraph Company. On February 28 it was announced that a settlement had been made, but this was denied by President Warren, and it was not until March 23 that it was officially given out that an agreement had been reached and that quotations on grain and produce would again be distributed all over the country through the medium of the Western Union and Postal Telegraph Companies. The features of the new contract included an agreement on the part of the telegraph companies to pay the Board of Trade \$30,000 annually for the quotations, to furnish these only to applicants approved by the Board of Trade as wanting them for legitimate purposes only; and to cut them off at any time from persons using them for illegitimate purposes, on demand of the Board of Trade, provided the latter would furnish a bond satisfactory to the telegraph companies to bear the legal expenses incident to suits. The new schedule of rates for the quotations to be put into effect by the telegraph companies provided for a slight increase over the charges in effect before the service was interrupted. On April 15 the continuous quotation service was resumed. Every commercial exchange in the country was given an opportunity to take the service, and among those accepting at the start were the New York Produce Exchange, the most important grain market in the United States outside of Chicago; the New York Consolidated Stock Exchange, and the exchanges of Detroit, San Francisco, Toledo, Boston, Philadelphia, Baltimore, Cincinnati and Kansas City. Owing to the change in

rates the exchanges of Milwaukee, St. Louis, Minneapolis, Duluth and St. Paul did not take the quotations at this time, but they all applied for and received them later.

On March 19 the Western Union Telegraph Company filed a bill asking for an injunction in the United States Circuit Court against the Cleveland Telegraph Company, the National Telegraph News Company, the Type Telegraph Company, and the Chicago & Milwaukee Telegraph Company, charging the "unlawful and nefarious practice of filching and stealing from the complainant its valuable property in the form of reports, etc., and otherwise taking unlawful and undue advantage of the complainant by pirating news." On May 8 an injunction was granted by the Court against the National Telegraph News Company and others, restraining them from publishing or distributing among other things, quotations and statistical information regarding markets until fully 60 minutes after they appeared on the Western Union tickers.

A great deal of litigation in bucket shop prosecution came before the courts during the year. On January 7 Judge Sears, in the Appellate Court, gave his reasons for setting aside the injunction granted by Judge Tuley enjoining the Christie-Street Commission Company of Kansas City from receiving Board of Trade market quotations, holding that while evidence showed that the quotations were used as a basis for bucket shop operations, evidence of damage to a property right must appear to make the issuance of an order justifiable. There was no injunction restraining either the Board of Trade from withholding or the commission company from receiving quotations, but on March 14 Judge Sears in the Appellate Court affirmed the ruling of Judge Tuley, its decision stating in part that: "It is established that the quotations are impressed with a public interest, but it does not follow therefrom that a court of equity will lend its aid to a criminal enterprise by compelling the Board of Trade to furnish the quotations for such a use."

The war upon bucket shops and bucket shopping was pressed perseveringly and with very satisfying results, the Board of Trade being materially assisted by officials of the Federal Government, as well as by an amendment to the war revenue act. On March 16 a ruling issued by the United States Treasury Department required that in future all persons, associations, copartnerships and corporations proposing to engage in or continue the bucket shop business must file with the proper officer of the Internal Revenue Department, notices giving the names of those interested in the business, their places of residence and business, such notices to be open to public inspection. As all transactions in grain futures not made on regular exchanges were defined as bucket shop transactions, and the penalty for making them without filing the required notice was a fine of from \$500 to \$5,000, or imprisonment from three months to two years, the whole force of the United States Govern-

ment under the ruling was called into action to insure the publicity of all bucket shop transactions. With this help in locating bucket shops and the decisions of the State and Federal courts upholding the rights of the Board of Trade to keep its quotations from the bucket shops, it was felt that ultimate success in curbing the activities of the bucket shops was assured. This law went into effect April 1. If the bucket shops did not comply with the law they were liable to prosecution in the United States courts, while if they did comply, they would furnish the most positive evidence of their violation of the state law against illegal transactions, and prosecutions by the Board of Trade would follow. On April 1 it was found that out of a dozen firms in Chicago classed as bucket shops by the Board of Trade, only one had made application to the Internal Revenue Collector's office for a license as a broker in class 2, but at the same time the bucket shop men showed their uneasiness by the character of the business handled, quotations on grain and provisions being but sparingly displayed. Internal Revenue Collector Hertz explained this slowness in filing applications by stating that penalties for non-compliance with the provisions of such a law were not to be administered until the law had been in effect thirty days. Some of the brokers construed the law to mean that the federal officers could tax legitimate brokers as well as the bucket shops. If this had been true, the Board of Trade officials would have beaten themselves at their own game, for if the revenue officers could prove that a member of the Board of Trade had made a sale without contemplating a delivery, they would be empowered to proceed against him the same as against an illegitimate operator. Such a suggestion was resented by Board of Trade men, who demonstrated that the whole matter hinged upon the question of contemplated delivery of the article traded in, for which the rules of the Board of Trade provided. It was shown that every court in the country before which a Board of Trade case had been brought in which this point had been an issue, had upheld the association. During April nine proprietors of bucket shops qualified under the law at the office of the Internal Revenue Collector. Of the three that failed to meet requirements, one was a concern held not to be a bucket shop by a State court, and receiving Board of Trade quotations under an injunction; while the other two were considered "small fry," although this fact did not eliminate them from the possibility of prosecution. On May 18 the last of the bucket shops, and the one which had been operating under an injunction whereby it received the Board quotations, filed its application and took out a license as a class No. 2 broker, this being the Central Stock and Grain Exchange. On November 21 the Cook County Appellate Court reversed the ruling of Judge Vail which had made perpetual the injunction restraining the Board of Trade from withholding its quotations from the Central Stock and Grain Exchange, and also

dissolved an injunction restraining the association from disciplining its own members, under its rules, for trading with the defendant company. On December 16, for the first time in a number of years, there was not a bucket shop in Chicago posting Board of Trade quotations, the quotation tickers having been taken out of the Central Stock and Grain Exchange. On the 14th the State Supreme Court had refused to issue a supersedeas in this case pending final hearing of the appeal from the decision of the Appellate Court.

The war tax bill which passed the two houses of Congress in March placed the Board of Trade tax on sales at 1 cent on each transaction up to \$100, while the bucket shop tax was placed at 2 cents on each like trade.

Another step in favor of the Board of Trade was taken February 18, when Judge Seaman handed down a decision in the association's suit against five Milwaukee commission firms, granting an injunction restraining four of the five from posting the Board's grain quotations, the court holding that the quotations received by the defendants were wired to them by persons who obtained them by unfair means, without the knowledge or consent of the owner, and that the reports so derived were not open to the defendants' use or benefit unless equally open to the general public at the same time. A case which had held over from the previous year was that of Frank D. Riordan. Riordan had secured an injunction in the Circuit Court preventing the officers of the Board of Trade from investigating his business on a charge of "bucket shop affiliations." The decision of the Appellate Court, March 25, reversed the action of the Circuit Court, and allowed the board officials to prosecute an inquiry on the charge that Riordan had done business on the Board of Trade for the Central Stock and Grain Exchange. It was this same Riordan who, in the latter part of 1900 had made charges that high officials of the Board of Trade had financial interests in the Cleveland Telegraph Company. The special committee appointed in December, 1900, to investigate this charge, consisting of Charles L. Raymond, B. A. Eckhart, John W. Conley, William T. Baker, J. H. Dwight and P. B. Weare, reported unanimously on February 26 that neither the officers of the Board nor its attorney had at any time any connection, personal or financial, with the said telegraph company, and the report further approved of everything that had been done both by the officials of the Board and the company.

On June 12 the Board of Trade filed suit in the United States Court at Cincinnati against the Odell Commission Company, W. J. Odell, George H. Stapley, John Maxwell, the Western Union Telegraph Company, the Postal Telegraph Company and the Gold and Stock Telegraph Company, alleging that they had surreptitiously obtained and distributed quotations from the Board of Trade and that by distributing them to bucket shops they were not only

injuring the Board of Trade, but increasing the bucket shop evil and creating an impression that the Board of Trade was connected with the gambling operations in the bucket shops. On July 19, Judge Kohlsaat issued restraining orders against the Illinois Commission Company, G. H. Caldwell & Company and Sidney L. Wright, of Chicago, said to be doing a bucket shop business, to prevent them from using the Board quotations. Evidence continued to be gathered, and October 30 the Board resumed its fight in earnest, filing bills for injunctions in the United States Court at Omaha, to restrain the following from using quotations: James E. Boyd and Company and H. R. Penney and Company, of Omaha; Sewell Sleuman, of Hastings, Nebr., and F. H. Pierson, of Lincoln, all of whom had qualified as bucket shops with the Internal Revenue Collector of Omaha. On the same date, in the United States Court at Milwaukee, the Board asked for injunctions of the same kind against the Cream City Commission Company, Hadden, Rodee & Co., F. W. Upham and W. C. Hotchkins. One of the final cases of the year was that which concerned A. R. Jones and his broker, who were expelled from the Board on charges of uncommercial conduct and bucket shopping, their two forfeited memberships having a cash value of \$2,800 each. On the 20th Judge Tuley issued an injunction which allowed Jones and his broker the use of the floor of the Exchange, but on the 24th this injunction was dissolved by Judge Hanecy. The contagious influence of the Chicago Board of Trade's fight on the bucket shops was shown in the action of the Kansas City Exchange, in October, when that association ceased to post Chicago quotations when they learned that the bucket shops were stealing them for their own use.

In December there was a report current that thirty-eight of the largest bucket shops in the country had organized at New York City to wage a fight on the Chicago Board of Trade, with a capital of \$100,000. At the time it was said that ex-Secretary of the Treasury, John G. Carlisle, had been retained as attorney.

Among the amendments to the rules which came before the Board of Trade in 1901 was one affecting the commission rule. The posting of this amendment for vote by the Board on January 30 was followed by a petition sent to the Directors on the following day not to make such a change. On February 5 John Dickinson, whose firm, John Dickinson & Co., had been investigated the previous fall as a bucket shop, was expelled from the Board for violation of the commission rule, this being the first action taken under the rule, which provided for penalties for offering bonuses or influencing trade. While the provision men decided unanimously against any change in the rule, interests demanding a higher commission rate, or lower brokerage rate, forced the latter to a vote, and the proposed change in the brokerage rates on provisions was defeated April 12 by a vote of 172 to 396. On June 17 a number

of amendments to the commission rule were voted upon and carried by a vote of 524 to 10. These amendments were calculated to stop evasions of the rules by brokers who made a practice of buying one or two shares of stock in a corporation and secured their election to an executive office for the sole purpose of taking advantage of membership rates. Under the new amendments a corporation could be represented on the Exchange by but one member. The concluding clause of the amendment provided that when any corporation was found to be entitled to members' rates, it should, when required by the Directors of the Board, make a full disclosure of the existing relations between such members and the corporation to the proper officials of the Board of Trade. What was considered an attempt to evade the effect of the Dickinson expulsion noted above was the application of the Chicago Commission Company for membership in the Clearing House. It was alleged that the new concern had bought the business of John Dickinson, but the application was refused by the Clearing House Committee, whose action was approved by the Board of Directors. This action was in line with the addition to the rules made by the Directors on March 1, which provided that thereafter any corporation applying for membership in the Clearing House would be admitted only by recommendation of the Clearing House Committee, approved by at least ten affirmative votes of the Directors, provided that three votes were not cast against such corporation; and fixing a penalty for clearing the business of any expelled or suspended member or of any corporation, a stockholder of which is expelled or suspended from the privileges of the Board of Trade, "the intent being to prevent any membership in the Clearing House being used as a subterfuge to enable one suspended or expelled from the Board to still enjoy the advantages of the Clearing House, but not to prevent a member from clearing the individual trades made for the account and personal benefit of one suspended or expelled from the Board."

One of the rules which caused a great deal of discussion during the year was that connected with trading in puts and calls. On March 18 it was reported that grain traders at Milwaukee were interested in a proposed innovation on the Milwaukee Exchange then being considered by the Board of Directors of that body, the idea being to make Chicago contracts deliverable there, following all the rules of the Chicago Board of Trade, but allowing trading in privileges, which was against the rules of the Chicago Board. It was the hope of the Milwaukee people to keep the Milwaukee business in futures which had been going to Chicago and to secure the business in privileges which had formerly gone to Minneapolis, as well as some of the big Chicago business. It was doubted by local traders if Milwaukee could develop a large enough market to take care of its own speculative trade satisfactorily. Previous to this

time the small commission merchants had circulated a petition asking the Directors of the Board of Trade to prohibit private wire houses from distributing quotations over their wires, and this petition, referred to the Committee on Violation of the Rules, stirred up a good deal of comment. On March 20 a proposed amendment to the rules, restricting the use of private wires, was posted for ballot, but lost by a vote of 453 to 164 in April. In addition to this there had been a renewal of the movement to prevent warehousemen from dealing in grain on their own account, and this, combined with some discontent because the Board of Trade had failed to come to an agreement with the telegraph companies, caused twenty-two private wire firms and elevator proprietors to buy memberships on the Milwaukee Chamber of Commerce on March 21. More Chicago traders joined the Milwaukee association during the next few days, until it was reported that by March 27 there were thirty-six members from Chicago in that body. At this time it became known that what had really attracted a majority of the traders was the ability to deal in puts and calls on the Milwaukee Exchange. Trading was done on Chicago quotations and it was held that the violators would be subject to discipline for violation of the rules of the Board of Trade of Chicago. On April 16 a resolution was introduced at a director's meeting declaring that the action of the Chicago elevator companies in going to Milwaukee and applying to the Exchange to have their warehouse receipts made deliverable on contracts made on the Milwaukee Exchange was an act of bad faith toward the Board of Trade of the City of Chicago and a proper subject for discipline. This resolution was voted down by a vote of 7 to 6 but it was referred to a committee for further consideration. On June 6 the Board of Directors adopted a regulation providing that after June 30 no elevator should become, or remain "regular" on the Board of Trade of the City of Chicago which would qualify as a regular house on any other exchange. This regulation was aimed directly at the Chicago elevators whose receipts were made regular at Milwaukee, but did not affect the local situation because the making of receipts regular on the Milwaukee Board was a voluntary action on the part of the Board, and something that the Chicago houses did not apply for.

What effect all the foregoing may have had upon trading in privileges is a matter for conjecture, but by May 28 the friends of this kind of trading forced the posting of a proposal to remove all restrictions on the "put" and "call" business outside of the Exchange building, a new petition, signed by 125 members, leaving the Board of Directors no choice. Friends of the movement held that the Board would be doing its full duty by keeping such trading from the floor of the Exchange, while its opponents felt that a species of trading illegal under the state laws should be opposed by the Board of Trade. Put to the vote on June 10 the proposed

amendment was defeated by 623 to 175. On August 9 Commissioner of Internal Revenue Yerkes rendered a decision in regard to traders in puts and calls, imposing a stamp tax and special tax on all parties engaged in such transactions, the stamp tax being 2 cents on each \$100 in value or fraction thereof, covered by all of these transactions, and the special tax being \$50 per year for each office maintained for the transaction of such business.

Urged by receiving houses and commission men who claimed their business was being damaged, on January 9, the Board of Directors drafted a proposed change in the State Warehouse Act, providing that owners of public elevators should not be allowed to store therein grain which was owned by any one connected with any corporation owning or leasing such elevator, with the penalty of a jail sentence for violation. This was aimed to prevent the public warehouse men from mixing grain of different grades or dealing in grain for themselves. By a nearly unanimous vote this was recommended to the Illinois State legislature. On the following day Judge Tuley declared unconstitutional the amendment to the public warehouse act adopted by the General Assembly of 1897, allowing warehouse men to mix grain and store grain for themselves in their own houses. This had no immediate effect, as an appeal was taken to the Supreme Court. Judge Tuley held that the amendatory act was plainly in the interest of the warehouse men and gave the producers inadequate protection. On February 25, the Directors were asked to withdraw a proposed amendment to the rules, posted for ballot the week previous, in regard to the foregoing. It was felt that under the proposed change grain would not come naturally to the Chicago market and that without stocks of grain in "regular" houses there could be no trading, because no trader would sell grain knowing in advance that he could not get it if necessary when delivery day came around. For this reason the amendment did not come up at the time for ballot, but on April 23 the fight in this direction was renewed, a petition being sent to the Directors asking for a vote. This petition was disapproved by the Directors, and acting upon the opinion of Attorney Robbins that action at the time would be inadvisable because the question of the constitutionality of the State Warehouse Law was pending in the Supreme Court of the United States, the matter was put aside, and was not reopened during the year.

The nullification of one of the reform measures of 1900 started July 16 when the Directors disapproved a petition for distribution of quotations on the long-deferred futures. A second petition was presented on the 19th of that month, with over 400 names, was posted for ballot on the 23rd, and on August 5 the amendment was carried by a vote of 532 to 104, the Board thus resuming the official distribution of December and May quotations. The proposition

to regulate the calling of margins, made necessary by alterations in the rule, was passed by 555 to 74.

Other business accomplished by the Board during the year included the adoption, by a vote of 512 to 285, of an amendment to the rule providing for the admission of new members, this amendment making necessary but three negative votes to reject an applicant, no matter how large the affirmative vote, instead of six negatives as formerly. A proposition ostensibly providing for a Department of Market Quotations, but also giving the Directors power to prohibit the sending out of any quotations until posted officially, was lost by 154 to 415 when it came up for vote. A ballot vote was taken at the request of the oats shippers and traders who wished to have No. 3 white oats made deliverable on contracts, but this proposition was lost by the close vote of 305 to 336.

On August 6 the following resolution was adopted unanimously by the Board of Directors: "Resolved, That it is the sense of the Board of Directors of the Board of Trade of the City of Chicago, that the promotion, advancement, or the carrying on of pools, syndicates, or adventure companies, under the rules of the Board of Trade, by means of advertisements in the public press, or by circulars or pamphlets, is a grave offense, involving the good name and dignity of this association." As a result of the foregoing blind pool operators were busy the following days in calling off deals with their customers.

On September 17 the following resolution was adopted by the Board of Directors, their action being prompted by a recent decision of Judge Tuley, in a criminal case tried before him for "sulphuring" barley, in which he held that inasmuch as there was no evidence showing that the grain was injured by the process, the law prohibiting a man from so treating his own property was unconstitutional: "Resolved, By the Board of Directors of the Board of Trade of the City of Chicago that a tender of so-called 'sulphured' grain on any sale or contract made under the rules of the said Board of Trade of the City of Chicago, unless such trade or contract shall expressly provide for the delivery and acceptance of such 'sulphured' grain, will be deemed uncommercial conduct and punishable as such under the rules."

The tendency of some firms to be careless as to who signed their certificates as to weight or grade of grain caused the Board of Directors to adopt the following October 29: "Any grain for shipment for which the purchaser requires a certificate of inspection, or test weight per bushel, other than that furnished by the State Inspection Department, must be certified to by an official sampler of the Chicago Board of Trade, or by the firm as principal originating such shipment."

During the year 1901 the Board of Trade lost a number of its prominent members, either through death or retirement. Its first

loss was sustained January 6, when occurred the death of Philip D. Armour. Mr. Armour came to Chicago from Milwaukee in 1875, already a successful packer and provision man, and entered upon a business career that made his name famous throughout the world. He became a power in the Board of Trade wheat pit in 1882, when he was connected with a large deal, and four years later was in a gigantic deal in pork, when it was said he cleared \$4,000,000 through his operations. Later he gained control of hundreds of elevators. In 1897 he was "short" in the Leiter wheat deal, but was successful in making deliveries. Always an upbuilder and seldom a plunger, he was a good speculator, and his marvelous business ability and dogged perseverance made him the most conspicuous member of the Board. On February 8, N. K. Fairbank, who had held a membership from 1856, announced his intention of retiring. He had been a leader in a sensational wheat corner in 1873, and was President of the Board of Trade in 1878, but had not been actively engaged in business since 1893. An action that came as a complete surprise to the Board of Trade, as well as to the Street, was the voluntary retirement from business of Schwartz, Dupee & Co., the members of which, John Dupee, I. J. Bloom and Walter C. Comstock, gave as the reason for their action that they felt that they had earned a rest after many years of labor and desired to retire while there was still time to enjoy their competency. Mr. Dupee, the oldest member of the firm, had been a member of the Board of Trade since 1875.

On February 23 a report was received which would seem to indicate that the German people were beginning to see the folly of barring American meats. The annual report of the Hamburg Chamber of Commerce said, in part: "Not only the public but the different branches of the government, especially the Imperial Germany navy, have used these articles for many years without having found any cause for such restrictions. Only recently large purchases of American salt pork have been made for supplying the troops in East Africa." However, the German Agrarians continued hostile to American imports, and in March it was reported that they were seeking to compensate Russia at the expense of the United States in the new schedule of duties then under consideration. It was urged that the United States should enter into an agreement with Russia that would avoid unrestricted competition for the German market. Again, in August, it seemed that Germany was endeavoring to kill trade with America, when a big increase was made by the new tariff law in the duty on wheat, corn and other cereals and on provisions, the tariff being aimed chiefly at foodstuffs.

The Board of Trade closed its doors on September 14 because of the death of President McKinley, the suspension of business being complete. On the 19th, the day of the funeral of the assas-

sinated President, the Board again closed its doors. Its contribution to the fund for the funeral procession in Chicago amounted to \$2,500.

The annual meeting of the National Grain Dealers' Association was held at Des Moines, Iowa, October 2 and 3, and the Board of Trade of Chicago was represented by Vice-President Eckhardt and a number of delegates, although many other members attended in an unofficial capacity. These delegates took the initiative in a movement to express confidence in President Roosevelt, and a committee, consisting of H. H. Peters, W. H. Chadwick and J. G. Schneider, was appointed and instructed to report suitable resolutions to this effect. The convention adopted resolutions denouncing dealings in bucket shops as a "national mode of gambling," a constant menace to the grain trade and to values, and as working a great injustice to producers. An appeal was made to Congress to tax the bucket shops out of existence. Congress was memorialized to amend the Interstate Commerce Law, and a recommendation was made for the reorganization of the government crop service.

One of the amusing events of the year occurred in July, when one William Austin, a South Dakota grocer, attempted a raid upon the corn market. Sending checks for \$1,000 each to twenty-eight different Board of Trade firms he placed orders to sell 1,400,000 bushels of corn, but the vigilance of the traders frustrated his attempt, his checks being found to be worthless.

On January 23 there was introduced in the Illinois General Assembly a bill to tax commission men and brokers \$2,000 annually for doing business. On April 6, learning that the bill had reached its third reading, the Board of Trade and Stock Exchange of Chicago started efforts to defeat this measure, known as the Nohe Bill. It was designated by the grain men as the "most vicious bill that has ever been presented to the General Assembly," and provided that members of Boards of Trade or Stock Exchanges engaged in the brokerage business, the buying and selling of grain and other commodities, stocks or bonds or future delivery or upon margins without intention of delivering or receiving the commodity, should secure from the Secretary of State a license to engage in such business, the application for said license to be accompanied by \$2,000. This bill failed of passage.

On February 13 a measure was introduced in the General Assembly providing for the cancellation of receipts from public warehouses as advocated by the Chicago Board of Trade within twenty-four hours after shipment of the property represented by them, and providing fines and imprisonment for violations. This bill grew out of the scandal in the L. J. Smith case, and on April 30 was sent to the Governor, having been passed by both houses.

The operations of George H. Phillips in the corn market easily furnished the feature of the year 1901. The young trader had

quietly started operations in March, and by the end of the month the Board began to note a decided bull tendency in this grain. When it was found that he had a long line for May delivery there seemed to be a concerted plan on the part of some traders to "break" the young operator, and margins were called upon him to the extent of nearly \$250,000, but all of these demands were met promptly, although it was calculated that his firm had nearly \$500,000 up in margins. On April 3 there were wild scenes in all the grain pits at times, there being sharp breaks in wheat, corn and oats, as a result of short selling and eager liquidation, but there were partial recoveries at the close on covering by shorts, there being net losses of about 2 cents a bushel on wheat and corn and nearly 1 cent on oats. President Warren was emphatic in his denunciation of the unfair actions of the traders opposed to Phillips, and his stand in the matter secured general endorsement on the floor of the Exchange. On the 4th Phillips routed the bears, the price of the grain advancing with but little effort on the part of the bull operator, and May corn closed at $43\frac{1}{4}$ cents, a gain of $1\frac{5}{8}$ cents for the day, and but $1\frac{1}{2}$ cents below the highest price reached up to that time for the May delivery. Rains in Missouri and Kansas, which made the marketing of corn more difficult, strengthened the young broker's position on the 5th. By this time he had made many friends by his nerve and his ability to stand up under punishment, as noted in the 4-cent break in corn on April 3. His gain continued on the 6th, when May corn reached $44\frac{7}{8}$ cents and closed at $44\frac{1}{8}$ cents. For several weeks he operated quietly, but April 25 the shorts were compelled to admit, temporarily, his leadership, and bought approximately 2,000,000 bushels, corn reaching 49 cents and closing steady at 1 cent less. It was rumored that the Armour interests had lost \$60,000. On April 30 Phillips added heavily to his long holdings, buying about 2,000,000 bushels, and stated that he was prepared to take more, and that he would pay for the corn on his May contracts and wait for the remaining shorts to procure the corn or settle in some other way. On May 2 there was an excited demand by the shorts trying to cover, as the market reached 55 cents, and on May 3 May corn touched 58 cents. On the 4th he allowed the market to drop to $52\frac{1}{2}$ cents, although it closed at 53 cents, and in the meantime he sold heavily for July delivery. Seemingly determined to get all the contract corn in his control out of Chicago and far enough away so that there would be no danger of its coming back, on the 7th Phillips ordered 1,000,000 bushels out of the storehouses, shipping the grain to the East, the greater part of it to Boston. After reaching 60 cents for May, corn enjoyed several days of quiet, in which Phillips allowed the price to drop to $54\frac{1}{2}$ cents and two days later he sold 1,500,000 bushels, and at the time it was thought that the deal in May corn was closed. The history of the case up to that time was given as: Probable aggre-

gate Phillips' long May corn line, 12,000,000 bushels; cash corn taken in and paid for, 4,000,000 bushels; sold in the pit at 50 cents and over 5,000,000; average cost, 41 cents; average pit sales, 53½ cents; high price, 60 cents; profit pit sales, \$625,000; probable profit on 7,000,000 bushels cash corn at 2 cents, \$160,000. The young operator had not yet closed out his holdings, however, for on May 23 he sold 3,600,000 bushels of May corn, and this permanently wound up the deal.

Wheat.—As has been noted the year 1901 brought great prosperity to the nation, and this was reflected in the activities of the Board of Trade, and there was life and movement in all the markets. The receipts of wheat were the largest Chicago had known, aggregating 51,197,870 bushels, with shipments of 45,521,951 bushels. The large crop of the previous year and the accumulation of wheat in Chicago caused cash wheat, which opened at 73¾@75½ cents per bushel, to decline during January and to advance but slightly in February. During March the price reached 76¼ cents, but by the fore part of April it had gone below 70 cents, although with some recovery by the end of the month. The May range was from 70 cents the 13th to 75½ cents the 31st, and in June confidence in future abundance caused a decline to 65½ cents by the close of the month. This decline continued until 63⅛ cents was reached July 9, with reaction to 71¾ cents the 22nd, but the closing price was 67¾ cents. Speculative activity carried the price to 77 cents by August 12, but this advance was not held and 69½ cents was recorded on August 29. The September market was dull and of small range, this being from 71 cents the 3rd to 68½ cents the last of the month. Prices ruled still lower the fore part of October, touching 66¾ cents, but with an advance to 71½ cents by the 31st. In November the range was from 70 cents the 1st to 73½ cents the 30th and December witnessed much activity and higher prices, there being an irregular advance to 79½ cents, with a closing price of 78½ cents.

Corn.—The corn market followed quite closely the general course of the wheat market, but the advance during the latter months of the year was more marked on account of the severe drouth during the summer. The receipts were 50,000,000 bushels less than in the preceding year, aggregating 84,136,637 bushels, while the shipments were correspondingly low, amounting to 64,101,873 bushels. The market was without animation the first of the year, although there was much interest in the May delivery. No. 2 cash corn opened at 36 cents, reached 37¼ cents in a few days and was almost stationary at that figure the remainder of January. In February an advance movement developed which carried the price to 40 cents by the 23rd, with a closing price for the month of 39¼ cents. There was an active speculative market in March, which was strongly in evidence the latter part of the

month, causing an advance to 44 cents at the close. This movement continued through April, carrying the price to 48 cents, and in May to 58½ cents, at which point the speculative wave broke and there was a sharp decline to 42⅝ cents by the 27th. In June dullness succeeded the animation of May and a price of 41 cents was reached the 13th, with a reaction to 43⅞ cents the end of the month. Weather conditions prompted much speculative buying in July, and by a series of sharp advances the price went from 43½ cents the 3rd to 58¼ cents the 22nd, but declining to 54 cents by the 31st. Continued dry weather increased the buying fever in August and before the middle of the month a price of 59½ cents had been reached and this price held well for several days before reaction caused a decline to 53¾ cents the 29th. The course of the September market was somewhat similar, opening at 54⅞ cents, advancing to 59¾ cents the middle of the month and declining to 55¼ cents at the close. The October market was steady at about 56 cents, until near the close of the month, when there was a sharp advance to 58 cents. Fifty-seven and one-eighth cents was the low price for November, the market advancing irregularly to 63⅞ cents and closing a half cent lower. The highest price of the year, 66⅜ cents, was reached in December, but the closing quotations were 62¾@63¼ cents.

Oats.—The receipts of oats were small when compared with the bumper years from 1896 to 1900, in all of which the receipts were over 100,000,000 bushels. The receipts for 1901 were 90,632,152 bushels, and the shipments were 76,340,619 bushels. The oats market was the center of unusual interest and the fact that prices at country points were sometimes relatively higher than at the central markets invited a large outside buying movement, and prices advanced almost steadily throughout the year, the low price being recorded in January and the high price in December. No. 2 cash oats opened at 23¼ cents, the low price of the year, and advanced to 24¼ cents by the close of January. There was a steady advance to 25½ cents during February, the price holding well during March and closing at 26½ cents. The range was small in April, but there was an advance to 27 cents by the end of that month and in May the price went to 31 cents, declining to 28½ cents the 31st. This was about the price throughout June, and July opened at 27½ cents. By this time it had developed that the crop prospect was not good, and there was active buying, which carried the price to 39 cents near the middle of the month, with a reaction to 32¾ cents the 30th. There was a strong but wavering market during August, which opened at 34¼ cents, advanced to 37½ cents and declined to the opening price by the end of the month. The September range was about 3 cents and the close was at 35¼ cents, while during October there was an irregular advance to 37¾ cents at the close. The advance movement was more decisive in November, the price

reaching $44\frac{1}{8}$ cents and closing at 42 cents. December witnessed an advance to $48\frac{3}{4}$ cents the first part of the month, after which the market gradually settled, the last quotation being $44\frac{1}{2}@45\frac{3}{8}$ cents.

Rye.—The scant crop of rye in 1900 was followed by a second small crop in 1901, but nevertheless the receipts at Chicago increased, aggregating 3,244,324 bushels, while the shipments were 1,287,111 bushels. Much rye of poor quality was mixed with oats and sold under the latter name at more than could have been realized for it as rye. One effect of this was to improve the quality of that part of the crop which reached the market under its own name. There was little speculation in this grain until the latter part of the year, and rye, which opened at 49 cents, showed little improvement in price during January and February, although by the close of March the price had worked up to $51\frac{1}{2}$ cents. This price was hardly maintained in April, although 53 cents was recorded on the strength of covering by shorts the latter part of the month. In May the price showed an early advance to 54 cents and the month closed at $52\frac{1}{2}$ cents. In June there was a decline, the price reaching $46\frac{3}{4}$ cents the 30th, and in July there was an advance movement owing to the drought, which carried the price to 57 cents, although the month closed at $54\frac{1}{2}$ cents. Still greater confidence was manifested in August, and the price advanced to 60 cents before the middle of the month, but this confidence was to some extent misplaced, for the price fell to 52 cents by the 29th. The September range was small, the month closing at 55 cents, which was about the closing price for October also. In November speculation became more active and there was a lively market, which carried the price from $54\frac{1}{2}$ cents the 1st to 61 cents the 25th, with the close at 59 cents. The highest prices for the year were recorded in December, there being an irregular advance from 59 cents the 1st to $65\frac{3}{4}$ cents at the close of the year.

Barley.—The barley crop of 1901 was not greatly injured by drought, and there was a good yield of fair quality. Chicago receipts were somewhat reduced, owing to the fact that a large portion of the California crop was marketed in New York direct by ocean transportation. The receipts were 15,996,670 bushels and the shipments 3,583,753 bushels. There was but little No. 2 barley on the market and practically no trade in futures, while there was a range in price of from 10 to 25 cents, between the different qualities of the No. 3 grade. The best No. 3 cash barley sold as high as 63 cents, the first of the year, and declined irregularly until 55 cents was reached, in March. There was temporary improvement in April, but by the latter part of May the price had settled to 53 cents, which was the prevailing price during June and the first half of July. The dry weather scare carried the price to 65 cents July 31. The higher price ruled during August, the month closing at 63

cents, while in September 59 and 60 cents were the prevailing prices. During October the price declined to 58 cents, but there was reaction up to 63 cents the end of November, and this was the prevailing price in December, although the year closed at 62 cents.

Flour.—There was but little trade in flour on the Board of Trade, the bulk of sales being made direct from miller to wholesaler and large retailers. A feature was the consignment of considerable quantities to Great Britain and the Continent, especially during September, when freight rates were extremely low. There was but little fluctuation in price, the range for best spring wheat patents being from \$3.50 in July to \$3.80 in January and December. The receipts of flour were 10,232,285 barrels and were much the largest Chicago had known. Flour manufactured in the city aggregated 1,280,000 barrels and the shipments were 7,939,149 barrels. During mid-summer low grade flour sold as low as \$1.35 a barrel.

Seeds.—The receipts of timothy seed were 33,685,811 pounds and shipments were 40,661,267 pounds. Market conditions were good, owing to the short crops of the preceding two years, and prices ruled exceptionally high. Prime timothy seed sold in January as high as \$4.77½ per cental, and declined irregularly until \$3.55 was reached in May. Greater activity and higher prices came with the drought in the latter part of July, and the advance continued throughout the remainder of the year, \$6.55, the high price, being paid in December. Receipts of clover seed were 7,570,308 pounds and shipments 8,301,434 pounds. The course of the market was erratic. Prime clover seed opened at \$10.50 per cental, advanced to \$11.50 in February and declined irregularly to \$9.50 in May. For the next ten weeks the price stood at \$9.50, this being followed by a brief advance to \$10.40 the last of August. Lower prices prevailed the remainder of the year, \$8.65 being reached in September, with a reaction to \$9.50 at the close. The receipts of flax seed were 4,584,735 bushels and the shipments 1,221,097 bushels, showing that Chicago was losing its pre-eminence as a market place for this commodity. Cash flax seed sold at \$1.57 the first of the year, and about mid-way in January prices improved to \$1.72, reaching \$1.78 before the close of the month. Prices declined during February and March, recovering during April and advanced in May to \$1.74. There was a slight reaction in the early part of June, but in July a price of \$1.90 was reached, followed by a decline which grew more pronounced in August, that month closing at \$1.40@1.44. The market during the remainder of the year was very erratic, with wide fluctuations. The September range was from \$1.38 the 5th to \$1.66 the 28th; that of October from \$1.41 the 5th to \$1.58 the 19th. During November the market was lower, ranging from \$1.52½ the 8th to \$1.40 the 30th. The December market was excited and higher, going from \$1.38½ the 3rd to \$1.61 the last day of the year.

Live Stock and Provisions.—Receipts of cattle were the largest since 1893, aggregating 3,031,396 head, the number packed for the year ending March 1, 1901, was 1,814,921 head, and the shipments were 1,031,576 head. Prices for extra steers were not below \$6 during the year and there was gradual improvement during the fall months until \$7 was reached in December. The shipments of dressed beef exceeded one billion pounds, and receipts were 143,087,-824 pounds.

The receipts of live hogs were 8,903,189 head, the shipments 1,300,962 head, and the number packed for the year ending March 1, 1901, was 7,364,859 head. The price of heavy packers' and shippers' hogs opened at \$4.90@5.17½ and improved until \$5.65 was reached as the outside price the latter part of February. The advance continued, \$6.20 being paid the latter part of March and \$6.25 the fore part of April. Prices then declined, going below \$6 and reaching \$5.87½ the fore part of May, but advancing to \$6 the end of the month. During June there was an irregular advance to \$6.30, and in July the top price was \$6.40. Prices improved during August, reaching \$6.70 at the close, and this advance continued until \$7.40 was paid in September. October prices were lower, and the low price in November was \$5.97½ for the best offerings the middle of the month, with an advance to \$6.30 at the close. During December the market was irregularly higher, closing at \$6.75.

January found the mess pork market in control of the packers. Opening at \$12.65, the shorts were forced to cover at \$15 by the 9th of the month, after which the price declined to \$13.70 at the close. The market was dull and the range small during February, closing at \$13.95, but the middle of March there was a sharp advance and manipulation carried the price to \$16.80 the 20th, with a decline to \$15.15 the 29th. The market course was downward in April, touching \$14.10 and closing at \$14.55. A market flurry caused a sharp advance to \$15.20 on May 2, but the price declined irregularly the remainder of the month. June opened and closed at \$14.65, while July opened at \$14.60 and closed at \$14. Thirteen dollars and seventy cents was reached the fore part of August, with improvement to \$14.45 at the close, while in September the advance continued until \$15.05 was paid the 28th. In October there was a decided decline, \$13.40 being reached the 30th, while November showed improvement up to \$15.25 near the close of the month and December continued the advance to \$16.10 the 30th, closing at \$15.90.

Lard opened at \$6.90, but soon passed the \$7 mark, and advanced above \$8 the latter part of March. Prices were above this figure except for a short time in May, and the advance continued irregularly until \$10.25 was reached in September. The market then declined, going below \$9 the latter part of October, but regained

strength by the end of November and advanced until \$10.15 was paid at the close of the year.

Transportation.—Freight rates were a shade higher than in 1900, the rate on wheat per bushel to New York averaging \$.0511, by lake and canal \$.0554, by lake and rail, and by all rail \$.0988.

1902

In marked contrast to some of the Board elections, that of 1902 was one of great harmony, with few important controversies dividing the members. This did not mean that there were no problems before the Board, but that there was general satisfaction with the closing administration, and no sharp clash of interests. At the annual election the light vote of less than 1,000 ballots was an indication of the absence of an exciting issue. W. S. Warren was elected President, receiving all but eleven of the votes cast for that office. William L. Gregson was chosen Second Vice-President, and the Directors were George S. Bridge, John H. Jones, Samuel A. McClean, Jr., Roderick D. Richardson and Charles H. Taylor. At the annual meeting resolutions were passed calling upon Congress to reopen the Schley case and make its own decision as to who was in command at the battle of Santiago. Then was read the report of the Directors, which expressed hope that other exchanges would bar out "puts" and "calls," as Chicago had done. Proposed changes in the interstate commerce law tending to strengthen it were indorsed, as was the movement to amend the United States revenue law by removing the taxes on grain transactions. President Warren made a short address, expressing gratitude to the officers of the Board, and resolutions were passed complimentary to Secretary Stone, Attorney H. S. Robbins and John Hill, Jr. The Treasurer's report showed expenditures of \$256,162.10 during the year, with a cash balance of \$10,815.04 on hand. The Board membership numbered 1,796 and during the year the price of a seat had risen from \$1,900 to \$4,000.

The annual assessment for 1902 was fixed at \$50, being the same as that of the year previous, but a change was made in the method of payment, the whole amount being payable March 1 instead of in two installments as formerly. While comparative harmony prevailed, the Directors had before them numerous cases of discipline, and there were several questions as to the interpretation of various rules. The committee on violation of rules gave this latter subject much attention, and in order to avoid misunderstandings, presented to the Board a set of hypothetical questions, together with the answers, to be a guide to conduct on the part of the members. One of the most important of these rulings was in regard to the question whether a special partner in a firm doing a general commission business and belonging to the Clearing House should be a member of the Board. The ruling was that he should

be a member. The Directors were fully determined to maintain the high standard of commercial honor, for which the Chicago Board of Trade has always been noted, and in line with this determination was their action in suspending, for a term of ten days, Clarence H. Thayer, charged with "scaling" grain, or selling carlots on an average price. It was said that this had been done by others, but the Directors thought it an injustice to shippers of high grade grain, and an example was made of Mr. Thayer. But a week later, three members—Robert Lindblom, George A. Aldridge and Joseph R. Begg, were suspended for thirty days for trading after hours. Considerable interest was shown in the perfecting of the rules of the institution, and a proposal was made that the Board should assume the responsibility of closing trades for members who were unable to protect themselves, and a petition was circulated for the adoption of the Hosford system of clearing, while the committee on rules contemplated a careful revision of the entire Board of Trade code. The commission rule was one largely under consideration, and a petition was presented for amendment of that regulation, which, while making no violent changes, was calculated to make it more binding. An innovation was the adoption of the resolution presented by C. H. Requa, permitting a "reasonable" amount of advertising on the part of commission men. A modification of the rules governing the Clearing House was made in February, requiring reference to the Clearing House committee of all applications for membership in the association submitted by persons or firms, as well as of corporations, as had been previously required. This ruling was followed by another made in March, providing that no member could be deemed a representative of two corporations, or two firms, or of a firm and a corporation, for the purpose of giving either firm or corporation the benefit of members' rates of commission.

In order to increase the revenue derived from the building, the Real Estate Committee revised the schedule of rents to take effect May 1. It was expected that this would raise the total rentals to \$139,000, an increase of \$26,000. While, quite naturally, there was objection on the part of some of the tenants, and a conference was held between them and the committee, the new rates were allowed to stand for the most part, thus adding to the income of the Board quite materially.

Another matter destined to play a more conspicuous part in the history of the Board at a later date was that relative to the insurance of provisions in store. This became a "paramount issue" in 1903, and during the year under consideration it was a matter of conference between the Warehouse Committee and the Provision Inspection Committee on the one hand and the elevator owners and insurance men on the other, and it was attempted to devise some method to relieve the congestion in grain insurance so that there

would be less difficulty in having insurance follow grain from one warehouse to another. A conference was also held upon the invitation of the Rules Committee between a number of provision brokers and commission men in order to arrive, if possible, at a settlement of a long standing dispute regarding brokerage rates on provision trades, the commission men objecting to the payment of \$2.50 brokerage, telegraph tolls, etc., out of a total commission of \$3.12½. The Board was also interested in a bill pending before congress for the repeal of the war tax imposed upon bucket shops, and President Warren represented the Board at Washington in opposition to this measure, his efforts being crowned with success.

After a hearing accorded the private warehousemen, the Committee on Transportation passed a resolution, which was forwarded to the association of General Managers of the Railroads centering in Chicago, opposing the discrimination between private and public warehouses contained in the new car service rules proposed. By these proposed rules public warehouses were given ten days for unloading before being subject to car service rules, while private warehouses were given but forty-eight hours. Effective protest was also made by the Chicago Live Stock Exchange against the discriminations in freight rates practiced by the various railroads. Through these efforts subpoenas were issued requiring the general traffic officials of all railroads between the Missouri River and Chicago to appear before the Interstate Commerce Committee to answer the charges filed. The mere serving of these subpoenas seems to have been sufficient, for the railroad officials promised equitable rate revision in order to escape appearing before the commission.

The fact that, from time to time, corporations transacting business through the clearing house had been unable to meet their business obligations led to the consideration of some means by which their responsibility should be fixed, and the amount of their capital known to the traders. In pursuance of this purpose, the Directors posted for ballot by the full Board a recommendation made by the Clearing House Committee for an amendment requiring a minimum capitalization of \$100,000 for any corporation transacting business through the Board of Trade Clearing House. Considerable opposition was developed, and petitions were presented designed to defeat the proposed amendment and to substitute one providing for more strict supervision as to the financial responsibility of corporations by the Directory, and requiring that corporations must file statements annually, and at any time upon the request of twenty-five members of the Board. In this new form the amendment was passed by a vote of 382 to 60, with the additional provision for investigation of such corporations by the Directors, who were authorized to bar any corporation from the clearing house if its capital stock should at any time become im-

paired. At the same time other amendments to the rules were passed; one providing that the misstatement or suppression of facts by an applicant for membership should be ground for expulsion, and another providing that one membership should not entitle more than one firm nor more than one corporation to members' rates of commission.

Outside of the general course of the markets, and the routine business of the Board, the matter of most consuming interest to the members during the spring months of 1902 was the sensational suit brought by the United States Government against the trust alleged to exist among the packing house interests. This action was brought under the provisions of the Sherman anti-trust law, which was then new legislation, the provisions of which had not been fully interpreted by the highest court. Opposition to the so-called trust arose from various sources having different interests at stake. The producers charged that live stock prices were kept at a low level by lack of competition among the buyers, while consumers were equally insistent that the same alleged combination was responsible for the high price of meats. The butchers and local meat interests also felt that they had grievances against the Chicago dressed beef. It was the pressure of all these complaining interests which finally led to the investigation. The first intimation of official action came when Attorney General Knox instructed the district attorneys at New York, Chicago, Philadelphia, Kansas City and Omaha to investigate the beef packing industry, and to determine if there had been violations of the Sherman anti-trust law, and it was announced that District Attorney S. H. Bethea would conduct a secret investigation of the so-called trust in Chicago. The general interest was also increased by the attitude of the retailers of meat in Chicago, who organized to fight the packers, alleging that prices were arbitrarily high, that supplies were cornered, and that retailers were subject to systematic blacklisting by the packing interests. It was an undeniable fact that prices both of live stock and of meats were high, and the packers forecasted a further sharp advance, but denied that this would be due to any combination or trust, but claimed it would be owing to the fact that the demand was much greater than the supply. In this latter statement they were backed by no less an authority than Secretary of Agriculture James Wilson, who placed the blame for high meat prices upon the short corn crop of 1901, upon high wages, and upon the drain on the corn supply to fatten horses and mules to meet the foreign demand, caused in part by the Boer War. The Secretary stated the belief, however, that relief would come in a short time when grass cattle were placed upon the market. Another evidence of the dissatisfaction with the high meat prices was the bill introduced into the House of Representatives by Congressman McDermott of New Jersey, to abolish all duties on imports of meats

and poultry, and also a resolution to provide for an investigation of the high price of meats by the Ways and Means Committee of Congress. As a result of the investigations made by the district attorneys, Attorney-General Knox decided that a beef trust existed in violation of the Sherman anti-trust law, and William A. Day, a special attorney of the department, was sent to Chicago to institute criminal proceedings against several of the leading packers. This announcement created a sensation among the Chicago interests affected, and the representatives of the packing concerns entered vigorous denial that any trust existed, and said that they welcomed investigation. The prosecuting attorney filed an application for an injunction to restrain the "trust" from further operation, the application being based upon the following allegations: That an agreement existed for the control of the beef trade. That the agreement provided for the raising and lowering of the price of beef at will. That the combine in its effect throttled competition. That it fixed prices without regard to supply and demand. That it maintained a blacklisting system against dealers who did not obey its fixed rules. That the agreement provided for the perfect regulation and distribution of beef throughout the country without competition among the packers. The bill, as filed, contained a severe arraignment of the leading packers, who were known as the "Big Six." Coincident with this legal action the retail dealers also planned a concerted attack upon the packing interests through the means of an independent slaughtering company with a large number of small stockholders and a proposed capital of \$5,000,000. These attacks upon the large packing interests had a demoralizing effect upon the live stock market, and on May 13 it was said that there was a strong market at the stock yards "for the first time since the action against the packers started." The scarcity of beef cattle continued and by May 21 the price reached \$7.65, which was the highest since 1882. This was immediately following the granting of a temporary injunction against a combination of the packers by Judge Grosscup. To add to the troubles of the packers at this time there came a strike of the drivers, which completely tied up this department of the packing industry. This strike lasted thirteen days and was attended by considerable violence and rioting, and caused a very serious disturbance of the retail meat trade of the city. The injunction granted by Judge Grosscup remained in effect throughout the year, but without making any appreciable difference in the conduct of the packing industry as a whole. In December the packers, through their attorneys, attacked the injunction by demurrer, but no further judicial action was taken during the year.

Despite all the efforts which had been made to put an end to the bucket shop fakery, these institutions still existed, not only in Chicago, but throughout the country, and 1902 witnessed a con-

tinuation of the long drawn fight, defeats as well as victories being scored by the Board, but with a gradual approach to better conditions, although "eternal vigilance" was found to be the price if the bucket shop was to be eradicated. In January the Board counted it a victory when it was announced that the Cella Commission Company of St. Louis, which the Board had long been fighting in the courts to prevent their use of Chicago quotations, had given up its extensive private wire system. A few days later Judge Kohlsaet enjoined twelve bucket shops outside of the city from receiving Board of Trade quotations, which was another distinct step in advance, and which justified the appreciative resolutions passed at the annual meeting concerning the work done by John Hill, Jr., in suppressing bucket shops. The Milwaukee Chamber of Commerce adopted a rule prohibiting trading after 3 p. m., and it was thought that this would make for more legitimate trading and prevent the sensational panics of the "curb" markets. From Milwaukee also, in February, came the cheering news that the bucket shops of that city had been put out of business. In March the Directors caused a bill to be filed in the United States District Court at Springfield to enjoin some 28 firms and 47 individuals in the southern part of Illinois from using the Chicago quotations, and in April, Robert Lindblom, whose sensational methods of trading had not always met with the approval of the Board, decided to transfer his business to Milwaukee on account of the Board's attitude. A new phase of the illegitimate use of quotations was met by the committee of rules in an informal report made to the Directors on the subject of restricting commission men, more particularly the private wire houses, in the matter of providing free telegraphic communication to customers. This was referred back to the Rules Committee and the Markets Committee for joint action. The subject arose from complaints against one or two private wire houses for allowing the free use of their systems to Philadelphia and Baltimore parties in exchange for receiving their "hedging" business. The private wire commission men claimed that any rule aimed against them would be "class legislation," which was not allowed by the charter. The Directors, acting upon the report of the committees, posted a rule, in July, making the giving of free telegraphic service a misdemeanor unless such messages related solely to business between the member and his customer, but this amendment was lost by a vote of 187 to 145. One of the chief strongholds of the bucket shop system surrendered when C. C. Christie, who was then operating a large number of these institutions from Kansas City, retired from the business, and it was said that this removed about the last obstruction to the Board's plan of furnishing continuous quotations to the exchanges of the country. A further victory was won when the Master in Chancery filed a report in the United States Court in Indianapolis

in a case which the Board of Trade had brought against the bucket shops of Indiana, upholding the property right of the Board of Trade in its quotations. This right was again affirmed when the United States Circuit Court of Appeals sustained the decision of Judge Kohlsaat in restraining the Illinois Commission Company from using the market quotations of the Board of Trade, and in December still another advantage was gained when the Appellate Court dissolved the injunction restraining the Cleveland Telegraph Company from removing tickers from George T. Sullivan's office.

For the first time Chicago was not represented at the meeting of the National Board of Trade. For a number of years the meetings of this National body had been somewhat perfunctory and without results of value commensurate with the expense, and the Chicago Board felt that the \$1,000, which was about the annual cost for dues and for expense of delegates, could be used to better advantage in other ways. Leaving out of consideration at this time the incidents and the litigation growing out of the market manipulations of the year, other matters which occupied the attention of the Board may be enumerated as follows: The generous spirit of the Board was again displayed for the relief of the sufferers at St. Pierre in the great Martinique disaster, and a committee consisting of Walter C. Hately, James Pettit, Theron Logan, George R. Nichols, R. S. Lyon and George W. Patten was appointed to solicit funds for this purpose. A decision rendered by Judge Baker in the case wherein Mr. Dickinson, who was expelled in 1901 for violation of the commission rule, sued for reinstatement, upheld the position of the Board as to its right to discipline members. In October the Board of Directors decided that a salaried employee of a commission house could not do a brokerage business for his personal benefit, and later in the same month the Directors took action to prevent members from using exaggerated and sensational advertising methods, such as predicting "sky rocket" advances or "bottom dropping" declines. The last of October, under the title of "Grain Shippers' Association of Chicago," grain shippers combined for the purpose of establishing more uniform methods in handling the property in which they dealt, and three weeks later Walter Hately was appointed the chairman of a committee by President Warren to undertake the task of raising \$25,000 on the Exchange floor, which amount was to be devoted to the coming International Live Stock Exposition. This proved a great success, 117 loads of the "show steers" being sold at auction at an average price of \$7.05, two of the carloads bringing over \$9. In December a special meeting of the Directors was held for the purpose of presenting a petition, which had been liberally signed, reciting the great services of Mr. Warren as President, and urging him to accept a renomination. Notwithstanding this appeal, President Warren decided not to become a candidate, and a caucus was held

at which Reuben G. Chandler was named as the candidate for President. The last official act of the Directors was to post an amendment providing for the raising of the membership transfer fee from \$25 to \$100, which proved to be a subject of much contention the following year.

The acts of foreign governments relative to American exports of grain and provisions affected the Chicago markets more or less during the year, as in April England imposed a duty of three pence per cwt. on grains and five pence per cwt. on flour, and the Tariff Committee of the German Reichstag fixed a duty of \$9 per double cwt. on bacon.

One sensation of the year grew out of the attempted sale of a quantity of condemned meat, which was followed by the arrest of a local meat dealer, and which led to the adoption of a new rule as to the inspection and disposition of condemned animals at the stock yards. It had been the practice to have the condemned animals placed in rendering tanks under the direction of the Board of Directors of the Chicago Live Stock Exchange; the tanks were then sealed by government inspectors. By the new rule the government inspectors were placed in full charge of all condemned meat from the time animals failed to pass muster to the time the meat was sealed in the rendering tanks.

In January a membership sold at \$3,950, while in March the price rose to \$4,350, fell in August to \$3,100 and sold in December at \$3,600.

In the markets the year 1902 may be described as the "oat year." There was much speculation in other cereals, but from first to last the oat market held the center of the stage. Mr. James A. Patten was a large trader in oats in January, and on the 27th of that month, when May oats dropped 5 cents in 15 minutes, he was said to have lost \$400,000 in paper profits on the 8,000,000 bushels which it was estimated he held. Mr. Patten was not on 'Change at the time, but the demand for \$50,000 in margins was promptly met. Within ten minutes there was a reaction of $4\frac{1}{2}$ cents, and by some it was thought that Mr. Patten's position was strengthened by this well planned bear raid, as many of the "tailers" had been forced to sell. During the last days of January oats recovered most of the loss caused by the bear raid, but the closing prices were below the figures quoted on the 2nd of the month. In February a reported advance in ocean freight rates on grain from $1\frac{1}{2}$ to 3 cents depressed the markets, while the fact that the farmers held a large part of the corn crop for higher prices brought the movement of that cereal nearly to a standstill. Large sales of wheat for export were made the latter part of February, but the effect of this was counteracted by the report that the exportable surplus of Argentine was larger than in 1901. In March the many reports of damage to the wheat crop maintained the price of that commodity, but the

general course of the markets was devoid of interesting features until the proposal was made that No. 3 oats be made regular for delivery on contract. This furnished a sensation and as Mr. Patten did not oppose it, provided it was inoperative until after July, and the belief was encouraged that he expected to change his deal into July oats. A petition was circulated urging a vote upon an amendment providing for a "standard grade" of 28-pound white oats to take the place of the existing contract grade of "No. 2 mixed oats" as recommended by the Committee on Rules, and a few days later the Railroad and Warehouse Commission added a new inspection rule covering "standard oats," the same to be seven-eighths white and to weigh at least 28 pounds per bushel. In April the proposition to establish a new grade of "standard oats" to take the place of No. 2 mixed oats as a contract grade was carried by a vote of 642 to 149, and it was expected that this would increase the speculative trade by encouraging the eastern buyers to hedge their cash purchases in Chicago. In the meantime, provisions supported by Armour and Cudahy, showed considerable strength and Armour became a bull in the wheat market, buying 2,000,000 bushels of May wheat on April 4. The investigation of the alleged beef trust detracted from the general interest of the markets during April, but by May the increased trade in oats was such as to demand better facilities, and a petition was presented asking that a regular pit be installed for the oats traders. This was authorized by the Directors, and the Floor Committee ordered to prepare a pit for oats to be located on the west side of the Exchange hall.

On July 15 the deal in corn managed by John W. Gates was brought to an end with estimated profits of \$1,500,000. The length of the line settled for by the shorts was placed at 20,000,000 bushels, most of which was settled privately, the pits sales for the day being not much over 500,000 bushels. It was said that this deal was closed on account of the large receipts attracted by the high price which rose to 80 cents and fell back to 65¼ cents with the close of the deal. Harris-Gates & Co. found considerable difficulty in disposing of the large quantity of corn accumulated by them during this manipulation, and one sale of 1,000,000 bushels was reported to a glucose company. Growing out of this deal in corn, Charles Waite and Robert H. Thorburn were indefinitely suspended from the Board on charges of uncommercial conduct preferred against them by Harris-Gates & Co. on a claim of \$36,000. Interest in the corn market had hardly subsided before attention became centered upon the growing proportions of the corner in July oats. On July 29 the Directors established a marginal price on July oats at 45 cents, this action being taken on the petition of several interested houses. On the 30th Judge Chytraus granted a temporary injunction against the men alleged to be running the oats corner, this being issued in the interest of Waite-Thorburn & Co., and the defendants being

Bartlett-Frazier & Co., James A. Patten and Carrington, Patten & Co. It was alleged that there was conspiracy between the defendants to corner July oats, and that the market had been cornered and the price thereby raised to 70 cents. It was stated that this was the first time the courts had stopped deals upon the Board of Trade. It was the hope of those who took the matter into the courts to prove the illegality of corners. Margins upon July oats trades were "indorsed down" in several cases not covered by injunctions and President Warren appointed a committee consisting of Messrs. Chandler, Snyder and Bunnell to hear the evidence in cases of applications for such indorsements. This corner and the litigation growing out of it created widespread interest as was shown by the large volume of correspondence received by commission houses from country dealers concerning it. The Illinois Grain Dealers' Association held a meeting for the purpose of devising some plan of preventing the recurrence of corners, and, after much discussion, adopted a resolution asking the Board of Trade to amend its rules in such a way as to provide for trading in No. 3 corn for future delivery. By September thirty-one injunctions had been secured by Thorburn, Avery, and Norton-Switzer in the July oats deal, and these were consolidated in the hearing before Judge Chytraus. In his decision Judge Chytraus held that the Board could not adjudicate matters involving the property rights of its members. He did not determine the fact as to a corner, but said that if there was a corner on July 31 petitioners could not be compelled by the Board of Trade to settle at the price prevailing on that day. It was held that this decision deprived the corner of its terrors, and the immediate effect was to restrain the Bank of Montreal and the Continental National Bank from paying to the purchasers of oats from the petitioning sellers some \$450,000 held as margins. Appeals were taken in several cases, and the litigation was prolonged for a number of months. In spite of the excitement growing out of the corner in oats another corner, this time in September wheat, was quietly manipulated by Mr. Armour. In fear of this a proposition to make No. 1 and No. 2 hard winter wheat deliverable on contracts was presented, but this was defeated by a vote of 452 to 257, and at the close of September Mr. Armour closed out what was said to be the "biggest, quietest and most successful corner of the year." The amount for which settlement was made was estimated at 15,000,000 bushels with an average profit to the manipulator of 10 cents per bushel. In October a decision was rendered affecting the oats trade, the U. S. Court of Appeals reversing a decision of Judge Kohlsaat's that shippers selling "36-pound clipped oats, Chicago terms" must deliver 36 pounds for each bushel contracted for instead of the legal 32 pounds. The matter of the suspension of Robert H. Thorburn was again taken up by the Directors and the "indefinite" sentence was made a suspension of one year on

a charge of dishonorable conduct made by a special committee which investigated his business methods in connection with the Harris-Gates & Co. claim arising from the July corn deal. The retirement from business of J. Henry Norton in December resulted in the closing of all but one of the July oats deals in which he was involved through injunction proceedings. The exception was a test case which was still pending, and Mr. Norton paid all difference bills rendered by parties to whom he had sold oats, with the one exception noted, stating that he was satisfied that he had made a mistake in making application for injunctions. Another echo of the July corn corner came in December when A. W. Lloyd, traveling representative for the Illinois Grain Dealers' Association, charged that country shippers were discriminated against in the inspection of grain by employees of the State Railroad and Warehouse Commission. These charges were made at a meeting held by Commissioners Neville and French with a committee of grain dealers from all parts of Illinois, and Mr. Lloyd recommended that a school for inspectors be founded to secure uniform, scientific inspection.

After the close of the Armour corner in September wheat, that gentleman continued to be the chief factor in the market, and in October the fear of his big holdings of December corn caused the shorts to cover and it advanced October 16 to 51 cents, a rise of $1\frac{1}{2}$ cents for the day.

The litigation and the troubles resulting from the July oats deal were left as an inheritance to the year 1903, and the Board of Trade closed the year 1902 with a membership of 1,793 and a surplus of \$21,000, while the Real Estate Committee had expended about \$30,000 in construction and repairs.

During the course of the year fifty-three suits were instituted in which the Board was interested; in forty-six of these the Board or its officers were defendants, the cases arising from the July oats controversy numbering forty-one. Perhaps the most notable victory won by the Board in the courts was through the decision of the Supreme Court of Illinois in declaring unconstitutional the law passed in 1896 permitting public warehousemen to store their own grain. The Supreme Court also established the principle that bucket shops were not entitled to receive quotations from the Board of Trade. In the campaign against the bucket shops seventy injunctions were obtained, the greater number being against Illinois parties, but bucket shop keepers in Milwaukee and Kansas City were also included. Suits were pending against forty-four other bucket shops at Omaha, St. Louis, St. Paul, Indianapolis and other places. Three members, Lewin A. Wood, John J. Gardner and William E. McHenry, were expelled during the year, and the Board lost seventeen members by death. Sylvanus H. Stevens, Chief Inspector and Registrar of Flaxseed, was also on the mortuary list, dying in December. He had for many years been a

trusted employe of the Board, and was one of the members of the Chicago Board of Trade Battery, in which he enlisted in July, 1862.

The year as a whole was a prosperous one for the United States, and the great industrial activity taxed the transportation facilities to their utmost. Strikes and labor troubles were frequent and serious, and at times impeded the commerce of the country to a large extent. This was especially true of the coal strike, which affected large numbers of people not directly engaged in that industry. The crops of corn and oats in 1902 were the largest the country had known, while other crops were generally excellent, and this large production was reflected in increased activity in the Chicago market.

Wheat.—In the wheat trade of the year two facts were of especial importance. The first was the prolonged rains during and after the harvest season in both the winter and spring wheat sections, which greatly impaired the quality of the crop and interfered with the movement to market. The second was the operation of the Armour Grain Company in September wheat, by which the price was advanced to 95 cents on the last day of the month. The receipts of wheat amounted to 37,940,953 bushels and the shipments to 30,218,807 bushels, being much less than during the preceding year. Cash wheat on January 2 was quoted at $78\frac{1}{4}@79$ cents and rose to $80\frac{1}{2}$ cents by the 7th, after which there was an irregular decline until 74 cents was touched on the 27th. The range during February was narrow, being between 73 cents and $76\frac{1}{2}$ cents, and the downward tendency continued during March, $69\frac{3}{4}$ cents being reached on the 31st. By the close of April the market had reacted to the extent of about 5 cents, about 2 cents of which was lost during May. In June the price of $71\frac{1}{4}$ cents was recorded, but on the 30th wheat was quoted at $74\frac{3}{4}@75\frac{1}{2}$ cents. The July market ranged irregularly higher, 79 cents being reached on the 19th, after which there was a decline to $71\frac{1}{2}@76$ cents, with September wheat at $69\frac{1}{2}@70\frac{3}{4}$ cents. The August market was dull and of small range, the net gain for September wheat being about 1 cent from the first to the close of the month. It was during September that the strong hand of the Armour Grain Company affected the market, and this was felt especially during the last ten days of the month. The price reached 80 cents on the 22d and 95 cents was paid for round lots of regular cash wheat on the 30th, but after the short sellers had been forced to settle the price fell to $72\frac{1}{2}$ cents. The September delivery only was affected, and the December delivery was weak, the quotation at the close of the month being $68\frac{1}{4}@68\frac{7}{8}$ cents. The market during October was a normal one with an upward trend which carried the price of cash wheat to $75\frac{1}{2}$ cents the 17th, and the month closed at $71\frac{1}{8}@74$ cents. The November range was from $69\frac{7}{8}$ the 7th to $77\frac{3}{8}$ cents the 20th,

while the month closed at $73\frac{1}{2}$ @75 cents. The December range was narrower, being from $71\frac{1}{8}$ cents the 2d to $77\frac{3}{4}$ cents the 12th, the year closing at $72\frac{5}{8}$ @ $73\frac{3}{4}$ cents for cash wheat with May at about $76\frac{1}{2}$ cents. The low point of the year was $67\frac{1}{2}$ cents in October, and the high was 95 cents paid in September.

Corn.—While the corn crop of 1901 was small on account of the drought, conditions were such as to provoke active and, at times, excited speculation. The visible supply of corn was less than 12,000,000 bushels in January, and by September 30 had reached 2,264,000 bushels. The receipts were 50,622,907 bushels as against more than 84,000,000 bushels in 1901, and the shipments were 45,557,999 bushels, as against 64,000,000 bushels the preceding year. Prices were more satisfactory, however, and ranged from 88 cents in July, this being the highest price for a decade, down to $43\frac{3}{4}$ cents in December. The first of the year the price stood at $62\frac{3}{4}$ @ $63\frac{1}{2}$ cents, declining irregularly until $56\frac{1}{2}$ cents was reached the 28th, and the month closed at $59\frac{1}{2}$ @ $60\frac{1}{4}$ cents. The range during February was from $64\frac{1}{4}$ cents the 4th to $56\frac{5}{8}$ cents the 25th, cash corn selling on the 28th at $58\frac{7}{8}$ @ $59\frac{1}{2}$ cents, which was also about the price at the close of March. The net gain during April was from 2 to 3 cents per bushel, although $64\frac{3}{8}$ cents was touched on April 23. The range during May was small and the market steady, and it was not until the middle of June that prices tended strongly upward, going from $62\frac{1}{2}$ cents the 16th to $71\frac{1}{2}$ cents the 30th. July was a month of great speculative activity, the high point of 88 cents (some sales were reported at 90) being reached on July 8. The market held strong at from 84 to $85\frac{1}{2}$ cents until the 14th, when the Harris Gates deal was closed up, the market falling 5 cents on the 14th and an additional 10 cents on the 15th. Large receipts from country sources, together with the marketing of the heavy line accumulated by the manipulators, forced the price down until 56 cents was reached on the 31st. This reaction from the feverish activity of the fore part of July continued throughout August, the market for cash corn opening at 58 @ 60 cents, touching 54 cents the 13th and closing at 59 cents. September markets ruled slightly higher, reaching $62\frac{1}{2}$ cents the 24th, but the month closing at 58 cents, and the range during October was irregularly downward until 55 cents was touched on the 31st. The November range for cash corn was from $52\frac{3}{4}$ to 58 cents, while December corn went from $49\frac{7}{8}$ the 3rd to $59\frac{3}{4}$ cents the 20th, after which there was a sharp decline to 52 the 25th. The course during December was irregularly upward until the 12th, and irregularly downward during the remainder of the month, the year closing at $43\frac{3}{4}$ cents, the low point of the year.

Oats.—The opening of the year found conditions peculiarly favorable for speculation in oats as the reserve supply was largely exhausted, and continued wet weather during the previous autumn

had restricted the movement and made possible the excited markets which prevailed during the summer and especially in July. The receipts for the year aggregated 78,879,800 bushels, and the shipments to 58,030,291 bushels, the movement being much smaller than in 1901. Cash oats were quoted at $45\frac{1}{4}@46$ cents on January 2, the price declining irregularly to $38\frac{1}{2}$ cents the 27th, and the month closing at $43\frac{3}{4}$ cents. The range during February was small, but the month closed at $44\frac{1}{4}$ cents, the highest point of the month. During March the trend of the market was downward, touching $40\frac{1}{4}$ cents and the month closing at $40\frac{1}{2}@41\frac{3}{8}$ cents. It was during this month, as previously stated, that there was agitation for the creation of a new grade to be known as "Standard" oats, and this was adopted in April, the first quotation for the new grade, for July delivery, being $36@36\frac{1}{4}$ cents on April 14. The range for cash oats during April was from 41 to $44\frac{1}{2}$ cents, the quotation at the end of the month being $41\frac{1}{2}@42\frac{3}{4}$ cents. During May, through manipulation, the price of oats for that month's delivery was forced upward, and on the 31st it became apparent that the market was in the control of one interest, and the price went from $43\frac{1}{4}$ cents the 29th to $49\frac{1}{2}$ cents the 31st, which was the basis of settlement for a large line of shorts. The May deal was not particularly disastrous in that only the larger interests were caught on the short side. The course of the market during June was a repetition of May on a smaller scale, the price of cash oats advancing irregularly from 39 cents June 2 to a top price of $48\frac{1}{2}$ cents June 30, while the July delivery went from 34 cents to $43\frac{1}{2}$ cents during the course of the month, and it was during this time that the foundation for the July corner was laid. The market for No. 2 cash oats culminated July 19, at 56 cents, being followed by a decline of 5 cents the 21st with an additional fall to 44 cents the 26th, and reaching 40 cents in the demoralized market of July 30, reacting to $44\frac{1}{2}@47$ cents the following day. Under the influence of manipulation Standard oats which were quoted at $47\frac{1}{4}@48\frac{3}{8}$ cents on June 30 rose by July 25 to 71 cents, which was the climax of the corner, and the high price for the year. On the break, July 26, they touched 54 cents and fell to 53 cents by the 29th. By the close of the month, however, the market had been put up to $60@63$ cents. The disastrous effects of the July corner, and the litigation which grew out of it left the August market completely demoralized; No. 2 cash fell to 25 cents, and Standard cash to $33\frac{1}{2}$ cents, both reacting by the end of the month. During September the range of No. 2 cash was from $26\frac{1}{4}$ cents to $27\frac{1}{4}$ cents, and of Standard cash from $32\frac{1}{4}$ to $35\frac{1}{4}$ cents. No. 2 cash oats were slightly higher in tendency during October while Standard cash declined about 2 cents during the course of the month. In November the range for No. 2 cash oats was from $27\frac{3}{4}$ cents the 1st to $29\frac{1}{2}$ the 28th, and of Standard cash from $29\frac{3}{4}$ cents the 1st to $32\frac{1}{4}$ cents the 28th. The course

of the market for No. 2 cash oats was irregularly upward during December until 32 cents was reached the 27th, and the year closed at 31 cents, with Standard $\frac{5}{8}$ cent higher.

Barley.—The barley crop of 1902 was the largest on record up to that time, although excessive rains, especially in northern Iowa, made a large part of the crop of poor quality. The receipts were 14,923,173 bushels and the shipments 3,505,423 bushels. The free use of corn and other substitutes in brewing made it possible to use poorer qualities of malt with a consequent tendency to the use of the lower-priced raw material, but the fair price for feed grains maintained throughout the year sustained the price of barley to some extent. Stocks were low the first of the year, and so much barley was being mixed with oats that the supply of the former grain for malting purposes was limited. The price for No. 3 cash barley on January 2, 1902, was 57@62 cents, the outside price went to 65½ cents during the month, but the closing quotation was the same as the opening price. There was but little variation until the middle of March, when the price gradually rose to 61@67 cents. This rise continued through April and May, reaching 72 cents on May 28. The top price ranged from 68 cents to 73 cents during June, and the major part of July, after which it declined irregularly the remainder of the year, reaching 60 cents in August and ruling below that figure the remainder of the year, the closing price being 58 cents for the best No. 3 barley.

Rye.—The rye crop of 1902 suffered the same as did barley from excessive rainfall, and while the crop was the largest then on record, nearly one-half of it was hardly of merchantable grade. The high prices for corn and oats aided in maintaining the price of rye and the inferior grades were exported in large quantities. The receipts in the Chicago market were 3,170,541 bushels and the shipments 2,834,215 bushels, the shipments exceeding those of the preceding year by 1,500,000 bushels. The highest prices for the year were paid in January, No. 2 cash rye selling at 67@67½ cents on the 6th. There was a sharp decline near the middle of the month to 56½@61½ cents, the outside price falling 2 cents additionally by the close of the month. During February the range was downward, and another 2-cent loss was recorded by the 28th. The March range was small, but by the close of the month the outside price had fallen 1½ cents, and the net loss during April was but ½ cent. The market was steady during May and June with a slightly upward tendency until 61½ cents was reached the middle of July. From this point the market receded, the outside price touching 48½ cents the fore part of August and the month closing at 50 cents. The range during September was from 49 to 50½ cents, while the October range was from 48 to 50½ cents. The high price in November was 51½ cents and in December 52½ cents, the market closing at 51 cents.

Flour.—The flour trade of Chicago showed a marked decrease as compared with the preceding year, the trade being largely of a local character, except the business transacted by the flouring mills. City manufacture was 1,262,224 barrels; receipts were 7,395,207 barrels, and shipments 5,839,441 barrels. Railroad discriminations against the Chicago manufacturer were not so excessive as in former years, and a concession of 2½ cents per hundred pounds on shipments for export benefited that portion of the trade. Prices for the best grades of winter wheat patents ranged from \$3.50 to \$4 per barrel, the lower price prevailing during the latter part of the year.

Seeds.—Receipts of timothy seed were 49,959,011 pounds, and shipments were 40,111,410 pounds. The range for the year was from \$2 for seed of poor quality at the close of December to \$7.35 paid in May for the best grade of prime seeds. The price for prime contract seed per hundred pounds was \$6.20 in January, rising irregularly to \$7.35 in May, but losing \$1 of this advance by the middle of June. Prices then ruled irregularly lower, \$3.75 being reached the 1st of October, after which there was an irregular rise to \$4.25, which was the closing price of the year. The receipts of clover seed were 7,770,868 pounds, and the shipments 6,339,522 pounds. The price of prime clover seed reached \$10 in January, receded to \$7.90 in April, advanced steadily until \$11.35 was reached in October, after which it fell to \$10.75 in December. The increased prices the latter part of the year were due to unfavorable weather which damaged the crop.

The receipts of flaxseed were 4,737,667 bushels, and the shipments 1,254,780 bushels, the latter being the least, with the exception of 1901, of those of any year since 1878. The quality of the crop was inferior, nearly 47 per cent of the receipts falling below contract grade. Trading was dull and devoid of marked speculative features. No. 1 cash flaxseed was quoted at \$1.58@1.61 on January 2, advanced to \$1.80 by April 18. From this point the market declined gradually to \$1.63 on July 12, followed by a sudden drop to \$1.43 on the 16th, and a rally to \$1.55 by the close of the month. The outside price August 1 was \$1.55, declining irregularly to \$1.45 on August 30. The range was downward throughout September and October, the price reaching \$1.17 for the best samples on November 5. This was followed by a gradual reaction to \$1.25 on December 16, the last quotation for the year being \$1.14@1.21, according to quality.

Live Stock and Provisions.—The receipts of cattle were 2,941,559, and the shipments 909,915, with 2,031,644 for city consumption and packing. Shipments of dressed beef amounted to 1,049,801,765 pounds. Good to extra steers were quoted at \$5.40@7.75 in January, the price of the best grades falling to \$7.25 in February, and advancing irregularly to \$9 in August and the first half of Sep-

tember. The market then declined, going below \$8 the latter part of November, and was quoted at \$6.40 for the week ending December 27, with good steers selling as low as \$4.85. The receipts of sheep were 4,515,716, and the shipments 831,728 head.

The receipts of live hogs were 8,395,533, and the shipments 1,251,798 head. But 6,645 dressed hogs were received during the year. The price for heavy packers and shippers hogs was \$6.25@6.75 for the week ending January 4; \$7 was reached as the outside price in March and \$8 in July, the high price for the year, \$8.25, being paid during that month. The outside price declined to \$7.45 in August, advanced to \$8.20 in September, and then declined irregularly, going below \$7 the last week of October. During the remainder of the year the price ruled below \$7, the year ending almost as it began. Chicago maintained its supremacy as a packing center, practically its only competitors being Kansas City, South Omaha, St. Joseph, and St. Louis, in the order named, but the packing of Chicago was nearly equal to that of the four cities combined. The provision market was the scene of much speculation, but without the sensational features which marked other years. Mess pork stood at \$16.80@17 the first week in January and declined irregularly to \$15 the last week in February. From this point the market advanced to \$18.70 the first week of July, receded to \$15.85 in August and ranged between \$16 and \$17.25 during the remainder of the year, closing at \$17.25. The lard market was active with higher prices than in 1901, and with much speculative trading. Cash lard sold from \$9.95 to \$10 per hundred pounds the first of the year, with May lard at \$9.87½@10.02½. Cash lard was as low as \$9.07½ in the latter part of February, but during March the price improved to \$9.75 and in April to \$10.07½. The advance continued, cash lard reaching \$10.42½ in May, and \$11.42½ in July. There was a decline in August, which was regained by the end of September, and the month of October closed at \$10.95@11. The November range was much the same, while the market was easier in December, the range being from \$10 to \$10.75, the lower prices prevailing at the close of the month.

Transportation.—The average freight rates on wheat and corn per bushel from Chicago to New York were slightly in excess of those charged in 1901. The rate by rail on grain per hundred pounds to New York was 17½ cents until December 8, when it was increased to 20 cents. By lake and rail the rate on wheat per bushel to New York ranged from 5.025 cents to 6.5 cents, and lake and canal rates on wheat per bushel to New York ranged from 4½ to 6½ cents per bushel.

1903

The year 1903 was one of great activity and general prosperity and these conditions were reflected in every phase of Board of Trade

life. Speculators, commission men, grain dealers and packers were all busy throughout the year and there was scarcely a dull day on the Exchange. This business energy also manifested itself in other directions and few years have witnessed so many changes and proposed changes in the rules of the Association and so many different problems of interest in the life of the Board. Litigation as to the use of quotations and against the bucket shops occupied much attention and for a time the old question of privilege trading caused sharp differences in opinion among the members. The "July oats" deal of the previous year, with its long-drawn disputes and litigation, cast a shadow over the entire twelve months of 1903 and involved several acts of discipline. The Board was composed of strong, active and alert business men, each with a mind and an opinion of his own, and there were none to follow blindly the lead of others. It was this independence of spirit and the presence on the Board of so many men of acute intellect which made the contentions of the year interesting and well sustained on both sides of every question. In the market place the large operations of the Armour interests, both in produce and provisions, were dominating factors, and the chief market influence was the prolonged wet season of the spring and summer months. The packing interests, especially in the beef packing industry, were busy and prosperous and there were many events of interest in the provision trade.

The campaign against the bucket shops and the differences with the Open Board were at their height the first of the year and President Warren, while not a candidate for re-election as President, decided to be a candidate for Director, in order that he might continue the bucket shop crusade, retaining the services of John Hill, Jr., as the chief agent of the Board. The shipping and receiving interests felt that they were not sufficiently represented in the Directorate and brought Frank Marshall forward as their special candidate. There was no opposition to R. G. Chandler for President, or to H. M. S. Montgomery, for Second Vice-President, and but little contest as to Directors, Wm. S. Warren, Robert Bines, G. W. Patten, J. B. Adams and E. W. Wagner being elected. This spirit of harmony was emphasized when the Directors passed a resolution thanking the retiring President, W. S. Warren, for his "uncompromising loyalty to his convictions and his unvarying courtesy," and this same spirit was shown at the annual meeting, when Reuben G. Chandler assumed the reins of government. The financial report showed that there was no indebtedness against the Association except the bonded debt. The receipts for the preceding year amounted to \$278,653.25, the chief items being \$89,800 from assessments, \$28,277 from quotations and \$129,253 from rentals. The expenditures were \$270,056.47 and included nearly \$30,000 for legal expenses and more than \$35,000 for construction and repairs. The cash on hand was \$19,411.82, a gain of nearly \$10,000

during the year, and more than \$16,000 was due from telegraph companies. The Directors were also pleased to announce that every room in the building was rented.

The clearances of the Board of Trade Clearing House showed another substantial increase and this was pointed out as an argument in favor of the continuation of the campaign against the bucket shops. A large part of the report dealt with the work of the legal department, saying that "fifty-three suits have been commenced during the year in which the Board was involved; in forty-six the Board or its officers were defendants; forty-one of these related to margins on July oats; three sought to prevent the Board from disciplining its members, and the rest arose out of the Board's efforts to protect its property right in its quotations and keep them from bucket shops." In the course of the litigation decisions had been rendered sustaining the right of the Board to maintain its commission rule, declaring unconstitutional the law allowing warehousemen to store their own grain and upholding the Board's property right in its quotations. Seventy injunctions were secured against bucket shops during the year 1902 and other suits were pending. In the Weare-McNeil case the injunction restraining the Board from trying Weare was dissolved, as was also the order restraining McNeil from presenting testimony. In the July oats cases the situation was not so satisfactory, for the court had decided that the Board had no control over the property interests of its members, although it might discipline them for violation of its rules. This meant that parties could not be compelled to abide the decision of the Margin Committee. The address by President Chandler was exceptionally brief, but he pledged himself "to rigidly maintain the Commission rule, to zealously defend our right to control our quotations and to pursue, without ceasing, the efforts now in progress to suppress bucket shops wherever they exist."

Despite these evidences of harmony there were many perplexities confronting the Board. The Peavey Elevator Company denied that it was interested in building up the Open Board as an independent grain market, but it was undeniable that that institution was making strong efforts to supplant the Board of Trade as a market center. Open Board quotations were being sent to many points by the Western Union, and an official of the company said it had applications for 50 tickers in Chicago and from 200 outside points, and that it had been able to furnish 100 quotations in wheat before the opening of the Board of Trade at 9:30 a. m. The Western Union and the Postal companies applied for floor space on the Open Board, and their action was severely criticised by members of the Board of Trade. The Open Board, which had used the rules of the Board of Trade decided to make rules of its own for the cash grain trade, and instituted an extensive advertising campaign in the daily papers of the city. This advertisement stated

that the Open Board was supplying quotations to the Western Union which were widely distributed, that the commission rate was 1/16 of a cent per bushel for a purchase and sale, and that it was about to change its rules to prevent corners and artificial changes of prices. It claimed to have 100 prominent firms as members, and a list of the leading ones was published. The Board of Trade continued to withhold its quotations from the Open Board and in addition the Directors posted a rule prohibiting any member from trading with "any association or concern trading in differences without a bona fide agreement for actual delivery." This was to prevent members from trading either with the Open Board or with bucket shops. The Open Board adopted the same contract grades as used by the big Board, and made every effort to secure business, but the passage of the new rule, by a vote of 442 to 247, was a hard blow to it. This warfare continued, but by May it had grown irksome to the Open Board and Mr. Albertson, who favored an independent board, was defeated, for President, by Mr. Howard, who wished to compromise with the Board of Trade. Following this Open Board election it was announced that peace between the two Boards was near and that the Open Board was ready to adopt reforms, but not to give up privilege trading. After this the relations of the two Boards were more friendly, although the rule against trading was not repealed and there was no formal peace agreement.

The situation as to the bucket shops remained the same as outlined in the Director's report until the latter part of January, when an injunction was obtained against the Central Grain and Stock Exchange, which was distributing Board of Trade quotations to points in Illinois. There was no let up in the prosecutions, and, in February, particular pleasure was expressed over the indictment of G. J. Hammond, an old offender in this line, who had been arrested for wire-tapping in 1898, and in the continued raids against the various "Get-rich-quick" concerns. President Chandler announced at this time that the grain trade all over the United States was opposed to the bucket shops and cited the legislation then pending against them in Minnesota, Wisconsin, Indiana, Kentucky and Tennessee. New York, the small cities of which state were fairly overrun with bucket shops, also proposed stringent laws against them, and for the agitation which led to this legislation the Board of Trade was largely responsible. The bucket shop men were active in retaliation and secured the indictment of five Board of Trade members for running a bucket shop, but these indictments were quashed for lack of evidence on the advice of States' Attorney Deneen. A reverse was sustained by the Board when Judge E. B. Adams, of the United States Circuit Court at St. Louis, refused to grant injunctions against two St. Louis bucket

shops, on the ground, which was later held to be indefensible, that the Board of Trade quotations arose from gambling transactions and therefore were not entitled to the protection of the courts. An immediate appeal was taken from this decision. The winnings of the bucket shops were so great that the owners made the strongest fight possible, and John Hill, who still headed the prosecution, declared that they had a defense fund of at least \$50,000 per month and an organization extending into several states. In May the United States Court of Appeals sustained the permanent injunction granted against G. T. Sullivan, restraining him from receiving Board of Trade quotations. This was a part of an extensive litigation. Sullivan first brought suit in the state court at Chicago to enjoin the Cleveland Telegraph Company and the Board of Trade from cutting off his quotations, this being decided against him in the lower court and in the Court of Appeals. He was also defeated in a similar suit brought at Pittsburgh. The suit last decided was one brought by the telegraph companies in the Federal court at Chicago to restrain him from stealing quotations. Following this decision his concern, opposite the Board of Trade building, was raided by the police and many customers were arrested and booked as "inmates of a bucket shop." Sullivan was the publisher of the "Red Letter Tips," which were sent broadcast throughout the country, attracting many to their undoing, and he maintained many branch offices, several of which in Chicago were for the use of ladies only. Sullivan was indicted, on evidence furnished by Detective Wooldridge and John Hill, Jr., and he, thereupon, made charges of graft, claiming that an alderman had attempted to extort money from him for protection. The next step taken by the bucket shop interests was the filing of complaints by W. E. Lambert and W. J. Anderson, two victims of the Sullivan raid, against officers and members of the Board of Trade, charging them with keeping a bucket shop and with illegal transactions in privileges. All arrangements were made for an elaborate and spectacular raid upon the Board of Trade, twenty constables and two vans being held in readiness. Justice J. C. Everett refused to grant the warrants asked, and although they were granted by Justice Bradwell, there was such delay that the Board had adjourned for the day before an attempt could be made to serve them. The fact that a telegram was sent to Omaha saying that the Board of Trade had been raided and closed down was taken as evidence that this was but a bucket shop attack on the Board, which was happily frustrated. The twenty members for whom warrants were issued gave bond for their appearance, and the bucket shops were cheated out of the spectacular arrests for which they had hoped. Later the members appeared before Justice Bradwell and at their own wish were held to the grand jury. Although at one time it was announced that the grand jury had decided to take action, accus-

ing the officers of renting offices for bucket shop purposes, the cases were later dropped entirely. Sullivan was brought to trial and was fined \$300, from which decision he appealed. Later he was adjudged guilty of violating the injunction in Judge Kohlsaat's court, but he remained in hiding and at the end of the year the warrant for his arrest had not been served. Oscar M. Stone was also found guilty of violating a similar injunction by Judge Kohlsaat, but sentence had not been pronounced by the close of 1903. The Federal court also issued an injunction against the Hammond Elevator Company, which was distributing quotations in Illinois. In the case against the Christie Grain & Stock Company Judge Shiras, of the United States Court of Appeals, rendered a decision against the Board, holding that it had no remedy at law on account of the nature of its own transactions, and appeal from this decision was taken to the United States Supreme Court.

That the Board was not a unit in this bucket shop campaign was shown by a pamphlet, issued in December, by W. S. Crosby, in which he said the crusade was an expensive failure and defended trading in privileges. This circular brought a sharp rejoinder, signed by W. S. Warren, F. W. Smith and Robert Bines, in which Crosby was charged with being friendly to the bucket shops, and figures were given to prove that the Board of Trade was financially the gainer by the fight that had been made.

As stated in the report of the Directors, more than 40 suits were pending the first of the year in what was known as the "July oats" deal. The committee of the Board had fixed 64 cents as the settlement price and a number of firms refused to abide by the decision, claiming the price exorbitant and fictitious and offering what they considered a legitimate price. These offers were refused and resort was taken to the courts. Judge Chytraus granted injunctions restraining the payment of sums deposited as margins and his action was sustained by the Appellate Court, which held that contracts for future delivery must be made with a view of future legitimate values, and not fictitious values, and denied the right of the Board to pass upon the property rights of its members, but the right of the Board to discipline members for violation of the rules of the Association was upheld. The court held that the running of the corner price up to 64 cents, when the legitimate value was 38 cents, was a violation of the criminal statutes and that the Board had no right to adopt Section 6 of Rule 20, concerning settlements. The effect of this decision was that all contracts on the Board of Trade were upheld, except when there was a corner. The ruling that the Board had power to discipline encouraged the longs to bring charges against the defaulters and J. A. Patten had H. C. Avery cited before the Directors, while Bartlett-Frazier entered complaint against Pratt & Buckley. Mr. Avery was stricken with apoplexy before the time set for hearing and this not only delayed

the case but created much sympathy for him. The latter part of January many of the principals involved agreed to arbitrate, and a committee consisting of Geo. T. Smith, Albert Seckel and A. S. White was appointed. The charges against Pratt, Buckley and Avery were brought before the Directors, however, and the three were suspended for one day, although the sympathy of the Board was with them, and the first ballot by the Directors was a tie, and they were convicted on the second ballot by a vote of 8 to 6. The feeling was so strong that, on account of these suspensions, H. B. Slaughter tendered his resignation as a Director, but this was not accepted and he was induced to withdraw it. The special committee fixed 57¼ cents as the settlement price in the arbitrated cases, and at this price many of the defaults were settled. No general compromise was affected, however, and it was not until November that the final arguments in the case were made before Judge Chytraus and it was not until after the close of the year that a decision was rendered.

Another matter left over from the preceding year was the case against the Weares on charges preferred by McNeil. The restraining orders having been dissolved, this case was brought before the Directors in February, and lengthy hearings were held, as a result of which P. B. Weare was suspended for two years and C. A. Weare for one year. Six weeks were consumed in this trial. J. H. Milne and Chas. Brosseau at first appeared for the defense, but later withdrew, the defense being conducted by J. F. Mackenzie, while John Hill, Jr., had charge of the prosecution. Following the suspension, it was announced that Bryant & Co. would take care of business on the floor for the Weares and that McNeil would pursue the case in the courts. The Weares, in turn, were instrumental in having charges brought against McNeil for bucket-shopping orders and, in July, he was brought to trial before the Directors and was expelled for "uncommercial conduct," although he made loud claims that he had been "railroaded" and charged that witnesses had been bribed.

Perhaps during no single year were there so many successful and unsuccessful efforts to change the rules as to grades of grain. The first movement of this kind was in January, when a rule was posted that oats deliverable on contract should include No. 1 white, new No. 1 white, No. 2 white, new No. 2 white, Standard and New Standard. This was adopted on January 26. In the meantime much discussion had arisen as to the delivery of kiln-dried corn on contracts. The Appeals Committee considered this matter, and decided that it should pass as "regular." This was not satisfactory to many members and the Railroad and Warehouse Commissioners were asked to hold a meeting to consider establishing a separate grade for kiln-dried corn, it being the intention, if such grade were established, to ask the Board of Trade to make it "non-contract."

A hearing was held by the Commissioners and, in March, they decided that no change was necessary.

The next movement of this kind was the latter part of January, when a petition was presented to the Directors asking that a rule be posted making No. 2 hard winter wheat regular. This proposal had been twice defeated by the Board and the Directors refused to grant the petition. A second petition bearing 100 names was soon presented, thus forcing a vote by the full Board. A number of circulars were issued supporting the change and one in reply, which asked if the Board was ready to commit suicide by taking such action. The result of the ballot was the defeat of the amendment by a vote of 554 against to 231 for the proposition. The matter came up again in May, and there was much sentiment among the Directors in favor of making No. 2 hard winter wheat regular, but with a penalty of five cents, and this proposition was submitted to ballot and adopted by the Board in June. In April the Directors recommended the passage of a rule providing for the appointment of a Grain Committee of five members to hear disputes arising from the action of official samplers, their decision to be final. This rule was adopted by the Board and the first Grain Committee, appointed under it, consisted of W. N. Eckhardt, Wm. Dunn, B. A. Eckhart, C. B. Pierce and E. Gerstenburg. Hardly had the new rule as to wheat been adopted when there came a demand that No. 3 corn be made regular, likewise with a penalty of five cents per bushel, but this was disapproved by the Directors. The entire inspection system came under fire at the Grain Dealers' convention held at Minneapolis in October and was defended by Chief Grain Inspector Bidwell, nevertheless the sentiment of the Board was in favor of national, rather than state, inspection, as had already been outlined by the Agricultural Department and refused to send delegates to the Grain Inspectors' National convention, on the ground that it would be controlled by those in favor of state inspection, while the Board favored national inspection. Late in November a committee of five was appointed to investigate irregularities in the inspection service as charged by Capt. I. P. Rumsey and others protesting against the mixing of winter wheat with No. 1 northern. This committee reported the latter part of December, finding many irregularities and declaring the inspection too high, making it almost impossible for country shipments to get into the contract grade. They recommended competent judges to supervise inspection and urged legal action against inspectors, when evidence of wrong was obtainable. The last move made as to grade during the year was the circulation of a petition to make No. 2 hard winter wheat regular, without penalty, after July 1, 1904. Another matter of the rules which excited much interest was in connection with the proposal made by the Directors, in January, to increase the transfer fee from \$25 to \$100, this being defeated by

a vote of the Board. A similar rule was posted in July, with the added provision that the increased amount was to be used for the retirement of memberships. The Rules Committee presented a printed argument in favor of this change, but it was again defeated by 250 majority. The matter of the retirement of memberships came up again in December, when the Directors posted a rule providing for their purchase at \$3,000, assessments of \$25 to be levied for the purpose in 1904, 1905 and 1906. Among the last acts of the Directors for the year was the approval of the following propositions: to increase the fees of the Grain Committee in settling disputes, to reduce the penalty on No. 2 hard winter wheat to 3 cents and to confine Saturday deliveries to the hour from 8:30 to 9:15 a. m.

Quite the most exciting contention of the year arose in March over matters of legislation. Senator Rainey's bill to fill up the Illinois and Michigan Canal, which was characterized as a "pestilential ditch," backed with figures showing that from 1880 to 1900 the expenses had exceeded the tolls by \$554,668, and that in 1901 the expenses were \$111,002 and the tolls but \$8,120, created some sensation and emphasized the changing transportation conditions, but there were other matters pending which were of much more interest to the members. A committee was appointed to go to Springfield to urge legislation for civil service in the Inspection Department, and sentiment was expressed in favor of the bill to amend the law relative to options, expressly legalizing them when for bona fide deliveries and prescribing penalties for circulating false market rumors and for manipulations, as it was thought this would prevent any so-called "welching" and would be a blow to the bucket shop interests.

Antagonism was aroused, however, when it was reported that W. S. Crosby had gone to Springfield for the purpose of urging legislation to legalize trades in privileges. The Directors passed a resolution opposing the repeal of the law against dealing in privileges, but this action was resented by those who favored such trading, and petitions were circulated and a delegation was sent to the state capital in support of the proposed law. One thousand names were signed to the petition, which was forwarded to the legislature by telegraph, and there was talk of formal protest as to the action of the Directors. Director W. S. Warren in a strong interview opposed the repeal, and he later circularized the legislature, saying that 168 names on the repeal petition were those of clerks, and 34 those of non-members. In a short time opposing committees were on the ground at Springfield, and feeling ran high upon the Exchange. President Chandler appointed a committee to oppose repeal of the law, and called upon the members to stand back of the administration. By a practically unanimous vote, 500 members refused to withdraw their support of the repeal measure.

At this meeting President Chandler appealed for support and referred to decisions of the Federal court in which the Board of Trade was placed on a level with the bucket shops. Fervid replies were made by W. S. Crosby and Robert Lindblom, the latter circulating a petition asking that a meeting of the full Board be called. President Chandler at first announced that the Directors would continue their opposition to the bill in spite of the apparent sentiment of a majority of the Board, but it was soon thought best to drop the fight and not to send an official committee to Springfield. With the Board of Trade thus divided it is not surprising that no important legislation relative to the Board was enacted. On account of the rule forbidding such transactions on the Open Board or in bucket shops, the bulk of the privilege trading was done by telegraph in Milwaukee. Hammond, Indiana, now made a bid for this business, and it was planned to establish an Exchange, just outside the jurisdiction of Illinois, for this purpose. In October the following rule was recommended by the committee: "When any member shall, either in the Exchange building or elsewhere, contract to give to himself, or another, the option to sell or buy any of the articles dealt in on this Exchange, he shall be expelled by the Board of Directors." W. S. Crosby immediately came forward as the champion of those opposed to this rule and denounced the Illinois law against privileges as "unique and vicious." Much interest was taken in the controversy and it was acknowledged that the Board of Trade by its action in opposition to privilege trading had built up a powerful rival in Milwaukee. It was urged that these deals through the Milwaukee Exchange were in violation of the rules as then existing, because Chicago receipts were deliverable on such contracts, and the Directors were urged to act without waiting for a change of rules. This phase of the situation was considered by the Committee on Violation of Rules, and the Directors of the Milwaukee Chamber of Commerce also met to consider the enactment of a stricter commission rule as to members of such exchanges as the one at Peoria and other points, in an effort to conciliate the Chicago Board. The hours of the Milwaukee Exchange were made practically to conform with those of Chicago, and a resolution was passed against split commissions, except with Chicago traders, and on account of this action the Directors decided to postpone the vote on the proposed rule, although there was continued agitation on the subject.

The year was also full of incidents of interest to the provision trade. In January it was reported that the plan for the big merger of the Schwartzchild & Sulzberger with the Cudahy packing interests had been dropped on account of hostile legislation, and this opposition to big business was voiced by the National Live Stock Association, which at its convention held in Kansas City, resolved to fight the "beef trust," threatening to establish independent plants.

I. H. Kinley, as special commissioner appointed by the Supreme Court of Missouri, reported to the court in January that Chicago packers were guilty of conspiracy to fix and maintain prices, and the attorney-general of that state asked the forfeiture of their charters in the state of Missouri. This radical action was not taken, but as a result of the prosecution five of the large packing concerns were obliged to pay a fine of \$5,000 each, and to agree not to violate the anti-trust laws of Missouri in the future. In March the National Packing Company, incorporated under the laws of New Jersey with capital of \$15,000,000, was licensed to do business in Illinois. It included the Omaha Packing Company of Omaha, G. H. Hammond Company and the Anglo-American Company of Chicago, Hutchinson Packing Company of Hutchinson, Kansas, Hammond Packing Company of St. Joseph and Omaha, United Dressed Beef Company of New York and the Fowler Packing Company of Kansas City, thus forming another strong packing corporation. An innovation in 1903 was the experimental installation of a wireless telegraph plant in connection with the Armour company, this being, probably, the first Chicago system of the kind used for commercial purposes. Another improvement was undertaken during this year in the building of a new coliseum at the stock yards to seat 10,000 people, and to be the permanent home of the live stock exhibition, to cost \$100,000. The most interesting affair of the year, both to the provision trade and to the members of the Board arose as to the claim of Mr. Geddes that provision warehouses were obliged to furnish storage and insurance, providing they had room. There was evidence that favoritism was being shown and the Board appointed a committee consisting of J. H. Jones, Geo. Nicols, W. S. Jackson, W. N. Eckhardt and Robert Pringle to investigate and report. A further committee, of which W. H. Chadwick was chairman, was appointed to arrange some equitable plan of insurance for provisions. Both of these committees held interesting sessions at which the views of many members were obtained. The insurance committee approved a regulation making provision warehouses regular only when proper insurance could be secured, and the committee on the Geddes claim found that the Armour warehouse was a public warehouse and must furnish storage, this report being approved by the Directors. Another sensation was furnished the packing industry in the proposal to establish rival stock yards in the town of Lyons and the formation of a company for that purpose.

Among the other activities of this remarkably active year there were numerous miscellaneous events which should be mentioned to make the history of the time complete. The acts of the Directors ranged all the way from a decree that coats must be worn in the pits to the calling of a meeting of the Associated Exchanges of the United States. This meeting was held in Chicago during June, and formed a permanent organization with W. L. Gregson of

Chicago as President and G. W. Bailey of the New York Cotton Exchange as Vice-President. Its objects were stated to be the maintenance of the highest commercial standards, and the destruction of illegitimate trade. Chicago, New York, St. Louis, Milwaukee, Minneapolis, Baltimore, Memphis, Toledo and Kansas City were among the cities represented, and the meeting served to draw the Exchanges of these cities closer together and to unify action.

In June the Warehouse Committee reported in favor of a raise in the secondary storage rate for grain to 1/40 cent per day from 1/50 cent per day, and this rule was adopted, to take effect January 1, 1904. In August a hearing was held relative to the regulation passed in April, 1902, forbidding the advancing of profits to customers on unclosed accounts. No recommendation was made at the time, but in November the regulation was rescinded. The petition of the commission men that higher rates might be charged for transactions in cash wheat was rejected, but the proposition, that in case of expulsion, application for rehearing must be made within 90 days and must be posted for one week prior to the hearing, was approved. The Directors also initiated a movement in September for a joint meeting of Chicago shippers and New York buyers to settle any matters in dispute and to arrange for uniform shipping rules. A committee also arranged for a special train for Chicago representatives at the National Grain Dealers' Convention held in Minneapolis during October. This convention declared for the equalization of railroad rates, for Canadian reciprocity, for the removal of the tariff on Canadian grain and for the supervision of grain inspection by commercial exchanges and not by the Federal government, although this latter was not in consonance with the views of Chicago dealers.

Relative to matters of discipline Noble Jones was restored to membership, and R. H. Thorburn, under suspension for one year, brought suit against the Directors and Harris, Gates & Co. for \$200,000 damages, while L. A. Wood, expelled in 1902, sued for \$400,000. In March W. E. McHenry, who was expelled from the Board in 1902, was acquitted by the courts on a charge of larceny as bailee, and applied for reinstatement, and this application was renewed in November, but was refused.

In June the Directors authorized the appointment of a committee to solicit funds for the relief of Kansas flood sufferers, and more than \$1,900 was subscribed by Board members. The Board also took active part in the celebration of Chicago's Centennial and contributed substantially to its success.

During the year the Board was called upon to mourn the death of a number of its most prominent members. In February occurred the death of Wiley M. Egan, President of the Board in 1867, and, in March, death called N. K. Fairbank, who had been identified with the Board for many years and who was its President

in 1878. Mr. Fairbank was born in Sodus, New York, in 1829. He attended school until he was fifteen years of age, when his parents met with financial reverses and he was obliged to go to work as a brickmaker at Rochester. Later he kept books for a flouring mill in that city and came to Chicago in 1855 as western representative of David Dows & Co. of New York. He at once became a member of the Board of Trade. He was an active trader, his first big deal being in September wheat in 1872, and although he lost heavily, he paid his indebtedness in full in a short time. He became interested in lard and cottolene through buying into the firm of Smedley, Peck & Co. This later became N. K. Fairbank & Co., and such was its favorable reputation that when the business was sold to the cotton seed oil trust \$1,000 per month was paid Mr. Fairbank for the continued use of his name. He was known for his public-spiritedness, and it was his donation of \$25,000 which started the fund for the new Central Music Hall after the great fire. Besides his large manufacturing interests and his dealings on the Board of Trade, he was a Director of the Commercial National Bank and of the Chicago & Northwestern Railway.

But a few days after the demise of Mr. Fairbank occurred the death of another conspicuous figure in the history of Chicago and of the Board of Trade in the person of Gustavus F. Swift. He was born in New England and was a typical Yankee. His father was a farmer and he lived on a farm until he reached maturity and then engaged in a small retail meat business in Barnstable, Mass. This business expanded and he removed to a larger field at Brighton, Mass. His next venture was at Albany in partnership with J. A. Hathaway and he came to Chicago in 1875, where he entered the live stock business, shipping cattle to the eastern markets and then began the slaughter of cattle at the yards and the shipment of dressed beef in refrigerator cars. The firm of Swift & Co. was incorporated in 1885, with a capital of \$300,000, and it quickly grew to giant proportions, having a capital of \$25,000,000 in 1902. Mr. Swift was at times an active trader in provisions and was an interested member of the Board of Trade at all times. He was a man of simple, democratic tastes, and for many years occupied a modest home in the stock yards district, although many times a millionaire.

The third ex-President to die during the year was W. T. Baker, who had the exceptional honor of being at the head of the Chicago Board of Trade for five years, as follows: 1890, 1891, 1895, 1896 and 1897. He was also President of the World's Fair Board of Directors and President of the Civic Federation and was a large factor not only in the affairs of the Board of Trade but of the city. His death occurred in October, as the result of heart failure. He was born in West Winfield, N. Y., in 1845, and gained his first mercantile experience as a clerk in a country store, coming to Chicago in 1861 and being first employed as a bookkeeper for

Hickley & Handy, commission merchants on South Water street. He was successful as a commission merchant and as a trader and his influence was always for the highest commercial standards.

Another pioneer of the Board to die during this year was Geo. W. Higgins, who with B. P. Hutchinson was one of the first to build packing houses at the Union stock yards, and the year ended with the great tragedy of the Iroquois Theater fire, which aroused the sympathy of Chicago and of the nation.

It was not until near the close of the year that much interest was manifested in Board politics. A caucus was called and it was generally expected that Mr. Chandler would be renominated without opposition. To the surprise of the uninitiated W. S. Jackson was the nominee. This caucus action, which W. S. Warren denounced as "gutter politics," created much feeling and Mr. Chandler became a candidate by petition, thus giving an early start to a campaign which grew more heated as the canvass proceeded.

In the market place, while there were no great, outstanding manipulations, such as marked some other years of the Board's history, trading interest was well sustained, there was no real dullness and enough of the speculative spirit to keep traders on the alert during every month of the twelve. The Armour interests were the largest traders, and as their dealings were chiefly in provisions and wheat, interest was centered more upon them than upon coarse grains.

The packers stood behind the provision market the first of the year, Cudahy holding the pork, Armour the ribs and Swift the lard. No more pork could be packed for January delivery, and there was a large short interest and the opening price of mess pork was \$18. The report of stock on hand showed twice as large an increase as expected, and this eased the market until near the middle of the month, when there was a "January bulge" in all markets, due in part perhaps to the railroad blockade, which threatened a coal famine in the city. Armour bought several million bushels of wheat just at this time, causing a general advance. The strength in provisions lasted until some short interests in pork settled, some as high as \$19.40, while others shipped from other markets to meet their obligations. May wheat went to the highest figures for the crop up to that time, and the Armour interest was estimated at 20,000,000 bushels. Armour closed this deal late in January, after forcing the price up to 82¾ cents, this being his third manipulation in May wheat. His holdings cost an average of about 77½ cents and the sales averaged about 80½ cents, so that the profits were estimated about \$450,000. There was also a squeeze in January lard and shorts settled with Swift at \$10.45. After this there came a peaceful end to all January deals and there was a general decline in prices.

The rail blockade grew worse in February, causing a scarcity

of flour as well as coal and affecting the markets, especially for corn. Armour was again the chief figure in wheat and he forced the price up to 80 $\frac{1}{4}$ cents. Lack of shipping facilities caused an advance in live hogs and this reacted upon provisions, pork going to \$18 by the close of the month. March opened with better prices for provisions, but in wheat the longs sold freely early in the month, and the trend of produce prices was downwards, the decline being hastened when Armour threw 5,000,000 bushels of corn on the market on the 17th. A firemen's strike tied up the grain fleet for a short time in April, causing severe loss to the trade, but there was no market sensation until Armour again entered the market as a heavy buyer of wheat, both for May and July delivery. There were no marked manipulations during April, and the May delivery was without special excitement, the May markets closing without incident. By June continued rains, with attendant damaging floods, caused serious apprehension as to the fate of the crops, especially of corn. By the 17th corn had passed the 50-cent mark and wheat was approaching 80 cents with wide daily fluctuations. Armour was able to stem the rising tide by heavy sales in all pits and succeeded in securing a temporary decline, but in a short time all markets were excitedly higher and the short traders, who were thrice squeezed by Armour in May wheat, rejoiced over the general supposition that he was badly caught on the short side himself. The movement culminated about the 26th and prices were easier the remainder of the month, with a sharp decline in provisions, pork being quoted \$3 cheaper than during the first days of May. Perhaps the greatest excitement was in the oats pit. The elevator interests were short and the contract stocks were found to be only about 300,000 head and on the 26th, July oats showed an advance of 9 $\frac{1}{4}$ cents over the price June 1, the price advancing 3 $\frac{1}{8}$ cents in a single hour. More favorable weather and the collapse of a deal at St. Louis played havoc with the Chicago wheat market the first days of July. July was governed largely by "weather markets," and continued cold and wet days caused a boom in all grains, while prices for provisions declined, except for an exciting flurry, when covering by foreign shorts caused a temporary advance the middle of the month. The chief manipulation of the month was in oats, the price going to 45 cents the 30th and collapsing to 33 $\frac{1}{2}$ cents the 31st. The newspaper accounts of this deal were so at variance as to be amusing. On the 31st the "Tribune" said: "July oats deal is evidently going out with a flourish in spite of heavy receipts and large deliveries. Some sales were made as high as 46 $\frac{1}{2}$ cents." On the following day the "Tribune" said: "The oats corner forced the price to 46 $\frac{1}{2}$ cents, and it then went to 33 $\frac{1}{4}$ cents, forming an inglorious ending to the deal. It is reported that the Weares are heavy losers, owning many millions of bushels of high-priced oats. The country shipper was their Nemesis, there

being very large receipts after the middle of the month and the cleaning houses working night and day and 600,000 bushels were delivered the 31st. It was a bonanza for the elevators with mixing houses, and the shorts who did not settle at the high price." There were complaints that the oat deal was the work of a "blind pool," managed by the Weares, and an investigating committee was appointed, which found nothing seriously wrong with the transaction.

Unfavorable weather continued during August and kept prices on a high level, although provisions declined with the exception of a manipulated market in September lard, which reached a premium of 80 cents over October. Additional evidence indicated that the July oats deal was not profitable, for by the middle of September the Weares were forced to close their trades on 'Change, H. W. Rogers & Co. acting for them, the unsettled deals amounting to about 4,000,000 bushels, one-fourth being in oats. The Weares claimed that they were victims of persecution, and the President of the company, A. P. Blakeslee, soon declared that the affairs of the concern had been straightened out and it would be able to resume business as usual. Frost reports boomed corn the fore part of September, but mild dry days succeeded and although Mr. Patten was a heavy bull in corn all markets declined towards the end of the month, save the manipulated market for September lard. Lard was well under the control of the long interests by the 26th and shorts were forced to cover at \$10.75. The Swift company was the chief manipulator in this lard deal, and the price was carried to \$11 the last day of the month. The shorts imported large quantities from other markets, but were forced to buy some 3,000 tierces in order to fill their contracts. One default on 250 tierces was contested. The principal short was the Grant Provision Company of Cincinnati, and at the close of the deal the Swift interests owned about 120,000 tierces and were confronted by the old, old problem of how to get rid of it at a profit. There was also a very sharp corner to be turned in rye at the close of September, the price going from 56 cents to 60 cents, and declining to 53 cents after settlements had been made. A slight flurry in wheat also marked the last days of September.

In October the wheat market of Chicago was affected by the large manipulation in progress at St. Louis, turns in that market being reflected daily in Chicago. As the month progressed the St. Louis situation developed weakness, and had more and more effect on wheat prices. The shorts of that city showed fight and demanded the fixing of a marginal price, and there was a run on St. Louis banks, said to have been instigated by short interests. These conditions were reflected in the Chicago pit, and exceptionally fine weather lowered prices of coarse grains. In November wheat for December delivery lost its premium over May wheat on account of heavy buying of cash wheat by Armour for shipment from Duluth,

and by the middle of the month wheat was $10\frac{1}{4}$ cents higher in St. Louis than in Chicago, and the shorts of that city were forced to settle and to buy May wheat on the Chicago market, which they had sold as a hedge against their holdings of December in St. Louis, thus helping Chicago prices to higher levels. Heavy buying of wheat by Armour was the chief feature of the December markets, but the general trend, in spite of his efforts, was lower, until near the end of the month, when there was a general advance, due partly to warlike rumors as to Russo-Japanese relations.

The main market events of 1903 have already been recorded. In wheat the movement was the smallest it had been since 1896. The receipts aggregating 27,124,585 bushels and the shipments 24,369,548 bushels. Regular cash wheat opened at $71\frac{1}{2}$ @ $72\frac{1}{4}$ cents and advanced under the manipulation to $79\frac{1}{4}$ cents the 26th, declining after a squeeze to $73\frac{3}{4}$ cents at the end of the month. There was a sharp advance to $80\frac{1}{2}$ cents the fore part of February, with 75 cents the average price for the remainder of the month. Prices ruled lower during March, touching $70\frac{1}{4}$ cents the 25th and reacting up to 79 cents April 21. In May the high price, $80\frac{5}{8}$ cents, was registered on the 20th, after which the market eased to $74\frac{3}{4}$ cents at the close. There was an irregular advance during June until $85\frac{7}{8}$ cents was reached the 26th, when settlements by the shorts were followed by a decline to $77\frac{3}{8}$ cents. The market was well sustained during July, with a top price of 84 cents and the close but little under that figure. The great forward movement began the fore part of August, carrying the price to 90 cents by the end of that month and 93 cents by September, this proving to be the top price of the year. In the decline which followed $78\frac{5}{8}$ cents was reached in November, with a reaction which carried the price to $86\frac{1}{4}$ cents by the 30th. This was the average, and the closing price for December.

Corn.—The receipts of corn were nearly double those of 1902, being 98,545,534 bushels, and the shipments showed like increase, amounting to 90,179,115 bushels. No. 2 cash corn sold at $44\frac{3}{8}$ cents the 2nd of January, advanced to $48\frac{3}{8}$ cents the 15th and declined to $43\frac{3}{4}$ cents the 31st. The February range was small, advancing irregularly to 45 cents at the close. The movement being reversed in March, with a closing price of $42\frac{3}{8}$ cents, and by the end of April the price was almost the same as at the first of the year. During the latter part of May there was an advance which carried the price to 46 cents, and in June to 52 cents, closing at 50 cents. These prices were well maintained during July, while 53 cents was the price the fore part of August, with a decline to $50\frac{3}{4}$ cents at the end of the month. Prices ranged higher, up to $52\frac{3}{4}$ cents, the first half of September and lower, to $45\frac{1}{4}$ cents, the latter half, while October markets ranged lower, closing at $43\frac{3}{4}$ cents. The November market was well sustained, but closed at $42\frac{1}{2}$ cents, while in

December the range was small, the low price, 41 cents, being registered the 8th and the year closing at $42\frac{5}{8}$ cents.

Oats.—The receipts of oats were nearly 10,000,000 bushels larger than in 1902, amounting to 88,588,386 bushels, while the shipments were 63,539,179 bushels. The price range was about 14 cents, being highest in July and lowest in March, with no great speculative movements. Standard cash oats sold at $31\frac{3}{4}$ cents the first of the year, with a net gain in price of 2 cents in January. A higher range prevailed during February, carrying the price up to 36 cents at the close, while in March the price declined to the opening figure of the year, then advanced to $33\frac{3}{4}$ cents at the close, this being about the closing price in April. There was an advance movement which culminated at $38\frac{1}{4}$ cents May 21, but the month closed at $34\frac{3}{4}$ cents. Unfavorable crop reports carried the price to $43\frac{1}{4}$ cents in June, and while in July the price touched 37 cents near the middle of the month, the speculative movement carried the price to the high point of the year, 45 cents, the 30th, with a decline to $33\frac{1}{2}$ cents when the deal was closed. In August there was recovery up to $36\frac{3}{4}$ cents the middle of the month, with a decline to $34\frac{5}{8}$ cents at the close. September also showed a bulge to 38 cents the middle of the month and a decline to $35\frac{3}{4}$ cents at the close. The top price for October was $38\frac{1}{2}$ cents, the 10th, with a close at $35\frac{5}{8}$ cents, while the same top figure was obtained during November, with a closing price of $34\frac{7}{8}$ cents. During December slight improvement was shown and the year closed at 36 cents.

Rye.—The receipts of rye were 3,015,149 bushels and the shipments were 2,923,573 bushels. No. 2 cash rye was steady at 48 cents the first half of January with an advance to 50 cents in February, at about which price the market was comparatively steady until June, there being an advance to $53\frac{3}{4}$ cents the latter part of that month. Fifty cents was the average price for July, with but small fluctuations, while August showed strength up to 53 cents. A manipulated market carried the price up to 60 cents, the top price of the year, on September 29, with a decline to 53 cents the following day. Natural conditions strengthened the price and there was an advance to $58\frac{1}{4}$ cents by November 1, but this failed to hold, and 53 cents was again the price at the close of the month. In December the market was weak, declining to $50\frac{1}{2}$ cents, but closing at 52 cents.

Barley.—The receipts of barley, aggregating 23,273,519 bushels, were the largest Chicago had ever known by at least 5,000,000 bushels, while the shipments, amounting to 2,986,816 bushels, were the smallest since 1876, showing the great growth in city consumption, and the expansion of the malting industry. As usual sales were made largely by samples, and there was no trade in No. 2 barley, while there was a wide difference in price between different qualities of No. 3 barley. The best No. 3 barley sold at

56 cents, the first of January, but soon advanced to 60 cents. This was followed by a regular decline to 53 cents in April, and in turn by an advance to 56 cents, which was the ruling price in May and the fore part of June. By the end of that month, however, the price had declined to 53 cents, and 50 cents was the prevailing quotation during July. During August an advance to 58 cents was achieved, and before the end of September the price was carried up to 61 cents. This was the high point of the year and by November 58 cents was reached, which was the prevailing price up to the close of the year.

Flour.—The manufacture of flour in the city was only about two-thirds of that in 1902, aggregating 838,878 barrels. The receipts were 7,760,227 and the shipments were 5,834,871 barrels. The price of the best spring wheat patents opened at \$3.70, advanced to \$3.95 in January, declined to \$3.60 in March, and advanced irregularly to \$4.60 in August, while the prevailing price in November and December was \$4.30. Low grade flour sold at \$1.70 in April.

Seeds.—The receipts of timothy seed were 53,227,069 pounds and the shipments 47,847,280 pounds. The price of prime seed ranged from \$4.35 in January to \$3.35 in April, advancing to \$4 in June and declining irregularly to \$2.90 in October, which was also the closing price of the year. Receipts of clover seed were 7,040,312 pounds and shipments were 9,255,420 pounds. The price of prime clover seed per cental opened at \$11.15, advanced to \$12.50 in March and April, which was also the ruling price in July and August. With the new crop the price declined sharply to \$9.25 in September, with recovery to \$11.25 by the end of the year. The receipts of flax seed were 3,648,304 bushels, and the shipments 547,367 bushels, the trade in this commodity showing a steady decline as production moved north and west. No. 1 cash flax seed sold up to \$1.24, the top price of the year in January, with an irregular decline to \$1.06 by the close of March. There was reaction up to \$1.17½ the latter part of May, followed by a decline which carried the price to 90 cents by July 22. During August the average price was a little under \$1 and during September a little over that figure, with a high price of \$1.09. In October the price was above \$1 until the 22nd, and below that figure the remainder of the month. One dollar was reached again in November, but the price ruled below that figure the latter part of that month and the fore part of December, advancing to \$1.02½ by the close of the year.

Provisions and Live Stock.—The receipts of cattle aggregated 3,432,486 head and the shipments 1,269,455 head. The cattle prices were fairly maintained, extra steers selling for \$6.85 per hundred pounds in January, declining to \$5.40 in March and May, then gradually strengthening until the price ruled above \$6 in September. The market again weakened to \$5.60 in November and closed at \$6 the last of the year.

The receipts of live hogs were 7,847,859 head and the shipments 1,237,554 head, while the number packed for the year ending March 1, 1903, was 6,911,947. Heavy packers' and shippers' hogs sold at \$6.70 for the top price the first of the year, with an advance to \$7.87½ in March. The price declined from this point until \$5.55 was reached about the 1st of August, but higher prices ruled during September, touching \$6.35. The lowest prices of the year prevailed the latter part of November and December, touching \$4.50 and closing at \$4.80. The market for mess pork opened at \$18, but fell to \$16 by the close of January, working back to \$18 by February 28. The average price was about \$18.10 during March, and in April there was a downward trend to \$17.25 the 28th. After some show of strength in early May the price settled to \$17.50, which was the average for the month. June was a period of declining values, the price going from \$17.62½ the 2nd to \$15.25 the 30th. This decline continued through July and that month closed at \$13.37½, while the August close was at \$12.20. By the middle of September the price had worked up to \$13.75, but there was a sharp decline the last of the month to \$11.50, which was above the average price for October, while the November range was but a trifle higher. December opened at \$11.25 and closed at \$12.75. Lard stood at \$10 per hundred pounds the first of the year and at \$9.62½ the last of January. The February range was small and in March there was a small advance, which was lost in April, with a price of \$9.20 on the 28th. May prices ruled still lower, closing at \$8.72½, while the June market closed at \$8.07½. In July the decline was continued, \$7.32½ being reached the 27th, after which there was an advance until the high price of the year was reached, with the end of the September manipulation at \$11. Speculation was not active in October and prices rapidly declined from the high level to \$6.20 near the middle of the month and closed at \$6.60. This was about the average price for November and December, the year closing at \$6.82½.

Transportation.—There was but little change in the situation either as to added facilities or freight rates in 1903, the average rate on wheat per bushel to New York was by lake and canal \$.0540, by lake and rail \$.0637 and by all rail \$.1129.

1904

The annual election of the Board of Trade in 1904 was the most vigorously contested election in its history. More than two-thirds of the members voted, many coming from Milwaukee, Minneapolis and other cities to cast their ballots, and the result of the election was in doubt until the polls closed. The final counting of the votes, however, showed that William S. Jackson had been chosen President, receiving 693 votes against 510 given to Reuben G. Chandler. George S. McReynolds was elected to the office of

First Vice-President over C. B. Congdon by a vote of 806 to 393, and Walter Fitch was chosen Second Vice-President without opposition. The Directors named by the members were Paul Tietgens, J. Herbert Ware, A. Stamford White, John T. Sickel and James Crighton, and Hiram N. Sager was elected a Director for one year to fill an unexpired term. When the result of the election was finally known, President Jackson made a statement pledging himself to a "vigorous prosecution of the pending bucket shop suits to a final determination." The annual meeting of the Board, which took place a week later, was well attended, and the members were gratified with the fine financial showing of the annual report, but more enthusiasm was evoked by President Jackson's pledge that every effort would be made to wipe out the statute against privilege trading. The financial statement for the year 1903 showed \$47,274 cash on hand against \$19,411 the year before, and \$16,808 due the Board from the telegraph companies. Receipts from market quotations amounted to \$41,804, compared to \$39,608 received in the year 1902, and total receipts were \$309,770.61, including \$133,819.09 from rentals. Disbursements, on real estate account, exclusive of construction, interest and insurance, were \$66,047, and total disbursements were \$281,907.72. The day following the annual meeting the new Directory held its first meeting, re-electing George F. Stone Secretary of the Board, and paying him the substantial compliment in recognition of his long services, then twenty years, of voting a \$1,500 increase in his salary, making it \$8,500. Henry S. Robbins was also elected attorney for the Board for another year, and several other officers were reappointed a week later.

Many of the members were in favor of retiring memberships in the Board through the Directorate by means of special assessment of the members, and on the 24th of January a measure providing for a special assessment of \$25 a year for three years for the retirement of memberships at \$3,000 was passed by a vote of 383 to 286. At the same time two amendments were passed, one to make losses or damages on defaulted contracts in case of failure payable through the clearing house instead of by private settlement, and the other to establish a Saturday morning delivery between 8:30 and 9:15 to allow the certifying of checks before the close of the banks.

The problem arising in connection with the inspection and sampling of grain received a great share of the attention of the members during the year. On January 5 on petition signed by twenty-five members, the Directors ordered posted for ballot an amendment to the rules making No. 2 hard winter wheat deliverable on contracts without a penalty after July 1, and on January 9 that amendment was posted together with one proposing to reduce the present penalty of 5 cents to 3 cents per bushel. A compromise was reached making that grade of wheat deliverable at a 2-cent penalty, but at

the request of the Rules Committee the amendment was defeated by a vote of 230 to 29, the committee announcing that a new draft of the amendment in which the wording was to be changed to make it operative before July 1 would be promptly posted for a new vote. The amendment as posted, however, was to become operative July 1, and a misunderstanding as to this provision caused a break in futures of between 1 and 2 cents when the amendment was adopted in February. President Jackson appointed Directors Patten, Warren and Crighton to draft a resolution suggesting the best method to bring about needed reforms in the inspection of grain, and to revive the resolution presented by the former committee. Toward the end of March this committee in conjunction with the Committee on Other Inspection made a report recommending that there be but one official grain sampler in order to secure greater uniformity in grading. The grain committee worked harmoniously with the state inspection department, and on the 25th of April a notable step in advance was taken by the Board when the Directors asked the state inspection officials to permit them to name two members of the Appeals Committee, a request which was granted, Azariah Eddy and Cyrus Kendall being appointed upon the committee. In April the Directors recommended for submission to a vote of the members the report of the joint committee on establishing a department of grain sampling, which suggested that the flax seed inspection and registration department be preserved intact under the control of the department of grain sampling, the official samplers to cease holding their positions on May 31, 1904. The following week the Directors appointed a grain sampling and seed inspection committee, which was to have charge of the department of grain sampling, established unanimously by them a few days before, the membership to be the same as that of the grain committee, but the two to have separate duties. The committee named by the Directors were H. N. Sager, chairman; C. B. Pierce, B. A. Eckhart, James S. Templeton and W. N. Eckhardt, and work was begun soon afterward on preparing quarters for the new committee in the old gymnasium on the seventh floor of the Board of Trade building. Official Sampler Kettles was appointed by the Directors head of the new department, and in order that no dispute might arise over the actions of the head sampler it was decided at a meeting between the grain, the "other inspection" and the warehouse committees, and representatives of the elevator interests, that a new committee be appointed by President Jackson to draft instructions as a guide to his actions. On August 16 the Directors approved the amendments to the regulations governing this department of grain sampling and seed inspection, recommending that the grain committee arrange with the state grain inspection department for the appointment of helpers to secure samples of every lot of grain graded in Chicago by the department in so far as practicable, and it was

proposed that the helpers be subject to control and discharge by the state grain inspection department, appointed on recommendation of the grain committee, and their salaries paid by the department, with money furnished, if necessary, by the Board of Trade. The duty of the helpers was to bring samples of graded grain to the chief sampler's office, and the identity of the samples was to be known only to the state department and the official sampler. In February and March there was an effort made to broaden the contract grades of corn and oats, the members in favor of the movement maintaining that such action would increase the "hedging" business, which had largely been driven away by the frequent occurrence of corners in this market. A petition was circulated to make No. 3 white oats deliverable on contracts at a 2-cent penalty after May 1, and No. 3, No. 3 yellow and No. 3 white corn inspected into regular warehouses between April 15 and October 31, likewise deliverable at a 3-cent penalty, but the Directors referred this petition back to the members without concurring in it, thus making necessary a petition with a hundred signers to bring it up for reconsideration. A hundred signers for such a petition were quickly found, and it was then imperative that the proposed amendments be posted for ballot, which was done, and the amendments defeated by overwhelming majorities on March 23. The only other important action taken during the year on the problem of grain inspection was increasing the fees of the members of the grain committee to \$5 a car, \$10 a canal boat and \$50 per vessel, an advance which was made the first month of the year. The inspection of wheat on the Board of Trade dates from the year 1856. Previous to that time the merchantable grades had been the basis of transactions. Until after the corner in No. 2 spring wheat in June, 1868, when the price of that grade was forced 30 cents above the price of No. 1 spring wheat, the latter grade was not deliverable on contract for No. 2 spring, although it was much better. Shortly after this corner the rule was amended to permit delivery of a better grade of the same kind of property. On May 26, 1882, when a corner was threatened which afterwards materialized in July, the Board adopted an amendment, making red winter wheat deliverable on contracts for "regular" wheat. In 1904, the contract grades of wheat were further broadened, and a tender of No. 1 red winter wheat, No. 2 red winter wheat, No. 1 northern spring wheat, No. 1 hard winter wheat, or No. 2 hard winter wheat was deemed a valid tender; provided, however, that on all No. 1 hard winter wheat and No. 2 hard winter wheat delivered on contracts before July 1, 1904, five cents per bushel should be deducted, and if delivered on and after July 1, 1904, two cents per bushel should be deducted.

On the last day of July the unavoidable defaults in delivery of grain due to the short hours in which such deliveries had to be made were so numerous that it was clear some action must be

taken to prevent this unwholesome feature of trading. The Directors, on August 2, recommended the Rules Committee to draw up a plan that would stop defaults, which was done, an amendment lengthening the hours of delivery on the last day being posted for ballot on August 30, and about three weeks later carried by a vote of 364 to 17. This amendment empowered the Secretary of the Board to extend the hours of delivery on the last day of the month, if "in his judgment it may be necessary, to enable all, who are prepared to do so, to tender or receive delivery notices."

In accordance with the sentiment in favor of the Hosford system of clearing trades, the Directors appointed a committee to investigate that method, which was in use in many large exchanges, and had been declared legal by the United States Supreme Court. In addition to its legality, the friends of the system among the members urged that under it a commission man who had property bought of one house and sold to another at the same price would not have his capital tied up in margins if the trades did not "settle." With this system in use, it was argued, many small failures of recent Board of Trade history would have been averted, and, with the commission rule in force, the profits would not be reduced, while the risks were minimized. However, there was another view of the system taken, and many objections came to light, chief among which was that by it clerks in the Clearing House would be enabled to know the standing of big interests on the market. In fact, the opposition to a change of the clearing system from the one in use to the Hosford system was so strong that the matter was dropped, and also the legal troubles of the Board militated against any action toward a change in this direction being taken.

In the last week of January the committee of Chicago grain shippers, consisting of Messrs. James Pettit, Robert McDougal, and W. H. Merritt, issued a circular suggesting the appointment of a joint Arbitration Board from the New York and Chicago Exchanges, consisting of five members at each city to arbitrate cases of dispute between eastern buyers and western sellers. The New York members were to settle claims brought by sellers against buyers, and the Chicago members the claims brought by buyers against the sellers. The advisability of such a step was discussed pro and con for over five months, but at last, on June 1, an inter-market committee, which had been appointed, met with three members of the grain committee and two prominent shippers, and it was reported that, as the New York Produce Exchange had already accepted the proposed plan, it was expected that it would soon be in working order.

Some principles of Board of Trade policy were made more clear during the year. The Directors on March 8 reversed their action of a week before in refusing the application for membership of an employee of a commission house on the ground that the em-

ployer was to advance the money for the membership, and decided to accept the applications. In October they expelled A. S. Floyd, F. B. Crawford, and J. H. Goldberg, all of New York, for bucket shopping, or reporting false and fictitious trades, Mr. John Hill Jr. of the Market Report Committee appearing against the men before the Directors. This action brought the total number of expulsions up to that time to six, the others being P. B. Weare, W. H. Laidley, and M. Holley. Near the end of the year the Directors re-established in two cases the principle that they could not interfere between employer and employee in cases not involving violations of

An unfortunate occurrence which happened in midsummer, and which caused much inconvenience and loss of time and money to the packing industries, was the strike of stockyard laborers throughout the whole United States. Chicago was the chief sufferer from this strike, 20,000 men employed in the local yards and packing houses going out, which was two-fifths of the total number of strikers. The men demanded a contract covering all classes of workers, the wage of ordinary laborers to be 18½ cents per hour, a demand which the packers refused to grant. On the 16th of July a conference between the packers and strikers was held, but no solution of the problem was reached, and the strike continued. When the strike had lasted seventeen days the packers made a statement that while the strike was still far from settlement the employers were making gains, and the output of the plants was 40 per cent of that just before the men went out. On the 10th of August, the first positive effort to settle the strike was made, the Retail Grocers' and Butchers' Association meeting with the trade union leaders and appointing a committee to confer with the packers, but so persistent were the men in their demands that the strike lasted just one month more before the men at last returned to work.

The famous July oats deal cases of 1902 were still hanging fire, and near the end of July, Judge Chytraus reopened them for the purpose of securing additional evidence. I. P. Rumsey and Peter Schifflin were called in, and the court also expressed a desire to examine Mr. James A. Patten, one of the parties in interest, again. About a month later, the court decided, in the case of the suit of Robert Thorburn against A. D. Pacaud, W. S. Warren and others, that men manipulating "corners" had no right to compel those with whom they had open trades, to pay "corner" prices, and also that settlement could be made on actual market value of the commodity. Fifty thousand dollars were said to be involved in the decision, the open contracts being 250,000 bushels.

The attention of the members was drawn from time to time to affairs outside of the actual Board of Trade business. The last day of 1903 found Chicago mourning for the dead of the Iroquois

Theatre disaster, and the session of the Board for that day was shortened for an hour and a quarter as one mark of sharing in the common woe. In January, the Directors adopted a resolution reaffirming its position taken in a previous resolution, strongly urging the United States Congress to make an improvement in the consular service by applying the "merit" system to that department of the government service. In March, the Directors' attention was called to a matter of public interest nearer home, the use of the west side of Dearborn Street by the postoffice for shipping purposes, against which they framed a remonstrance. The Board of Trade was represented as usual at the annual meetings of the National Hay Convention and the National Grain Dealers' Association, taking place in St. Louis and Milwaukee respectively. The event of most social importance during the year was the attendance of many members of the Board at the St. Louis Exposition on Chicago Day, October 8. Two special trains carrying the pleasure seekers left for St. Louis on the afternoon of October 7.

The problem of the bucket shop was still before the members, and in April the Board won a notable victory in the decision of the Federal Circuit Court of Appeals in the case of the L. A. Kinsey bucket shop. This decision affirmed the Board's property right in its quotations, and reversed the ruling of the Indiana Circuit Court at Indianapolis. Because of the fact that two courts of equal jurisdiction had handed down opposite opinions on this principle, the Supreme Court of the United States, on appeal of the Board's attorney, issued a writ of certiorari for a rehearing of the Christie case, decided against the Board by Justice Shiras in the federal Court of Appeals, and also expressed the determination of reviewing the Kinsey case. The decision of the Supreme Court was not, however, handed down until the following year. In the Secretary's report, it was stated that "This Board sought, in a case in which the Weare Commission Company was convicted for violating the bucket shop statute, to induce the Supreme Court to change the ruling in the Soby case, decided in 1890, under which the members of this Board, although engaged merely in transacting legitimate business as brokers, are held to be within the provisions of the bucket shop statute; but the effort was unsuccessful, the Supreme Court adhering to its previous ruling. This puts all members of this Board and other legitimate traders in a hazardous position. The only remedy now lies in legislative modification of this statute."

A definite step was taken by the Board toward the regulation of transportation and traffic matters in the establishment of a freight bureau. In the second week of July a petition, said to be endorsed by the transportation committee was circulated on the Exchange and signed by three hundred members of the shipping and receiving interests, asking the Directors to establish a freight bureau. This action was taken in an effort on the part of the Chicago Board to meet

the competition of other grain markets which have been successful in obtaining rates from railroads discriminating against Chicago, and thus diverting grain from this market. In accordance with the request expressed in the petition, President Jackson appointed Messrs. J. B. Adams, R. D. Richardson and J. Crighton a committee to investigate the freight bureau proposition, and on August 2, on advice of this committee, definite steps were taken by the Directors to establish the bureau. A committee of three, appointed by the President, was given authority to employ a person thoroughly posted in freight rates, whose business it should be to keep a record of freight charges of products dealt in on the local exchange, and to use his influence, whenever possible, to prevent or secure the removal of any rates discriminating against local dealers, and in securing equitable rates. The committee was also authorized to secure an office and necessary employees, and, on October 19, the freight bureau was opened in room 74 of the Board of Trade Building with Mr. E. B. Boyd as its head. In May, there was a complete tieup of lake transportation, due to a controversy between the masters and the men employed on the vessels, and to alleviate the difficulties of the Chicago shippers, the railroads gave a temporary rate as low as the water rate on merchandise taken before May 7. But these low rates on the railroads were short-lived, and the discrimination against Chicago was soon complained of again. On the recommendation of the Transportation Committee the Board decided to take no part in an effort which was made by the grain traders of New York and Boston to persuade the Interstate Commerce Commission that the differential freight rates from the West to the East in favor of Baltimore, Philadelphia, and Newport News against the markets first named ought to be abolished. The Transportation Committee continued its work against discrimination, and at a meeting held with the local grain and provision shippers it was decided to appoint a committee, with Mr. J. T. Sickel as chairman, to start an aggressive campaign against the discrimination of some of the railroads against Chicago, and to make an effort to find out what roads were discriminating against this market and to favor the friendly roads. A few days later, as a result of an appeal made by this committee, the Central Traffic Association decided to allow transit privileges on through billed wheat to local shippers. The last action of the year taken by the local Board was the appointment by President Jackson, under the authority of the Directors, of John T. Sickel, R. S. Lyon, and Richard Gambrill as delegates to the Interstate Commerce Law Convention at St. Louis on October 28.

Wheat.—The receipts of wheat in Chicago for the year 1904 aggregated 24,457,347 bushels, and the shipments were 17,957,416 bushels, the receipts being the smallest since 1896, and the wheat shipped via the Great Lakes was about one-third of the quantity

shipped by the same route in 1903 on account of a tie-up of lake transportation which began in May. The year opened with regular cash wheat, selling at 83@84 cents. The market was nervous on account of rumors of war between Russia and Japan, and the low point of the year, 81¼ cents, was reached on the 11th, the price gradually working up to 89 cents on the 25th. The market was strong in February, climbing irregularly upward until \$1.09 for May was reached on the 25th, the month closing with a decline of 5 cents, and regular cash wheat being about 3 cents below May. May wheat opened in March at \$1.00½, but declined irregularly, touching 90¾ cents and closing stronger at 96⅝ cents. The market course during April was downward, May wheat going from 96⅜ cents the 2d to 85½ cents the 26th, with reaction to 90 cents at the close. In May, the price for the current delivery culminated at \$1.01½ the 20th, closing weak at 93½ cents, while July wheat advanced from 84½ cents the 3rd to 87¾ cents at the close. There was improvement to 90⅞ cents the first part of June, but the average for the month was lower, and the close was at 86⅝ cents for July delivery. Old wheat for September delivery opened at 82⅝ cents the first of July and advanced irregularly throughout the month, closing at 92¾ cents. The August market was greatly excited, September wheat advancing rapidly from 91¼ cents to \$1.00½, dipping to 97½ cents, again advancing to \$1.12¾ the 20th, declining to \$1.04⅞ the 25th, and closing at \$1.08⅝. September was also a month of high prices, December wheat being the lowest at \$1.05⅞ the 6th and highest at \$1.16¾ the 13th with a quick decline to \$1.07½ the 19th and a closing price of \$1.13. The price was well maintained but the range was small during October, December wheat going from \$1.07 the 7th to \$1.16⅜ the 24th, but closing weak at \$1.10. There was a reaction to \$1.15 by November 11, followed by a decline to \$1.06⅜ by the 30th. In December, No. 2 red cash wheat sold from \$1.09¼ the 8th to \$1.18⅞ the 31st, while No. 1 northern went from \$1.16 the 1st to \$1.20 the 31st. The May delivery sold as low as \$1.08¾ by the middle of December, but closed at \$1.14¾.

Corn.—The receipts of corn for the year were the largest since 1900, 100,543,207 bushels having been brought into Chicago, and the shipments were 75,184,758 bushels. The range of prices for No. 2 cash was narrow. The year opened at 44 cents, and the lowest point of the year was reached on January 5, when the price declined to 42¾ cents. Prices became irregularly better during the remainder of the month and until February 4, when 52¼ cents was paid. Prices reacted slightly but rose again to 54½ cents on the 25th. In March the price averaged about 51 cents, with slight variations above and below this point, until late in the month, when, under fear of manipulation, the price rose to 56⅞ cents on April 4. Then a decline carried the price irregularly downward

to 46½ cents on April 26, from which day, until the last day of July, the price was almost uniformly between 48 and 50 cents. August and September were months of higher values for cash corn. The range was narrow, being between 51 and 55¾ cents for the two months, only three quotations being recorded below 52 cents. The market ruled about the same during the larger part of October, except for a low point of 50 cents on the 10th, but on the 27th there was a sharp rise to 57¼ cents, and prices averaged higher until November 11, when the high point of the year was reached, No. 2 cash selling for 58⅞ cents. Then prices tended irregularly downward until the end of the year, the market closing at 43½@43¾ cents.

Oats.—The receipts of oats were the lightest since 1894, 73,023,119 bushels being received, and 47,303,901 bushels being shipped out, the smallest quantity shipped since 1888. Cash oats sold for 36¾ cents per bushel the first business day of the year and the price tended upward the first half of the month until it reached 41¼ cents the 19th of January. From then until the end of the month the price remained around 41 cents, but February saw higher prices than any other month during the year, the trend being irregularly upward until the 27th, when cash oats sold for 46 cents, the high price of the year. Prices during March ruled comparatively steady around the 40-cent mark, but in April a gradual decline set in, continuing until 36⅛ cents was reached on the 23d. The price rose to 42 cents on May 1, at which point it hung with but little variation for the whole month, and the larger portion of the next, dropping off slightly the last few days of June, closing at 39¾@40 cents. Prices dragged along through July, staying around 40 cents, with but two bright spots in the month, one on the 18th, when cash oats sold at 43¾ cents, and the other on the last day of the month, when the price advanced sharply to 45½ cents. August saw a much lower market, the month closing at 31¾@33¼ cents, and September a further decline, that month closing at 29⅝ cents. October brought no relief to the oats traders, the prices continuing low and the market spiritless, the speculative trading being very light. This month the bottom was reached for the year, the price for cash oats being 28¼ cents on the 17th. The market was a little stronger in November, but the prices were still too low to encourage speculation, and almost the entire month of December saw the low figures repeating themselves, the low price of 28¼ cents again being touched in this month, and the year closed at 29¾ cents.

Rye.—The receipts of rye for the year were 2,379,367 bushels and the shipments were 1,567,273 bushels. Fifty-one cents was the lowest price that No. 2 cash rye sold for during the year, and that price was reached on January 4, the second business day of the year, the first sales of the year being made at 52½ cents. The price

tended steadily upward through January and February until 77 cents was reached on February 27. The prices were rather irregular in March, the month opening at 73½ cents, going to 76 cents the next day, declining to 66½ cents on the 9th, and closing at 72 cents. The prices dragged downward until April 21, when 66 cents was reached, reacting to 70 cents at the close of the month. May was a month of better price levels, rising gradually to 77 cents on the 20th, dipping to 72 cents on the 28th, and closing at 78 cents. Very little speculating was done in rye during June, only three days recording trades the first half of the month, all being at 75 cents. From the 16th to the 28th the price was stationary at 65 cents, but declined to 63½ cents at the close of the month, from which point it rose irregularly to 75 cents on July 21 and sagged off to 71 cents at the end of the month. August was almost a carbon copy of July, and September witnessed a gradual advance from 71½ cents on the 1st to 75 cents on the 14th, around which point the price was fairly well maintained the remainder of the month. October opened with the price at 75 cents and an irregular advance occurred until 81 cents, the highest price of the year, was touched on November 7, after which there was a gradual decline until nearly the close of the year, when 73 cents was reached, from which point there was a reaction to 75 cents, the closing price of the year.

Barley.—The barley receipts for the year were the largest in the history of the Board of Trade, being 25,316,917 bushels, and the shipments were 5,802,856 bushels. The range of prices was narrow for the most part throughout the year. Malting barley sold at 38@58 cents, according to quality, at the beginning of January, and the highest price of the year for the best barley was not above 61 cents, which was reached a few days later. About the middle of March an easier feeling prevailed, which continued till the end of December, when the best malting barley was quoted at 50 cents. Low grade barley sold as low as 28 cents in July and August.

Flour.—City manufacture of flour was the lowest on record since 1894, only 750,000 barrels being manufactured by the local mills. The receipts were 8,839,220 barrels, and the shipments were 7,267,896 barrels. Stocks were the lowest in years and the prices of winter wheat patents went from \$4@4.20 the first of the year, irregularly upward to \$5.30@5.50 in September, and declined to \$5.10@5.20 at the close of the year.

Seeds.—Receipts of timothy seed were 61,989,872 pounds, and shipments were 25,486,513 pounds. The range for the year was from \$1.75 paid for seed of poor quality in October, November, and December, to \$3.25 for the best prime contract seed per hundred pounds paid in January and February. The price for prime contract seed was \$3.17 January 2nd, rising quickly to \$3.25, irregularly declining until it touched \$2.60 at the end of October, and

then reacting to \$2.90 at the close of the year. The receipts of clover seed were 7,920,245 pounds, and the shipments were 6,242,568 pounds. The price of prime clover seed reached \$11.50 in January, receded to \$10.40 about the first of April, and varied little from \$10.75 until the middle of July, when it began to advance irregularly and at the end of the year the high quotation of \$13 was recorded.

The receipts of flax seed were 3,337,313 bushels, and the shipments were 676,281 bushels. The trade in this article was but a very small part of what it was a few years before, because its cultivation had diminished in the region directly tributary to Chicago, and had increased in the more northerly western states. No. 1 cash flax seed was quoted at \$0.97½@1.03½ on January 2, and dropped to \$0.97@1.03 on the 11th, the low price of the year. A rapid advance in prices set in and the outside price was \$1.19 on January 26, and the average about \$1.18 throughout February for the best qualities. The range in March continued to be narrow, and the prices slightly lower, the last quotations being \$1.09@1.16. For the first half of April the top price stayed at \$1.16, dropping off to \$1.05½ on the 26th and the month closed with \$1.08½, the best quotation, a level which was approximated until the first week in July, when an irregular rise began. This advance continued until September 12, when \$1.28 was reached, the high point of the year, after which there was a rapid decline to about \$1.16 as the outside price, and that figure was about average until nearly the middle of November. Then came an irregular advance until the end of December, the year closing with the best No. 1 cash flax seed quoted at \$1.23½.

Provisions and Live Stock.—The receipts of cattle were 3,259,185, and the shipments were 1,326,332, the number used for city consumption and packing being 1,932,853. Good to extra steers were quoted at \$4.25@5.65 in January and the price for the best grades did not go above \$6 until June, when a rise set in which carried the price to \$7.65 in December, the year closing with good to extra steers quoted at \$4.80@6.50. The receipts of sheep were 4,504,630 head and the shipments were 1,362,270 head.

The receipts of live hogs were 7,786,541, and the shipments 1,626,022 head, and 20,024 dressed hogs were received during the year. The outside price for heavy packers and shippers was \$4.95 at the opening of the market, but went above \$5 immediately, where it stayed the first four months of the year, going as high as \$5.82½ in March. Prices were lower in May, going as low as \$4.80, but an advance began and continued until October, when \$6.30 was paid for the best grades. Then the prices sagged off to the end of the year, touching \$4.15@4.65 as a low point early in December, and the year closed at \$4.30@4.87½.

Cash mess pork opened at \$13.25 per barrel, being the average

price for January, which closed at \$13.12½. There was a sharp advance the first week in February and this continued, largely on account of manipulation, until \$16.50 was reached the 25th, the market closing weak at \$15.25. During March, the price averaged much lower, touching \$12.87½ and closing at \$13.15. This decline continued through April, the month closing at \$11.60, which was also the closing price for May, while in June there was an advance which carried the price to \$13.10 by the 24th. There was little fluctuation during July, the price opening and closing at \$12.95, this being followed by a decline to \$11 by August 31. The average price was still lower in September, a price of \$10.60 being reached the 12th, but with reaction to \$11.50 at the close. In October the market ranged from \$11.90 the 3d to \$10.65 the 17th, with \$11 as the closing price. The high price during November was \$11.60, and the December market was weak, with the close at \$11.05.

Transportation.—The average freight rates on wheat and corn per bushel from Chicago to New York were slightly lower than those charged in 1903. The average rate by rail per bushel of corn was 10.38 cents; of wheat, 11.12 cents; the rate by lake and rail for corn was 4.82 cents; for wheat, 5.5 cents; and by lake and canal the rate for corn was 3.63 cents, and for wheat, 4.73 cents.

1905

The annual election of officers and directors of the Board of Trade was without especial interest on account of the lack of party lines, although, in spite of this, the total vote was heavy, 1,003 votes being cast. President W. S. Jackson was re-elected without opposition, and Mr. John H. Jones received the office of Second Vice-President at the hands of the members in the same manner. All but one of the Directors named on the regular ticket were elected, Edward Andrew, independent, defeating R. D. Richardson. The other Directors elected were Messrs. H. N. Sager, J. F. Barrell, J. F. Harris, James Bradley; Walter Comstock was elected for one year to fill the unexpired term of Mr. W. S. Warren. At the annual meeting of the Board on January 16 the report of the new Transportation Committee aroused the greatest interest. In this report it was said that some of the territory formerly tributary to Chicago was in some instances wholly controlled by other markets on account of discrimination in rail rates against Chicago in favor of Missouri River points. That the work of the new department of grain sampling and seed inspection had been satisfactory was shown by the praise that the department received at the meeting. Two resolutions seeking to legalize trading in "puts" and "calls" were presented at the meeting, but the sentiment of the Board was against such action being taken, and both resolutions were tabled. The financial condition of the Board was excellent, and the Treasurer reported a cash balance of \$145,009.10.

The investigation by the Government of the alleged beef trust existing in Chicago was one of the features of the year 1905. Keen interest was aroused in January over the outcome of the battle in the United States Supreme Court which was destined to determine whether or not the "beef trust" had a legal right to existence. On almost the last day of the month the court sustained the action of Judge Grosscup in issuing an injunction against a combination of the packers in May, 1902, and the fight then resolved itself into an effort on the part of the Department of Justice to attempt to prove that the injunction had been violated. During the larger part of the remainder of the year there was little decisive action taken by the Government, the only events happening in connection with the investigation being the indictment on March 28 of the general superintendent of Armour & Co., and the taking of evidence in April by the Federal Grand Jury as to the casing combine which was said to be maintained by the packers. In November, after due consideration of the pleas in bar filed by the attorneys for the packers, Attorney General Moody decided that no immunity was promised to the packers or implied by Commissioner Garfield, and that the Government was free to continue the conduct of the cases. Ten pleas had been filed by the packers, each one of which, it was claimed, ought to bar the Government from further proceedings. Eight of the pleas were based on the alleged conduct of Commissioner Garfield in making the investigation of the conduct of the beef trust. This investigation was instituted under the resolution of the House of Representatives, directing the Secretary of Commerce and Labor to inquire into the low prices of beef cattle since July 1, 1903, as compared with the high selling price of fresh beef, and find out whether this unusually large margin was the result of manipulation or combination. Under the act creating the department of commerce and labor, the commissioner of corporations had the right to compel the attendance of witnesses and to administer oaths, but it was provided that immunity from prosecution should be given witnesses if they obeyed the subpoena. The pleas in bar filed by the packers, as summarized by the Attorney General, were: "(1) That Commissioner Garfield did compel the several defendants to attend under subpoena and testify and produce documents before him; (2) That he waived the oath which he was authorized to require of them; (3) That he promised them, for what they did with respect to the giving of testimony and production of documents, that they should receive the immunity provided by law; and (4) That the testimony thus obtained from the defendants was delivered to the Department of Justice and to the District Attorney, and by the latter used before the Grand Jury to obtain the indictments." The Government contended the information was given voluntarily, and an issue was raised which was of necessity decided by the court in which the proceedings were pending. In December

the trial of the packers began. Judge Humphrey denied separate trials to the defendants, insisting on joint proceedings to save time, but the court did not render its decision in the case until the following year.

The matter of the rates charged by commission houses excited some interest among the members throughout most of the year. The Directors adopted, in January, the report of the majority of the committee which had been investigating the alleged irregularities in commission charged on trades which had originated in privileges, that the charges of infringement of the commission rules were unfounded. Later in the year there was agitation to increase the commission rates, and the Directors referred the proposition to a committee of seven members, J. H. Ware, G. W. Patten, A. S. White, J. B. Adams, Robert Pringle, W. S. Warren, and L. W. Bodman, who were appointed by the President. Then the provision traders petitioned the Directors to allow the holding of a special meeting to discuss changes in the rules of trading in provisions, and their petition being granted, they elected Mr. A. S. White chairman and passed resolutions instructing him to appoint a committee of six to formulate, in conjunction with the provision inspection committee, such amendments to the rules as would advance the interests of the provision trade, the committee to consist of two members each from the packing interests, the commission houses, and the provision brokers. On December 1, the provision trade, through this committee, decided to ask the directors to approve an advance in commission rates of about 50 per cent. In the meantime, however, President Jackson had sent invitations to all the important grain exchanges of the country to send delegates to a conference that was to be held in Chicago to discuss the proposition of raising the commission rates on grain, and no decisive action in favor of higher rates was taken before the close of the year.

The old question of the legality of corners was once more in the lime light in this year, although only for a short time, and not with the attendant legal proceedings which had characterized it before. In June charges were filed before the Directors against Bartlett-Frazier-Carrington to the effect that they had run a corner in May corn, and had practised extortion in running it. This was immediately following sensational price variations in that commodity. On May 22 the shorts had feared a squeeze, and had covered May corn. The price rose from 53 cents to 59 cents on that day and three days later reached 67 cents, but dropped 8 cents on the next, and almost as much more two days later on account of heavy receipts which had been attracted to the market by the high price of three days before. There was a sharp bulge of 9 cents on the last day of the month, the market closing at 60 cents, and it was said that the bulls had taken \$750,000 profits. The Directors appointed Messrs. J. H. Ware, J. Crighton, and Finley Barrell a committee to look

into the charges. Harry C. Avery brought the charges and gave the names of eight witnesses, but was not allowed to appear before the committee at the time of the examination to interrogate them. The committee reported to the Directors after the examination that insufficient evidence had been received from the witnesses, and the report was unanimously adopted by the directorate. Robert H. Thorburn brought charges against six members of the Board for attempting to run corners, but when the matter was referred to the legal advice committee it was decided that the charges should not be considered because Mr. Thorburn was not a member of the Board.

On two occasions throughout the year the members were interested in events transpiring in the state legislature at Springfield. In March two bills came up defining bucket shopping, and also an amendment to the statute under which a broker could be sued for three times the losses of his customer. The Board of Trade was aroused, and immediately sent a committee, composed of Messrs. Patten, Pettit, Eckhardt and Rice, to the capital city to work against these measures. The committee met with the senate committee which had the two bills in hand in which they were interested, and were successful in their mission. The eyes of the members were again turned toward the legislature in May, when there was a bill before the state legislature the passage of which would have legalized trading in "puts" and "calls," but it was defeated by a vote of 73 to 63.

In March the clearing house committee took up charges against several scalpers who had been inattentive to margin calls, and informed them that if they intended to continue using the Board of Trade machinery, they must obey its rules. They were further told that any more complaints preferred against them would debar them from the clearing house altogether. On the same day the clearing house committee had a report adopted by the Directors to the effect that in the case of a corporation the names of its officers and directors and its corporate name, and, in the case of a firm, the names of its members and its firm name must immediately be registered at the clearing house, as well as any change in name or membership in the firm or corporation, under penalty of a fine of \$5.

Nineteen hundred and five was a banner year for the Board in the crusade against bucket shops. In May the United States Supreme Court handed down its decision in the suits brought by the Board against Kinsey & Co., of Indiana, and the Christie Company, of Kansas City. The suits had been brought the preceding year, and the decision was that the Board had property rights in its quotations. The importance of this decision by the Supreme Court of the United States cannot be overestimated. It is not too much to say that it was vital to the interests of the Board of Trade and that a contrary decision would have meant the permanent existence

of the illegal and pernicious dens known as "bucket shops." Some important parts of Justice Holmes' opinion in this case are as follows:

The plaintiff, The Board of Trade of the City of Chicago, was incorporated by special charter by the State of Illinois on February 18, 1859. The charter incorporated an existing Board of Trade, and there seems to be no reason to doubt that it then managed its Chamber of Commerce substantially as it has since. The main feature of its management is that it maintains an exchange hall for the exclusive use of its members, which now has become one of the great grain and provision markets of the world. Three separate portions of this hall are known respectively as the Wheat Pit, the Corn Pit, and the Provision Pit. In these pits the members make sales and purchases exclusively for future delivery, the members dealing always as principals between themselves, and being bound practically, at least, as principals to those who employ them when they are not acting on their own behalf.

The quotation of the prices continuously offered and accepted in these pits during business hours are collected at the plaintiff's expense and handed to the telegraph companies, which have their instruments close at hand, and by the latter are sent to a great number of offices. The telegraph companies all receive the quotations under a contract not to furnish them to any bucket shop or place where they are used as a basis for bets or illegal contracts.

It appears that in not less than three-quarters of the transactions in the grain pit there is no physical handling over of any grain, but that there is a settlement, either by the direct method, so called, or by what is known as ringing up. The direct method consists simply in setting off contracts to buy wheat of a certain amount at a certain time, against contracts to sell a like amount at the same time and paying the difference of price in cash, at the end of the business day. The ring settlement is reached by a comparison of books among the clerks of the members buying and selling in the pit, and picking out a series of transactions which begins and ends with dealings which can be set against each other by eliminating those between—as, if A has sold to B five thousand bushels of May wheat, and B has sold the same amount to C, and C to D and D to A. Substituting D for B by novation, A's sale can be set against his purchase, on simply paying the difference in price.

As has appeared, the plaintiff's Chamber of Commerce is, in the first place, a great market, where, through its eighteen hundred members, is transacted a large part of the grain and provision business of the world. Of course, in a modern market contracts are not confined to sales for immediate delivery. People will endeavor to forecast the future and to make agreements according to their prophecy. Speculation of this kind by competent men is the self-adjustment of society to the probable. Its value is well known as

a means of avoiding or mitigating catastrophes, equalizing prices and providing for periods of want. It is true that the success of the strong induces imitation by the weak, and that incompetent persons bring themselves to ruin by undertaking to speculate in their turn. But legislatures and courts generally have recognized that the natural evolutions of a complex society are to be touched only with a very cautious hand, and that such coarse attempts at a remedy for the waste incident to every social function as a simple prohibition and laws to stop its being are harmful and vain.

When the Chicago Board of Trade was incorporated we cannot doubt that it was expected to afford a market for future as well as present sales, with the necessary incidents of such a market, and while the State of Illinois allows that charter to stand, we cannot believe that the pits, merely as places where future sales are made, are forbidden by the law. But again, the contracts made in the pits are contracts between the members. We must suppose that from the beginning as now, if a member had a contract with another member to buy a certain amount of wheat at a certain time and another to sell the same amount at the same time, it would be deemed unnecessary to exchange warehouse receipts. We must suppose that then as now, a settlement would be made by the payment of differences, after the analogy of a clearing house. This naturally would take place no less than the contracts were made in good faith for actual delivery, since the result of actual delivery would be to leave the parties just where they were before. Set-off has all the effects of delivery. The ring settlement is simply a more complex case of the same kind. These settlements would be frequent, as the number of persons buying and selling was comparatively small.

The fact that contracts are satisfied in this way by set-off and the payment of differences detracts in no degree from the good faith of the parties, and if the parties know when they make such contracts that they are very likely to have a chance to satisfy them in that way and intend to make use of it, that fact is perfectly consistent with a serious business purpose and an intent that the contract shall mean what it says. There is no doubt, from the rules of Board of Trade or the evidence, that the contracts made between the members are intended and supposed to be binding in manner and form as they are made. There is no doubt that a large part of those contracts is made for serious business purposes. Hedging, for instance, as it is called, is a means by which collectors and exporters of grain or other products, and manufacturers who make contracts in advance for the sale of their goods, secure themselves against the fluctuations of the market by counter contracts for the purchase or sale, as the case may be, of an equal quantity of the product, or of the material of manufacture. It is none the less a serious business contract for a legitimate and useful purpose that

it may be offset before the time of delivery in case delivery should not be needed or desired.

It seems to us an extraordinary and unlikely proposition that the dealings which give its character to the great market for future sales in this country are to be regarded as mere wagers or as "pretended" buying or selling, without any intention of receiving and paying for the property bought, or of delivering the property sold, within the meaning of the Illinois act. Such a view seems to us hardly consistent with the admitted fact that the quotations of prices from the market are of the utmost importance to the business world, and not least to the farmers; so important, indeed, that it is argued here and has been held in Illinois that the quotations are clothed with a public use. It seems to us hardly consistent with the obvious purposes of the plaintiff's charter, or indeed with the words of the statute invoked. The sales in the pits are not pretended, but, as we have said, are meant and supposed to be binding. A set-off is in legal effect a delivery. We speak only of the contracts made in the pits, because in them the members are principals.

In the view which we take, the proportion of the dealings in the pit which are settled in this way throws no light on the question of the proportion of serious dealings for legitimate business purposes to those who fairly can be classed as wagers or pretended contracts. No more does the fact that the contracts thus disposed of call for many times the total receipts of grain in Chicago. The fact that they can be and are set-off sufficiently explains the possibility, which is no more wonderful than the enormous disproportion between the currency of the country and contracts for the payment of money, many of which in like manner are set off in clearing houses, without anyone dreaming that they are not paid.

It is argued that the true purpose is to exclude all persons who do not deal through members of the Board of Trade. Whether there is anything in the law to hinder these regulations being made with that intent we shall not consider, as we do not regard such a general scheme as shown by the contracts or proved. A scheme to exclude bucket shops is shown and proclaimed, no doubt—and the defendants, with their contention as to the plaintiff, call this an attempt at a monopoly in bucket shops. But it is simply a restraint on the acquisition for illegal purposes of the fruits of the plaintiff's work. We are of opinion that the plaintiff, The Board of Trade of the City of Chicago, is entitled to an injunction as prayed.

This decision injected new life into the fight against these illegal concerns, and the Directors met with gratifying results when they sent requests to all other exchanges in the country to join in a fight to complete the suppression of the bucket shops. The bucket shop interests apparently saw that they were doomed, but made an effort to live, and a plan was reported by a "national board of trade" to furnish quotations to them, but the plan was not put into operation.

In August, a final decree was entered against the Central Grain and Stock Exchange of Hammond, Indiana, perpetually enjoining it from obtaining the quotations of the Board in any way, and Judge Mack in the Superior Court decided in favor of the Board in a case with L. G. Bostedo, in which the right of the Board to discipline a member for sending orders through a bucket shop was involved. Mr. John Hill, Jr., had brought charges against the man some time before, and he sued the Board for ejecting him.

In October the Directors were petitioned to post an amendment to the rules, requiring buyers of car lots of grain "to arrive," to pay 80 per cent of its value five days after presentation of the bills of lading, and the petition was referred to the rules committee. The committee deliberated for some time on this amendment, the wave of opposition to it growing all the time, especially among the smaller firms, who had limited banking credit, and when the amendment came up for a vote in December it was defeated, the shippers declaring that bill of lading receipts were not negotiable. At the same meeting eight other amendments were voted on, but only one of them was passed, the one providing that there were to be no deliveries on Saturday afternoon unless the last day of the month came on Saturday.

Trading in puts and calls was alternately attacked and defended by members of the Board in the latter part of the year. The legality of the trading was a question much under discussion, and contradictory views were taken of the matter. In August a special committee consisting of James Bradley, J. H. Jones and James Crighton, which had been appointed to seek legal advice on a petition signed by 140 members asking for the removal of the penalty clause in a rule relating to puts and calls, reported that the petition contained nothing in conflict with other clauses in the rule which it proposed to amend. On the last day of the month some of the largest brokerage houses operating on the Board formed an agreement to refrain from that form of trading. They were influenced to take this action by threats of prosecution and publicity, and stated that they expected their example to be followed by other brokerage houses as long as such trades remained illegal under the Illinois statute. But although steps were taken to abandon puts and calls in Illinois, practically all the commission houses decided to continue their business in Milwaukee. About three weeks later, the committee on puts and calls reached the decision that rulings of Judge Gary, making the trades legal, would have to be carried to the Supreme Court. When this report was given to the Directors they referred the matter to the legal advice committee and for a time there was a temporary lull in the agitation. But in December John Hill, Jr., resigned his membership in the Board to begin an active independent fight against privilege trading, and a few days later his action was met by the Directors in their first steps to protect that kind of trading. They

laid his resignation, which was to take effect December 31, on the table and dismissed him from the employment of the Board; but his announcement that he was going to fight them had already caused several commission houses to abandon privilege trading pending the decision of the Supreme Court. Near the close of the year it was intimated that a test case involving the legality of "bids" and "offers" had been brought by some of the members, and the following day the Directors, at an unofficial meeting, withdrew their sanction from trading in "bids" and "offers" by denying the use of the smoking room to members for those transactions.

Little was done during the year toward changing the rules governing the grading and inspection of grains. In March the Board took official action against the proposition to make Oregon red Russian wheat deliverable on contracts. A few days later a petition was presented to the Directors to make that grade of wheat deliverable on contracts at a penalty of 5 cents, but it was not approved by them and did not, therefore, come up for a vote of the members. The sentiment in favor of broadening the contract grades of grain continued with a majority of the members of the Board, and in May an amendment was passed allowing the delivery of No. 3 corn on contracts for No. 2 corn, at a reduction of 5 cents per bushel in the contract price.

The fight against railroad rate discrimination began to take on large proportions this year, the Government taking steps to interfere. In January, the indignation caused by the eastern railroad freight rate discrimination against Chicago, which was taking the grain trade away from this market, induced the shipping interests to unite for the purpose of opposing this rank injustice. A committee of fifteen met in the transportation committee room of the Board of Trade comprising five representatives from the Chicago Shippers' Association, five from the Illinois Manufacturers' Association and five from the Board of Trade. The representatives of the Board were George F. Stone, E. L. Merritt, John J. Bryant, John T. Sickel, and E. B. Boyd. The purpose of the meeting was to seek some way to stop rate discrimination, and a committee was appointed to draft and convey to Washington, resolutions regarding the proper control of rebates and railway tariffs. Some time later, with facts and figures especially compiled, this committee was able to disprove the claims of the eastern roads, that the western roads, and not they, had been responsible for the grain rates which discriminated against Chicago. In face of the fact that it already cost more to send grain from Chicago to the Atlantic seaboard for export or for consignments to eastern points, than from Missouri River points to New Orleans or ports on the Gulf of Mexico, the eastern roads had arbitrarily raised the eastbound rates the preceding November. The Board at this time tired of direct appeal to the railroads for relief, and adopted a policy of agitation and publicity

to try to force the discontinuance of the discrimination. The efforts of the Board were not without result, and on the 4th of February the Chicago, Milwaukee & St. Paul Railway and the Great Western cut their grain tariffs in two on corn for export, and a conference was held in the office of the New York Produce Exchange on February 9, to which President Jackson appointed as representative Messrs. Sickel, Pettit, Marcy, Glaser, and Bradley. All hope that the United States Government might alleviate the sufferings of the shippers was put to an end for the remainder of the session, when the senate committee on interstate commerce agreed to report a resolution providing for a hearing during the recess of Congress, the report to be ready for the next session. Little or nothing was done for the next six months in the fight against discriminating freight rates. Dissatisfaction with shipping conditions continued, until it was rumored in October that, on account of the unsatisfactory arrangements between shippers and eastern railroads, a concerted stand might be made by shipping interests of Chicago, Buffalo, and New York against the pooling arrangements of the Buffalo-New York lines alleged to exist. Nearly at the close of the year relief through the agency of Government intervention seemed imminent when it was announced that the Government was to begin suit against the Southern railway systems and the Southeastern Freight Association in the Federal courts at Cincinnati to break up the combination which had for twenty years maintained discriminatory rates in favor of New York and other eastern cities, and against Chicago, Cincinnati, and the Middle West.

Several decisions which affected the Board of Trade were handed down by courts during the year besides the important one already alluded to. On the last day of February the State Supreme Court gave a decision in the case of a customer of Adolph Kempner, which was in conflict with the decision handed down in the Weare case. An extract from the decision reads: "An undisclosed intention of complainant to gamble in grain and settle in differences was not sufficient to prove a violation of the law by Kempner." In the Weare case the intention of the complainant was decided to have been the vital point to determine. In October, Judge Chytraus in the Superior Court of Cook County upheld the Board of Trade in the suit brought by W. E. McHenry to establish a property right in membership, after expulsion, by deciding that expulsion wiped out membership, leaving no property to be realized on. The right of the Board to enforce its margin rule was upheld by a decision of the Supreme Court of Illinois, all contrary decisions of lower courts being thereby reversed. The famous July oats deal of 1902 was at last settled out of court, Waite-Thorburn agreeing to settle their outstanding contracts with Bartlett-Frazier on the basis of 57¼ cents for the new style contract on which standard oats were deliverable, and 42 cents for the old style contracts on which mixed

oats were deliverable. Fifty-seven and a quarter cents was the price originally fixed by private arbitration, and 42 cents was the price named by Judge Chytraus as a fair one for old style contracts.

Near the end of June Knight, Donnelley & Co. were thrown into bankruptcy on claims of three creditors which amounted to \$16,000, and although the liabilities of the firm amounted to \$250,000 the Board was little affected by the failure. Dull trade was given as the chief cause. The result of this failure was that the sentiment against allowing firms, knowing themselves to be insolvent, to do business on the Exchange increased until on August 30 the members adopted a by-law that provided that when any member of the Association, knowing himself or the firm of which he was a partner, to be insolvent, should make any contract which should result in pecuniary loss to any other member, firm or corporation entitled to transact business on the Exchange, "he shall be suspended or expelled at the discretion of the Directors."

The indignation of the members was aroused in March when a representative introduced a bill into the state legislature to establish a bureau for weighing grain under the State Board of Warehouse Commissioners. The weights of the Board of Trade weighers had always been so uniformly accurate, and had so commanded the respect of all other exchanges and eastern and foreign buyers, that nothing was needed or desired in this direction.

The Board was shocked by the death during the year of Mr. C. D. Hamill, ex-President of the Board, in honor of whose memory the Exchange was closed at noon on January 12.

In February, May wheat began to show signs of a corner, going up 2 cents to \$1.19 $\frac{7}{8}$ on the 15th, and it was generally known on the Board of Trade that the Wall street interests, headed by John W. Gates, were long, and the next day the shorts bid May wheat up to \$1.21 $\frac{1}{2}$, the pit fearing a squeeze. Armour interests were also on the long side of May wheat and on the decline in March they bought consistently. John W. Gates was at last ascertained to be the man who was running the May wheat deal, which was the largest in nearly a decade, and the failure of the State Warehouse Commissioners to declare red Russian wheat deliverable aided him materially, the month of March closing with May wheat at a premium of 25 cents over July. It was estimated at this time that the leading bulls' holdings were 18,000,000 bushels, and the trade was convinced that the commissioners would postpone their decision on grading red Russian wheat of requisite quality as No. 2 red until after the close of the May deal. Soon after the beginning of the month of April some of the directors expressed a sentiment against any sensational climax to the deal, and traders suggested that litigation would follow in the wake of an artificial price level maintained by the clique. On the 22nd of April, however, the gigantic deal collapsed like a card house. The Gates interests sold out 10,000,000

bushels at an average loss of about 10 cents per bushel, the average selling price being \$1.05 against the average cost price of \$1.15. At the next opening of the Exchange the heavy liquidation continued and the rest of the line was sold out, 8,000,000 bushels, and Gates added \$800,000 to his losses, and the price declined to $86\frac{3}{4}$ cents on April 27.

The year had been a prosperous one for the Board. The financial condition was good, and there were 1,774 members, there having been five expulsions during the year, and five memberships had been bought in by the Board at a total cost of \$14,900.

The wheat crop of the United States for 1905 was approximately 140,000,000 bushels larger than in 1904, and the receipts at Chicago were 26,899,012 bushels, while the shipments were but 13,922,714 bushels. May wheat opened at $\$1.13\frac{3}{8}@1.15\frac{1}{8}$, with but slight improvement during January, while in February the price advanced to $\$1.21\frac{1}{2}$, but closed at opening prices of the year. The range was lower in March, being from \$1.09 to $\$1.16\frac{1}{4}$, with the close a shade below the close of February. The price advanced to $\$1.18\frac{3}{4}$ the first part of April, but after the 20th there was a sharp decline to $86\frac{1}{2}$ cents on the 29th. During May cash No. 1 northern wheat sold as high as $\$1.13\frac{3}{4}$, closing several cents lower, while wheat for July delivery advanced from $81\frac{7}{8}$ cents the 1st, to $91\frac{3}{4}$ cents the 25th of the month, it likewise closing lower. In June cash No. 1 northern closed at \$1.20, while the July delivery went from $84\frac{7}{8}$ cents the first part of the month to 94 cents on the last day. In July No. 1 northern ranged from \$1.20 down to \$1.15, which was the ruling price the latter half of the month, while wheat for September delivery went from $91\frac{1}{4}$ cents on the 5th, to $82\frac{7}{8}$ cents the 18th, and closed at $85\frac{7}{8}$ cents. In August $86\frac{3}{8}$ cents paid the first of the month, for September wheat, was the high price, with $77\frac{7}{8}$ cents, the 30th, as the low point. No. 2 red cash wheat ranged up to $85\frac{5}{8}$ cents before the close of September, while wheat for December delivery went from $80\frac{7}{8}$ cents to $86\frac{1}{4}$ cents, near the close of the Month. The December option ranged higher during October, touching $90\frac{7}{8}$ cents, the 28th, but in November the price declined to $82\frac{5}{8}$ cents, and closed at $84\frac{1}{4}$ cents. No. 2 red cash opened in December at 86 cents, touched $89\frac{1}{2}$ cents, and closed at $89\frac{3}{8}$ cents, while the May delivery was nearly stationary at a fraction over 88 cents.

Corn. Corn receipts were 10,000,000 bushels larger than in 1904, aggregating 110,823,444 bushels, with shipments of 91,153,342 bushels. Cash corn opened at $42\frac{1}{2}$ cents and ranged upward until $48\frac{1}{2}$ cents was reached in March, with a close of 47 cents. During April the range was from 46 cents to $49\frac{1}{2}$ cents, closing near the bottom. Higher prices came in May, the crisis of the May deal being reached the 24th, with a top price of $64\frac{1}{2}$ cents, but after settlements had been made the price sagged to $50\frac{1}{4}$ cents, the 29th.

Opening at 52½ cents, the June market showed an improvement of 4 cents by the close and this continued in July until 59 cents was reached the 21st, after which the price declined to 53¾ cents on the 31st. The August range was small, with 57 cents as the high price, and the range was lower in September, the month closing at 51¼ cents. The October market was devoid of excitement, ranging from 50 cents to 54½ cents, while weakness was apparent in November, which carried the price down to 45½ cents near the end of the month. December markets were above this figure, reaching 50¼ cents, but the close was weak at 42 cents.

Oats. The receipts of oats were nearly 20,000,000 bushels in excess of those for 1904 and amounted to 92,486,761 bushels, while the shipments were 66,131,725 bushels. Cash oats opened at 29¾ cents, with gradual improvement up to 33¼ cents early in March, followed by a decline of 28⅜ cents the last of April. May closed at 32 cents, while lower prices ruled during the first half of June, strengthening before the close. Thirty-four and a quarter cents was the high price for July, attained early in the month, with a sharp decline to 27 cents, at the close. The August range was lower, the price going to 25¼ cents, and in September the range was from 25 cents, on the 5th, to 30 cents, the 22nd, closing at 27¾ cents. October closed near the top at 30⅜ cents, and while 31⅜ cents was reached early in November, the range was lower the remainder of the month, the depression lasting until the fore part of December, but 32¾ cents was reached later and the year closed at 32 cents.

Rye. The receipts of rye were but 13,000 bushels more than in 1904, aggregating 2,392,444 bushels, with shipments of 1,152,019 bushels. No. 2 cash rye was steady throughout January at about 75 cents, and there was a net gain in price of about 2 cents by the end of February, while 78½ cents was the ruling price during March and the first part of April. After the middle of April the price declined to 73 cents, by the end of the month. The opening price for May was 70 cents, but manipulation carried the price to 84 cents, the last of the month, and after settlement by the shorts the price fell to 78 cents. The few transactions in cash rye in June ranged from 75 cents to 79 cents, while the July delivery was steady at 66 cents. In July there were few transactions in cash rye, but the price declined from 75 cents to 58 cents, while in August the price opened and closed at 60 cents. In September a second speculative movement carried the price up to 72 cents, the 29th, but with 68 cents as the closing price. October opened at 67 cents and advanced irregularly, the shorts being obliged to settle at 73 cents on the 31st. Lower prices prevailed in November, 66 cents being reached the latter part of the month, and in December the range was from 68 cents, the 1st, to 64 cents, the 28th, with the close about 2 cents stronger.

Barley. The receipts of barley were the largest Chicago had ever known, aggregating 28,074,142 bushels, and the shipments 7,374,037 bushels. Much of the old crop was of good quality and the price difference, between choice and poor malting barley did not exceed 10 cents during the first half of the year, but the margin widened with the new crop. Choice barley was steady at 48 cents during January and February, while 49 cents was the ruling price in March and the first half of April, when there was a decline to 48 cents, for the remainder of the month. Forty-nine cents was paid the first half of May and 50 cents the last half of that month and during June. In July the price reached 52 cents, declining to 46 cents at the end of the month. After declining to 42 cents the first part of August the price again reached 48 cents the last half of the month, and in September 52 cents was the ruling price. Little change occurred in October, but prices ruled higher in November, 55 cents prevailing the greater part of the month, while 54 cents was the outside price from November 22 to the end of the year.

Flour. The receipts of flour were 7,944,955 barrels, the shipments were 7,361,867 barrels and the city manufacture 975,000 barrels. The prices were fairly satisfactory, but ranged downward, spring wheat patents, which opened at \$5.50, selling at \$4.10 during December, while inferior grades went as low as \$1.90 the latter part of the year.

Seeds. The receipts of timothy seeds were large, aggregating 53,346,785 pounds, with shipments of 15,189,484 pounds. The price range was small and prime timothy, which sold at \$2.77½ the first of the year, advanced to \$3.75 by September, declined to \$3.20 and closed at \$3.50. Clover seed receipts were 4,668,715 pounds, and shipments were 3,081,364 pounds. The price of prime clover seed per cental opened at \$12.75 and advanced irregularly until \$14.40 was reached in April. There was a decline to \$12.25 in June followed by an advance to \$13, but in September the price fell to \$11, while \$13.25 was the ruling price the latter part of the year. The receipts of flax seed were but 2,890,241 bushels, and the shipments were 238,652 bushels. There was some speculative activity in the May delivery, but no trades in futures the remainder of the year. The outside price for No. 1 cash flax seed stood at \$1.22½ the first of the year, and remained steady about that figure until the latter part of February, when there was a sharp advance to \$1.35, and to \$1.39½ in early March. There was a slight reaction, but \$1.40 was the ruling price the latter part of April, and the top price for the first half of May. Speculation carried the price to \$1.47 by May 31, and this price was maintained into June, but \$1.43 was the ruling price the greater part of the month. The market was down to \$1.35 in July, and in August to \$1.12, while in September the price went below \$1 for the first time in the year. During October and November the price was just above and below the dollar mark, but in

December there was improvement, the price going from \$1, the 1st, to \$1.16, the 30th.

Provisions and Live Stock. The receipts of cattle were about on a par with the preceding years, aggregating 3,410,469 head, while the shipments were somewhat larger, amounting to 1,410,213 head, leaving about 2,000,000 head for packing in Chicago. Speaking of the live stock business, the Secretary said in his report of the year: "The volume of our business in live stock is simply astounding, and no adequate impression can be conveyed of its importance and magnitude by a mere recital of abstract statistical statements. Visit the great Union Stock Yards, look over its 500 acres, 450 of which are covered with brick or plank. Consider that there are 300 miles of railway track within the yards, twenty-five miles of streets, 13,000 pens, 25,000 gates, and you gain some idea of the immensity of this business reaching out into all the markets of the world." The prices for extra steers were fairly satisfactory and of considerable range. Opening at \$6, the price reached \$6.45 in February, but was back to \$6 the first week in March. By the middle of April, \$7 was paid, and in June, \$6 was reached for the third time; but after an advance to \$6.25 the price declined to \$5.80 in July, rising again to \$6.50 in September. The price was under that figure until the latter part of November, when there was an advance to \$7 by the fore part of December, but the year closed as it had opened, at \$6.

The receipts of live hogs were 8,319,690 head, and the shipments, including both live and dressed hogs, amounted to 2,178,324 head. The number of hogs packed for the year ending March 1, 1905, was 6,044,758. The top price for live hogs the first week in January was \$4.77½, and the market showed but little improvement until the latter part of February, when the price ruled a little over \$5. During the last half of March the price was up to about \$5.50, and it ruled generally above that figure during April, \$5.72½ being the high price. The market was steady during May and June, with an advance in July which carried the price to \$6.22½. There was a continued gain in August, \$6.40 being reached, while in September the market ranged lower, averaging about \$5.85. In October prices declined further, reaching \$5.25 by the close of the month, and in November the price dipped below \$5. The December price was better and the year closed at \$5.35.

Mess pork opened at \$12.40 and the range was from \$12.12½ to \$12.95, until near the close of April, when there was a decline to \$11.70. The price ranged up to \$12.60 during May, and \$12.80 in June, with an advance the latter part of July which carried the price to \$13.40. This improvement was more marked in August, the month closing at \$15.60, while in September the price declined to \$14.62½. A speculative movement carried the price to \$16.50 in October, with a sharp decline to \$14.25 the following day. During November prices sagged, reaching \$13.40 at the close, and in Decem-

ber the market was still weaker, closing at \$12.70. Lard prices ranged from \$6.55 to \$6.90 in January, ruled somewhat lower in February and went above \$7 in March. Seven dollars and twenty-five cents was the top price for April, and also for May, while in June the highest price was \$7.37½. The July market was weaker, touching \$6.97½, although the opening and the close was at \$7.27½. August witnessed an active advance to \$8.10, which was the highest price of the year, September closing weak at \$7.17½. In October there was an irregular decline to \$6.97½ at the close, while in November the price touched \$6.90, but reacted to \$7.37½ by the end of the month. A price of \$7.77½ was reached the fore part of December, but the close was at \$7.30.

Transportation. The great event of the year so far as the transportation interests were concerned was the restoration of Chicago as the basing point, the so-called Mississippi River prorate to seaboard territory being abolished and all grain rates made on Chicago basis. This not only did away with the necessity of tying up funds in excess of freight charges, amounting in some individual cases from \$50,000 to \$80,000 at a time, but it also removed the cause of other evils which were the outgrowth of the former rating system. Water transportation was somewhat higher and rail transportation somewhat lower than in 1904. The average rates on wheat per bushel to New York being as follows: By lake and canal \$.0553, by lake and rail \$.0640, by all rail \$.0990.

1906

The year 1906 was one of the most unsatisfactory and discordant in the Board's history. The markets throughout the year were comparatively dull and uninteresting and the continued lack of business drove the members to serious consideration of ways and means to improve conditions. This led to argument and recrimination and discord, which but increased the disadvantages under which the Board labored, until at the close of the year the Association was in the most chaotic condition it has ever known. The commission rule was the chief bone of contention, but the question of privilege trading also figured largely, and back of it all was the ill-feeling arising from the fact that commission men and traders felt that their business was being taken from them, more and more, by the powerful interests represented by the so-called elevator trust. With the provision trade the year was particularly unsatisfactory on account of continued investigations, court proceedings, newspaper and Executive attacks and sweeping legislation which kept the business in a turmoil and lessened the confidence in American meat products abroad, although reforms were instituted which were eventually of benefit to all concerned. While the Board of Trade was in no wise responsible for the alleged shortcomings of

the packing industry, their interests were closely allied, in that the members of the Board dealt extensively in the packers' product and the incidents of that trade affected the markets and the volume of business, thus making an outline of these events necessary to an understanding of conditions upon the Exchange. Altogether the year was of value as a formative period and as a necessary connecting link between the old conditions and the new, and better, ones.

There were two tickets in the field the first of the year, one headed by Walter Fitch and the other by John B. Adams, while there was much talk of a third ticket to be headed by J. C. Rogers. William Hood was made a candidate for Director, by petition, while fifty cash houses endorsed the candidacy of Jos. P. Griffin for the Directorate. The great issue was as to the commission rule and the questions of brokerage and trade insurance. Fitch declared in favor of trade insurance and rule enforcement, while Adams' platform was for "a square deal, more business, and less legislation, with opposition to unnecessary publicity and some trade insurance features." The contest was close, but good-natured, Mr. Fitch winning by the narrow margin of 44, the vote being, Fitch 591, Adams 547. The new Directors were Joseph P. Griffin, James Pettit, J. J. Stream, J. E. Bennett and Henry Zeiss. President Fitch was born in Fox Lake, Wisconsin, in 1861. He was educated in Detroit, engaged in the grain business at Ashland, Wisconsin, and came to Chicago in 1894. At the time of his election he was at the head of the firm of Pringle, Fitch & Rankin. He was thought to be more conservative than Mr. Adams and had the support of the banking element and the larger interests. J. C. Rogers, the new Second Vice-President, was a partner in the firm of H. W. Rogers & Bro., and was an old member of the Board, having been a Director during the Hutchinson and Baker administrations.

At the annual meeting the Directors were able to make an excellent report as to the finances of the Association. The receipts from all sources were \$381,055, and the total expenditures were \$361,333, and there was cash on hand amounting to \$170,221. Not only this, but there were no outstanding bills, there was a balance of \$16,803 due from the telegraph companies and bonds of the Board of Trade of the face value of \$30,200 had been purchased. In the list of expenditures were included \$32,476 for legal expenses, \$5,098 for expense of the legislative committee and \$14,900 for the purchase of five memberships. The number of members at the beginning of 1906 was 1,774, and the pro rata assessment was fixed at \$50. The clearances of the Board of Trade Clearing House for the year just ended aggregated \$56,749,345, and the balances, \$19,369,168, both being much less than for 1904. The report, aside from the usual review of the work of the various committees, dwelt particularly upon the progress of the war against bucket shops and spoke of the

success of the new plan by which the Board had claimed a property right in its quotations and had sought injunctions against their unauthorized use. The court decision of May, 1905, was cited as one of great importance, as it established not only the legality of future, or time, trading, the Board of Trade Clearing House and the system of settling by off-set or "ringing," but also the property right of the Board in its quotations. The Board's contracts with the telegraph companies were also declared to be legal by this decision. The report included the names of the 179 persons against whom permanent injunctions had been obtained and stated that while the legal expense of the fight against the bucket shops had amounted to \$87,354 in six years, the receipts from quotations during the same period had amounted to \$191,519, showing a large, favorable balance under the new plan of procedure. The report also commented appropriately upon the death of former President C. D. Hamil and of the distinguished Civil War veteran, Major Lewis B. Mitchell.

The proposed change in the commission rule was the chief matter of Board interest the first of the year. The original petition had been disapproved by the Directors because it was felt that such action should be taken in conjunction with other Exchanges, and the proposition had been referred to the legal department for advice. This action was not satisfactory to the advocates of the new rule and a petition, signed by 100 members, was presented, demanding that a vote be taken. There was much discussion over this proposal to double the commission rates on grain and provisions and to require all business to be done on a brokerage basis, and Howard Hill came forward with a compromise proposition that there should be no raise in rates when trades were closed within ten days. An amendment to the amendment was offered to strike out the provision for doubling the rates to members for closing trades through other houses, and in the meantime, a petition was presented for a rule to permit the charging of interest on advances made to country shippers. Country dealers were opposed to this and also to the proposed increase in commission rates and there was so much controversy that it was thought best to postpone the vote on the rule until February 15, and to appoint a committee to draft the rule in more explicit terms. The question involved not only the commission rates, but the system of brokerage and the employment of agents, and, before the vote was taken, there was a petition to permit the licensing of country agents so that they might be properly compensated as solicitors. The committee reported a rule making the commission rate on 5,000 bushels of grain \$12.50 to non-members, \$5 to resident members and \$6.25 to non-resident members. The brokerage fee was to be 50 cents, each way, and it was permitted that men be employed on salary in clerical or managerial capacity, but not as traders. There was much opposition to this among the large

operators, led by Mr. Patten, who personally sold 500,000 bushels of wheat in the pit to demonstrate what large dealers would do if the brokerage rule was adopted. The report of the committee was approved at a Board meeting and the campaign grew warm as the day for balloting approached. B. B. Bryan and John Hill, Jr., were chief spokesmen for the advocates of the new rule and J. A. Patten led the opposition. Circulars were issued on both sides of the controversy and the time of the Exchange was largely devoted to discussion. At the election 557 votes were cast for the new rule and 448 against it. The interest was such that many out-of-town members came to the city to vote, and it was said that the East favored the rule, while the West was against it. The rule permitting interest charge was also carried. There was much rejoicing when the result was known and Mr. Bryan, in particular, was greeted with an ovation for his successful management of the campaign. No sooner had the rule passed, and before it became effective, than dissatisfaction was manifested and the grain, or cash, interests met and resolved to request the Directors to submit an amendment for separating transactions for the buying and selling of grain by grades alone to be delivered or stored at regular warehouses, and grain to be sold by grade or sample only. The "cash" men objected to the brokerage provision of the new rule and, if their amendment was adopted, it was proposed that traders by grade should be paid brokerage, while traders by sample should be paid salaries. The Directors appointed a committee to draft a rule in accordance with this request, and a petition to abolish split quotations, showing fluctuations of 1/16 cent, was also referred to a committee. The new commission rule went into effect March 1, the rates, in addition to those already mentioned, being as follows: \$12.50 for trades of 250 barrels of pork or 50,000 pounds of ribs, \$15 for 250 tierces of lard, to non-members, and one-half these amounts to members. Brokerage rates were 50 cents per 5,000 bushels of grain and \$1, per lot, for provisions. The Directors ruled that after March 1 all brokerage commissions must be executed at the new rates, whether for trades entered into before that date or subsequently. They also made other important rulings; one to the effect that the "10 per cent interest" mentioned in Section 1 of Rule XIV, referred to the interest of a bona fide partner of a firm or to a bona fide and substantial stockholder of a corporation, not to a mere "working interest," or to an interest in less than the entire business of the member; and another, that the charge for sampling did not apply to original samples bought by receiving agents. The second day under the new rule brought an increase of outside orders, but there were murmurs of discontent and in a circular S. H. Greeley pointed out some of the reforms needed in the grain trade. These included improved warehouse service with equal rates to all, civil service in grain inspection department, trade in

futures on separate grades, elimination of "one-man" insurance on public warehouse grain, restoration of confidence in grades of grain and in warehouse receipts. Within a few days the cash grain interests held a meeting and unanimously approved an amendment providing that the charge for sampling against consignments should be eliminated and permitting commission merchants and receivers to employ, on salary, members to sell grain by grade or sample, without brokerage, and this was approved by the Directors. Business continued to improve, somewhat, during the fore part of March and the Open Board raised its rates to correspond with those of the regular Board, but President Fitch aroused renewed controversy when, at a banquet of the Bohemian Club, he defended privilege trading and said that the clearing house system was old and inadequate and the margin system a farce, and that, through its inefficiency in the event of a failure, everyone would be victimized. The next proposed change in the rules was when the Directors unanimously approved an amendment prohibiting trades in privileges in outside markets, based on Chicago receipts, and this was adopted. Following this, Henry Berger, who was a member of both the Chicago and Milwaukee Exchanges, applied for an injunction to restrain the Board of Trade from extending its rule for higher commission rates to transactions by its members on the Milwaukee Exchange, and many commission houses agitated a return to the old rates for trades completed in ten days. Milwaukee traders maintained that business was better on their Exchange after the passage of the rule prohibiting outside trades in privileges, although a number of Chicago branch offices at that city were closed. A decision by the Appellate Court at this time was of much importance to the trade. This was a test case and the decision was that it was illegal to give an option to sell or buy at a future time. In December the Directors had decided that there was to be no privilege trading in the Board of Trade Building pending the decision of this case and members of the Board had formed the Merchants' Association, with offices in the Commerce Building, where this form of trading was carried on. This was now abandoned, and a committee of the Board outlined a plan for trade protection to answer the purpose of privileges without violating the State law. This was submitted to counsel and approved by him. These trade indemnities were to go through the Board of Trade Clearing House and the brokerage was fixed at 5 per cent of the premium for non-members, and 3 per cent for members. The Indemnity read:

"Indemnity of Sale

"In consideration of \$5, I hereby agree to indemnify from loss on sale of 5,000 bushels of wheat for the market through an advance in the market price to above the price of cents per bushel."

An amendment covering this innovation was approved by the Directors and was adopted by a vote of 432 to 228 on May 14. In a short time trade in what were called "ups and downs" was established, although some houses refrained from such deals. In spite of all these changes of rules, or perhaps on account of them, the value of memberships had been steadily decreasing, declining from \$3,300, in February, to \$2,500 in May. This was indicative of the unsatisfactory business conditions on the Board and caused further attempts to improve the situation by amendments to the rules. A petition was circulated for a return to the old commission rates and to make brokerage non-compulsory, but this was not approved by the Directors. Later, in June, the commission men held a meeting to consider some revision of the rule as to the employment of solicitors, many of the large houses being represented, and a petition for the desired change soon received many signatures. Another cause of dissension was the installation of electric clocks to record quotations. These were opposed by brokers on the ground that they were too easy to watch and would take business from floor traders. A petition opposing their use soon received 240 signatures, but this the Directors disregarded. The establishment of a call for rye, barley, timothy and flaxseed in the southwest corner of the Exchange hall, with David Harris as caller, proved more popular and its transactions were large. This was followed by an amendment providing for a call for corn and oats, which was adopted by a large majority, but an attempt to make changes in the rules easier by reducing the number of signatures necessary on petitions, was defeated. A section of the new rule provided that "under the new rule establishing a public competitive call, the last cash price for corn or oats to arrive, less commission and other charges, must form the basis of all bids sent between the closing of the Exchange and the opening of the regular session the following day." Attorney Robbins advised against the passage of this section, but it was nevertheless adopted, the smaller receiving houses being strongly in favor of it. The new call was instituted the latter part of July, the first committee consisting of G. R. Nichols, W. N. Eckhardt, G. B. Van Ness, E. L. Merritt and S. T. Graff, while H. Dewar was the first caller and William McCracken the recorder.

The proposed amendment as to the employment of solicitors on a salary basis, or 20 per cent commission, all such solicitors to be approved by the Board, came to a vote on July 30 and was adopted by a large majority. The end of the unrest was not yet reached, however, and during August the Directors disapproved a petition for a return to the old commission rates, on the ground that the new rule had not by that time been given a fair trial. The necessary 100 signatures were soon secured and after a lively campaign it was voted, 627 to 177, to retain the new rates. This large majority settled the commission question, but for a short time only. Busi-

ness grew duller and duller until the members were unanimously of the opinion that something was radically wrong, but as to the remedy there was wide divergence of opinion. It was said that the bucket shops were thriving and the Board decided to hold a meeting to consider the question of lowering rates and extending quotations so as to increase business. The first of these meetings was held in October and was announced as a "love feast." President Fitch spoke in favor of the wider distribution of quotations, reciting the history of the struggle to keep them from bucket shops and saying that the business of the Board was the poorest it had been for 16 years. He urged that to restrict tickers was to restrict business. This meeting was not productive of results and a second meeting was held within a few days, the proceedings of which were kept secret, although it was reported that the commission rule was under discussion. Business seemed at a veritable standstill, and soon a third meeting was called, which developed into a lively discussion of the elevator question. A fourth and a fifth meeting served only to increase the feeling between the members and at the last of the series it was insisted that the elevator trust was the real cause of the decadence of business and President Fitch was authorized to appoint a committee of nine to investigate the subject, while one radical member demanded the resignations of two Directors aligned with the elevator interests, and John Hill, Jr., announced that he was about to fight the elevator trust through the medium of the courts. The elevator committee consisted of C. L. Raymond, chairman; J. H. Milne, J. B. Adams, G. R. Nichols, E. S. Skillen, E. S. Hunter, W. N. Eckhardt, J. H. Ware, and W. S. Crosby. Before the committee had taken any action Mr. Hill presented evidence against the warehousemen to the State's Attorney, alleging an illegal combination between the Armour Grain Co., Peavey, Central, Calumet, South Chicago and Rosenbaum Elevator companies, and producing a copy of their agreement. The elevator men said this agreement had been abandoned, that no black-list was maintained and denounced the attacks, which they claimed were merely sensational.

Another result of these meetings was renewed agitation for revision of the commission rule. The Directors disapproved a petition for a return to the old rates, and although business was somewhat better, two petitions were soon in circulation, one for the old rates and the other lowering the rate from \$12.50 to \$7.50, but retaining the brokerage provision. Finally President Fitch came out in favor of a change, saying that the new rule had not worked well and was driving business to the bucket shops. Soon after this, an amendment was posted providing for a return to the old commission rates and lowering the brokerage charge from 62½ cents to 50 cents. There was much division of opinion and sharp discussion following the posting of this rule, and at an exciting meet-

ing it was proposed to separate the commission and the brokerage questions so that they might be voted on separately. President Fitch ruled that the amendment to this effect was not properly drawn and not brought up in proper form, but after heated debate he was overruled. The balloting was held early in December and resulted in a return to the old commission rate by a vote of 466 to 377 and the return of brokers to a salary basis by a vote of 445 to 394, thus returning to the status of the previous March. It was at this time that the Directors recommended a rule to permit voting by proxy and another for the compulsory filing of all indebtedness between members, and the compulsory transfer of memberships if debts were not paid. This last proposal met with sharp division of opinion and the state of the Board was illustrated by the fact that memberships fell to \$1,950, the lowest point since 1901, and this in the face of nearly \$100,000 expended to retire memberships, about forty having been purchased since the preceding March. The feeling was also shown by the resignation of C. L. Raymond as chairman of the elevator committee with the statement that he "did not feel justified in serving on a committee for a commercial organization whose rules in his opinion were open to criticism as uncommercial and affording opportunities for dishonest practices." John McDougall also issued a circular letter opposing the proxy rule as opening the door for political intrigue, and the insolvency rule as dangerous, declaring that the Board should show mercy rather than harshness. Later, it was proposed to amend the proxy rule by allowing voting by mail, but this was defeated at a meeting of the Board, this action being taken as a sign that the proxy amendment would likewise be defeated. The vote on these rules was taken on December 20 and the insolvency rule was defeated by a vote of 586 to 123, and the rule to permit voting by proxy also failed of passage. It was said that this showed that the local traders were in full control of the Board and that they were opposed to the private wire houses and to the elevator interests. Feeling ran high and it was recognized that the minority was powerful and might disrupt the Board. The elevator interests were particularly antagonistic to John Hill, Jr., who was recognized as the leading spirit among the reformers. The business of the Board had been on the downgrade for a number of years. This was laid to the bucket shops, but later developments had led members to believe that the real trouble was that the elevator interests had largely destroyed the business of the commission men by dealing direct with the producers through their many elevators in the country and their methods of buying and dealing in grain. Many personalities were indulged in and a new Exchange, with limited membership, as on the New York Stock Exchange, was proposed, with the larger houses and the elevator owners as members. The hopes of the radicals were placed in the new Santa Fe elevator, which offered lower rates and independence from

control by the elevator interests, as such. The so-called insolvency rule proposal brought matters to a crisis, as it was thought by many to be a deliberate attempt to drive the more impecunious from the Board and to make it a rich man's organization with the large interests in complete control. The opposition was directed also against the private warehouses which were said to defy the law, and it was urged that they should be subject to the same inspection as public warehouses. The grain inspection, in and out, amounted to 407,583,192 bushels, showing the volume of business to have been the fourth largest of any year in the history of the State grain inspection, 1875 having been the lowest and 1897, 1898 and 1899 the highest. The out inspection from public warehouses amounted, however, to 33,142,145 bushels, and from private warehouses 117,226,645 bushels, indicating that nearly 80 per cent of the shipments were made independent of the Board of Trade and accounting to a large extent for the poor business of the commission houses.

Near the close of the year a proposed rule was posted to allow the Directors to retire memberships out of any funds on hand, providing that the total amount used should not exceed the amount heretofore collected in any one year for that purpose, and it was also proposed to change the commission rule to permit the employment of solicitors on a salary basis, this being thought to be necessary on account of the new commission rule. It was at the height of this controversy that thought was directed to the administration of the Board's affairs for the ensuing year and C. H. Requa was nominated for President and R. D. Richardson for Second Vice-President. Mr. Requa refused the proffered honor and H. N. Sager was named as a "harmony" candidate, with W. K. Smith as his running mate for Second Vice-President.

During the preceding year Commissioner Garfield, of the United States Bureau of Commerce, had made an investigation of conditions surrounding the packing industry and had made report, a part of which was based upon information furnished him by the officers of the packing concerns. The Department of Justice decided to prosecute the packers under the anti-trust law and thereupon the officials of these institutions pleaded immunity on the ground that they had been forced by Commissioner Garfield to produce evidence incriminating themselves, that this evidence was the basis for the prosecution and could not be used against them, nor could they be punished for offenses committed in connection therewith. The Government attacked this immunity plea, declaring that the packers had given Mr. Garfield no evidence of value to the prosecution. A charge of the attempted bribery of a reporter for the Chicago Inter Ocean by an attorney for the packers, added to the sensationalism of the preliminaries of the trial, although the packers asserted that the attorney acted without their knowledge. The trial elicited a large volume of testimony, some of which, as to the attitude of the Com-

missioner to the packers was clearly contradictory. Attorney General Moody argued the case in person, and Mr. J. O. Armour declared the packers were the victims of a propaganda of scandal. Judge Humphrey, before whom the case was tried, declared the case hinged upon the first interview between representatives of the packers and Mr. Garfield, and although the latter denied that any immunity had been offered, the judgment of the court, after a hearing of nearly two months' duration, was that the packers, individually, were immune from prosecution on account of the evidence given, but that the companies might be prosecuted. The Court held that under the decision of the Supreme Court in the Hale case, corporations could not be given immunity, but that the defendants gave information to Commissioner Garfield under what amounted to compulsion, and that they were entitled to immunity because they volunteered nothing, but gave only what was demanded. This decision called forth violent denunciations by President Roosevelt and Attorney General Moody, and the President ordered an investigation of the packing industry, based on the representations made in a book purporting to give a picture of labor conditions, entitled "The Jungle," and written by Upton Sinclair. The President also declared the Humphrey decision "a miscarriage of justice, which made the law a farce." This was followed by the introduction of the Beveridge bill in the United States Senate, providing for complete inspection and supervision of the packing plants of the country, not only as to diseased meats, by microscopic analysis, but also as to sanitary conditions. While not opposing sanitary regulations, the packers opposed the law as imposing additional and unnecessary expense upon them and contended that sanitary conditions were good. President Roosevelt threatened, unless opposition ceased, that he would make public the report of Neill and Reynolds, who had been sent to investigate conditions, and the agitation did much to injure the market for American meats abroad. The report of Neill and Reynolds was sent to Congress by the President and the situation was such that prices of provisions declined rapidly. Later President Roosevelt sent a special message to Congress making charges against the packing industry, which Mr. J. Ogden Armour declared to be false. President Roosevelt demanded the inspection of meats "from hoof to can," and that the packers pay the expense of inspection. This latter provision was opposed, not only by the packers, but by the stock raisers of the country. There was much hysteria, and one investigation followed another, while the packers published full-page advertisements inviting all to inspect their plants. The packers were also subject to prosecution in the courts at Kansas City, charged with the acceptance of illegal rebates, and on this charge they were convicted and fines of \$15,000 were imposed. The National Manufacturers' Association inspected the conditions at the packing plants and reported them good, and finally a

compromise measure was adopted in Congress by which the expense of inspection was placed upon the Government and providing for complete inspection under the direction of the Secretary of Agriculture. The meat inspection bill and the pure food bill were passed by Congress the latter part of June and Secretary of Agriculture, James Wilson, immediately set about formulating plans to make the law effective. Together with his staff of experts he came to Chicago and conferred with the packers, who agreed to comply with demands which he made for perfect sanitation. The rules as laid down by Secretary Wilson provided that meats must be wholesome, that labels must be truthful, that preservatives must not be used, and that not only must the plants be models of sanitation, but that the employees must be both cleanly and healthy. Following this, many reforms were instituted and the Secretary was able to say, in August, that the packers had done much to comply with the requirements of the Agricultural Department. In October, 300 inspectors began work under Chief Bennett, and Attorney General Moody decided to drop the cases against the packers on account of the success of their "immunity" plea. The effect of all this agitation upon the provision trade was marked, the condition of the British market for American meats was reported as being demoralized, Germany revived the consideration of the prohibition of American pork on account of the revelations, and the state of the market was shown by the fact that exports of canned beef fell from 619,000 pounds, in June, 1905, to 291,000 pounds, in June, 1906; with losses, also, in exports of cured beef, hams, pork and lard. By the close of the year the Government inspection service was in full operation and later improvement in the trade showed that the confidence thus inspired was of much benefit both to producers and consumers of meat products.

The relations with the so-called elevator combine were strained throughout the year. In June John Hill, Jr., asked the Attorney General of Illinois to prosecute the Armour Elevator Company for the alleged violation of the injunction restraining it from dealing in grain, and later in the same month the United States Senate adopted a resolution, introduced by Senator La Follette, providing for the investigation of the relations of the elevator interests and the railroads. President Stickney, of the Great Western Railroad, also offered testimony to the effect that the Union Pacific Railway had a rebate arrangement with the Peavey Elevator Company. Complaints were filed with the Interstate Commerce Commission, in July, charging that the railroads allowed $\frac{1}{4}$ cent per bushel to elevators and large shippers under the guise of a "transfer charge," which was not contained in their published tariffs and which amounted to a rebate. The charges were pressed by Mr. Hill and he asserted that the elevators stored grain for each other at lower rates than afforded the public and by thus trading storage sought to evade

the law against dealing in grain stored in their own warehouses. A lengthy hearing was held by the Interstate Commerce Commission in October at which testimony as to rebates paid elevator concerns by the railroads was introduced. Small dealers in grain also gave sensational testimony as to their treatment by the large elevator interests and one witness wept as he told how his financial ruin had been accomplished. The questioning of witnesses by Mr. Hill was objected to by the warehousemen and he was characterized as "the gad-fly of the Board." After the introduction of much testimony on both sides, the elevator men claiming that their Association had already been dissolved, the hearing was continued at Kansas City. In the meantime the investigation was a burning issue with the Board of Trade members and Federal inspection of export grain was urged by some, while ex-President W. S. Warren declared that the elevators were evading the law, and as already mentioned, a committee to investigate the elevator situation was appointed, and further evidence as to the alleged elevator trust was offered the State's Attorney by John Hill, Jr.

The opposition to the bucket shops continued, but the fight against them was made chiefly through the medium of the courts. In January, the New York Cotton Exchange, encouraged by the decision confirming the right of the Board of Trade to control its quotations, decided to stop the furnishing of its quotations to bucket shops. In June it was reported that permanent injunctions had been secured against the Cella Commission Company and the Donovan Commission Company, and that evidence was being secured against Odell & Co., of Cincinnati, and, in July, the Federal Circuit Court of Appeals at St. Paul decided that the Board did not lose its rights in quotations, although posted elsewhere, and the injunction obtained against A. M. McDermott Bros., of Kansas City, was sustained. Nevertheless the activities of the bucket shops were said to be one of the reasons for decreased business on 'Change, and the question of returning to the old method of distributing quotations to all was considered. A reminder of the earlier bucket shop war was the shooting, in New York, of W. R. Hennig, the former "Bucket Shop King" of Chicago. Hennig at one time was said to have had 387 offices in the South and West, and his annual payments for rentals were estimated at \$50,000, while the cost for his wire service was placed at \$200,000 annually. His profits were said to have amounted to between \$2,000,000 and \$3,000,000. He was driven from the bucket shop business through the prosecutions led by the Board of Trade, and in 1898 served a term in prison for using the United States mails in the bucket shop operations. At the time of the shooting, which was not fatal, he was engaged as a promoter in New York, and the attack was committed by a telegraph operator who claimed that he had been defrauded.

The first of the year the range of food prices was the highest

since 1878, and the business of the Exchange started briskly. The deal in December corn had ended disastrously for the manipulators and the price, which had been run up to 54 cents, broke to 42 cents; the mixing houses being able to add about 1,000,000 bushels to the contract grade, and thus to break the market. Early crop statistics as to wheat were bullish, and the price of that cereal advanced until depressed by the sale of 3,000,000 bushels by Armour. At the same time the December corn bulls sold 2,500,000 bushels of corn at about 41 cents, this being the largest deal in cash grain for many years and involving an estimated loss of about \$150,000 to the manipulators. Further heavy sales of wheat broke the market, but the trade was mystified as to whom the sales were made, and it was thought that there was a large bull clique under the market. The July oats deal of 1902 still hung over the Exchange, some 35,000 bushels being still in default, with margin money tied up for more than three years. The dispute was between Thorburn and McReynolds, and arbitration, asked by Thorburn, was refused by the Directors on the ground that Thorburn was a suspended member, and that the amount of the margins was not stated. Mr. Thorburn refused to pay more than 42 cents for the oats and McReynolds refused to accept less than 45 cents, but settlement was effected later, John Hill, Jr., acting as arbitrator, and the \$25,000 tied up in margins was released. Between 14,000,000 and 15,000,000 bushels of May wheat were thrown on the market the second week of January, but Wall street speculators gave support and all bear raids failed, although the market declined after the middle of the month. Suddenly and without warning came the failure of the old established firm of McReynolds & Co. This firm, which lost heavily in the Armour wheat deal of 1903, was long some 400,000 bushels of wheat and its trades were closed by Pringle, Fitch & Rankin. Several banks were said to be involved in the failure and Mr. McReynolds stated that poor business and heavy expenses, not speculation, were the causes of the financial troubles. The Title & Trust Company was named as receiver and the liabilities were placed at \$700,000. It was intimated, also, that the warehouse receipts upon which loans had been made were not all that they were represented to be, and that much of the assets had been transferred to the firm of Pringle, Fitch & Rankin during the four preceding months. Many members of the Board of Trade were losers, and charges of fraud were freely made. The failure had little direct effect upon the markets, but sensational developments followed and it was estimated that the losses would reach \$500,000 and that not more than 40 cents on the dollar could be paid. Next came disclosures that money had been borrowed on warehouse receipts, while the grain represented by the receipts had been shipped out and sold, although the receipts had not been cancelled. The Bank of Montreal was one of the heaviest losers. This failure, together with a storm which destroyed tele-

graphic communication so that out of 70 market wires but two were in commission, and orders from New York were received by way of San Francisco, had a depressing effect upon the market. Following the McReynolds failure Chicago bankers demanded reform as to receipts from private warehouses, saying that the McReynolds deal was the "last straw," and that no further loans would be made on private warehouse receipts until they were better safe-guarded. To meet this emergency the Board appointed a committee consisting of J. C. Rogers, J. J. Stream, William Nash, James Crighton and James Pettit to meet with a committee of bankers to arrange some means by which the interests of all might be protected. It was found that the receipts issued by the McReynolds elevator aggregated 2,206,000 bushels, while the capacity of the elevator was but 1,500,000 bushels and the quantity of grain actually in store was 6,400 bushels. There were no other sensational market features in January and the business of the Exchange was comparatively quiet in February, although there was an advance in provisions and the grain markets were strengthened by tariff concessions made by Germany. The latter part of February was marked by bear raids, forcing May wheat to the lowest point for the crop year up to that time. This decline continued and it was reported that 200,000 farmers throughout the country had united to hold their wheat until the dollar mark was reached. A serious car shortage affected the market, but the decline, especially in wheat, continued, and there were reports of large fortunes made by the leaders of the bear campaign, among the winners named being J. A. Patten, C. E. Lewis, of Minneapolis, and Captain Phillips, of Kansas City. Reaction came about the middle of March and wheat ruled higher, while the oats pit was the scene of greater activity than for some time. There was both business and price improvement during April and about the middle of the month the whole world was shocked by the terrible disaster of earthquake and fire which all but demolished the fair city of San Francisco. Chicago and its Board of Trade have never forgotten the generosity of the people of the entire country at the time of the great fire, and no similar calamity has visited another city without a quick outpouring of aid from Chicago. In this instance \$15,000 was raised by the members of the Board of Trade within forty-eight hours after the news was flashed over the wires and later subscriptions increased this amount largely, while the Board co-operated in rushing the Chicago Special Relief Train which was soon on its way to the coast. In May the markets were affected by a strike by the lake pilots which lasted about ten days and prevented lake shipments, and about the 10th of the month it became apparent that the wheat market was oversold and there began a sharp advance as the shorts covered. There were rumors of private settlements and wheat advanced until the large short interests were covered, with the market easing at the close of the month,

although prices were somewhat affected by the burning of the Armour elevator "D," containing 30,000 bushels of wheat, 110,000 bushels of corn, and 100,000 bushels of oats. Reports of damage to crops advanced prices in June, and oats, especially, boomed up to the middle of the month, when it was believed that the market was cornered. This increased market activity did not prevent the annual ball game between the "Cash" team and one from the "Pit," which the "Cash" men won, 16 to 11. A mock court over which Frank White presided added to the merriment of the occasion and also to the receipts, which were devoted to charity.

Favorable weather brought lower prices the last half of June, but there was a rally the last of the month when the shorts sought to cover. Cereal prices ranged lower in July, but business was brisk and the inspection record was the largest for any July the Board had known, reaching 20,017 cars. The culmination of a July pork deal, at \$20, was the only exciting market movement of the month. August receipts continued heavy, with declining values, and there were no features of great interest until the latter part of September, when it was rumored that the elevator interests had combined to bull wheat and that a duel seemed to be in progress in lard between the Swift and Cudahy interests. In October, large purchases of wheat by A. I. Valentine, who had retired from the Armour Grain Company in May, mystified the market, and the mystery was deepened when he sold at a heavy loss a few days later. An event of great importance to the trade was the completion of the new public elevator by the Santa Fe Elevator Company. The rates for this new warehouse were to be $\frac{1}{2}$ cent per bushel for unloading cars and loading on to vessels, including ten days' storage free, and for transfer and shipment by rail, $\frac{1}{4}$ cent per bushel, including 10 days' free storage. This free initial storage was something for which members of the Board had been contending for many years, and the establishment of the Santa Fe elevator on this basis was hailed with delight by those opposed to the regular warehouse interests. The dullness prevalent during October has already been mentioned, and it was intensified by the freight blockade, especially on the eastern lines, which held many cargoes unloaded at Buffalo and prevented a normal shipping movement. Another matter of interest was the proposed sale of the Illinois and Michigan canal, which was said to have out-lived its usefulness, and Board members were pleased by a decision of the United States Court of Appeals, in the case of L. A. Cleage, jr., vs. W. H. Laidley, upholding the validity of contracts for the purchase and sale of grain for future delivery as practiced by the Board of Trade of Chicago.

Deliveries, the first of December, were large, but the grain fell into strong hands and prices were maintained. An important movement was inaugurated in December when a call was issued by the

Grain Dealers' National Association for a meeting of delegates from the prominent grain exchanges of the country for the purpose of establishing uniform grades for grain. H. N. Sager, Wm. Nash and E. L. Glaser represented the Board of Trade and the meeting was held in the Directors' office. Forty-three delegates attended and it was sought to establish uniform phraseology in describing different grades as well as uniform rules for inspection. The convention found its work difficult but a plan was outlined to be submitted to the various Exchanges for their approval and the moisture test was recommended in order to make grading more of an exact science and less a matter of guess work.

Throughout the year there was litigation growing out of the McReynolds' failure and he was placed on trial on criminal charges. In December he was found guilty of having shipped grain from his elevators after having given Chicago banks warehouse receipts for the property as security for loans. His defense was that his was not a public warehouse and that the receipts were not negotiable. Following his conviction he was expelled from membership in the Board.

Two important court decisions marked the closing days of the year, the Supreme Court of Illinois holding that deals in privileges were illegal, and that such contracts when repudiated could not be enforced, and in the W. E. Dodson case, upholding the right of the Board to discipline its members. And thus there came a dull end to a dull and dissentious year.

Wheat.—The grand total of receipts for grain, with flour reduced to wheat, was 280,832,207 bushels, being some 16,000,000 less than in 1905. As has been noted, business upon the Board was dull and unsatisfactory the greater part of the year and there were no major speculative movements. The receipts of wheat were 28,249,475 bushels, and the shipments amounted to 16,788,573 bushels. The price of the No. 2 red wheat on January 2 was $89\frac{3}{4}$ cents and there was a decline of about 4 cents by the close of the month. By the end of February the price had worked down to $82\frac{3}{4}$ cents, the decline lasting until $77\frac{3}{4}$ cents was reached March 13. The advance movement which followed continued until $91\frac{1}{2}$ cents was reached April 18th. The reaction carried the price down to $86\frac{1}{4}$ cents May 2nd. May was a month of much activity and an advancing market to $94\frac{3}{4}$ cents, but with the close of the manipulation the price fell abruptly to 88 cents. The price movement for June was from $89\frac{1}{4}$ cents the 8th to $83\frac{1}{2}$ cents the 30th, the decline lasting through July and August with but little improvement until the latter part of September. The low point during this depression was $69\frac{7}{8}$ cents, reached in August and again in September, and September closed at $73\frac{5}{8}$ cents. The market ranged lower during October, but closed at 74 cents, while November closed at $71\frac{7}{8}$ cents. There was an advance to 75 cents the fore part of December

and the year closed at $72\frac{3}{4}$ cents. Until after the 1st of July No. 2 red wheat bore a considerable premium over No. 1 northern, but after that date these conditions were reversed.

Corn.—The receipts of corn were 98,896,563 bushels, and the shipments were 78,974,686 bushels. Cash corn opened at 42 cents and ranged down to $41\frac{1}{4}$ cents by January 31st. A price of $42\frac{1}{4}$ cents was reached February 3rd, with a decline to 39 cents before the end of the month. March witnessed an advance to 44 cents, closing one-half cent lower. In April prices advanced to 48 cents, the middle of the month, the price being well maintained, reaching 50 cents the middle of May and closing that month at $49\frac{3}{4}$. The advance continued until $54\frac{3}{4}$ cents was reached in June, and the price averaged slightly below that figure during July, working down to $50\frac{1}{2}$ cents at the close of that month. The August range was small, the month closing at $48\frac{1}{2}$ cents, which was the low point. In September, an advance to 50 cents was followed by a decline to 47 cents, and by the middle of October $44\frac{3}{4}$ cents was reached, with reaction to $46\frac{1}{2}$ at the close. The November market closed at $44\frac{1}{2}$ cents, which was the average price for the month, while in December the price advanced to 46 cents the 6th and declined to 40 cents by the 31st.

Oats.—The receipts of oats were 89,912,881 bushels and the shipments were 73,718,199 bushels. Opening at $31\frac{1}{4}$ cents, the entire range for the first four months of the year was from $28\frac{7}{8}$ to $32\frac{3}{4}$ cents, the higher prices prevailing in April. An active advance began in May, which continued until the top price of $42\frac{1}{2}$ cents was reached the middle of June. The price touched $39\frac{1}{4}$ the fore part of July, but the last of the month found the market flat at $30\frac{1}{4}$ cents. The price averaged above 31 cents the first half of August, declining to $28\frac{7}{8}$ cents the latter part of the month. September prices ranged upward from 30 cents the 5th, to $34\frac{1}{4}$ the 28th, while October was steady at an average price of about 33 cents. The November range was small and somewhat higher, while the price bulged to $35\frac{3}{4}$ cents the last half of December and closed at $33\frac{1}{2}$ cents.

Rye.—The receipts of rye were less than for any year since 1900, aggregating 2,194,875 bushels, with shipments of 1,532,157 bushels. Number 2 cash rye opened at 65 cents and closed at the same figure on January 31. There was a loss of 2 cents during February and by the last of March the price had worked down to 60 cents. There was reaction to $62\frac{1}{2}$ cents the middle of April, but the month closed at 59 cents. The May range was from 58 cents the first days of the month, to 62 cents the 23rd, closing at 60 cents. The market was dull during June, the range being from 60 to 62 cents, and the latter part of July the decline became more marked, the price reaching 56 cents at the close, and remaining almost steady at this price during August and the first half of

September. At this point there was an advance which carried the price to 63 cents before the end of September, and during October the price sagged to 60 cents and reacted to 62 cents at the close. November was a month of higher prices, 65 cents being reached the latter part of the month, at which price the market was steady the major part of December, declining to 62 cents at the close.

Barley.—The receipts of barley were 20,811,432 bushels and the shipments 6,924,357 bushels. There was wide difference in price according to quality, the best cash barley selling at 54 cents, January 2, which was the average price for the month, while February ruled lower, 52 cents being the standard price the greater part of the month. The price was stationary, at from 52 to 53 cents, during March, with improvement to 54 cents in April and to 55 cents the latter part of May. In June there was an advance to 58 cents the middle of the month, with a decline to 53 cents at the close. This decline became more marked in July, a price of 44 cents being reached the middle of the month. The August market was steady at 44½ cents the fore part of the month, advanced abruptly to 52 cents the 14th, declined to 43½ cents within the next few days, then advanced to 52 cents, after which there was a gradual decline to 50 cents by the end of the month. During the course of September the price advanced to 55 cents, and in October declined from 56 cents the first part of the month to 52 cents at the close. The November market took an exactly opposite course, opening at 52 cents and closing at 56 cents, while 55 cents, the closing price, was the average one for December.

Flour.—The receipts of flour were the largest the city had known since 1901, aggregating 9,059,329 barrels, while the shipments were 8,199,628 barrels, the largest the trade had known. The city production was estimated at 960,000 barrels, being but three-fourths that of 1902. The price range for the product was small, the best spring wheat patents being quoted as low as \$3.80 per barrel in the spring and early fall months, at \$4 during midsummer and at \$3.90 the last months of the year.

Seeds.—The receipts of timothy seed were 38,384,044 pounds and the shipments were 16,559,396 pounds, while the price range was from \$3.40, paid for prime timothy in January, to \$3.17½ in March, to \$4.25 in June, to \$3.85 in August, and up to \$4.50 in December. Clover seed receipts amounted to 6,578,551 pounds, and shipments to 2,853,322 pounds. The price for prime clover seed, per cental, opened at \$13.25, advanced to \$14.15 in February, and declined to \$11.25 during the early summer. After the first of August prices ranged higher, reaching \$14 in December and closing at \$13.35. There was further decrease in the receipts of flax seed, the aggregate being 2,086,395 bushels, with shipments of 435,171 bushels. There were no transactions in futures and the price range was not large, being highest in January at \$1.25 and in December

at \$1.23½. Low prices prevailed from July to the close of October, a price of \$1.03 being recorded in September.

Provisions and Live Stock.—The receipts of cattle aggregated 3,329,250 head, and the shipments were 1,352,998 head. The shipments of dressed beef were 1,138,072,285 pounds. Prices for extra steers ruled over \$6 throughout the year, advancing to \$7.90 early in December, but declining to \$6.80 at the close.

The receipts of live hogs were 7,808,856 head, the receipts of dressed hogs being almost a negligible quantity. The shipments were 1,742,606 head and the number used for city consumption and packing for the year ending March 1, 1906, amounted to 6,170,341. Prices for hogs were quite satisfactory, the outside price for live hogs opening at \$5.37½ and ranging higher, to \$5.72½ during January. By the close of February \$6.40 was paid and in March a price of \$6.55 was reached. April prices ranged still higher, touching \$6.82½, but closing 25 cents lower, while \$6.67½ was the top price for May, with the average above \$6.50, and at the end of June \$6.85 was paid. The price reached \$7 in July, which was the top price for the year, but there was no great decline until August, when \$6.15 was paid, about the middle of the month. Better prices prevailed the remainder of August and during September and October, \$6.85 being high for the latter month. The price declined irregularly through November, reaching \$6.20 the latter part of the month, while \$6.55 was the high price for December, and the year closed at \$6.50.

Mess pork opened at \$13.50 and held above that figure, but under \$14 during January. There was a rising market during February until \$15.60 was reached the 17th, followed by a decline to \$15.10 the 26th. The March market went from \$15.05 the 1st to \$16.50 the 27th, closing at \$16.20, with a further decline to \$15.60 before the end of April. This continued until \$14.75 was reached May 9, with a reaction to \$16.35 by the end of the month. A speculative movement aided an advance up to \$17.50 on June 20, and the market was sustained above \$17 until the 30th, when it declined to \$16.75. This movement regained headway in July, culminating at \$20 on July 20, with a decline to \$17 by the 31st. The August market ruled lower and closed at \$16.90, while the September market was dull, with a range of from \$16.55 to \$17, which was the closing price. The prevailing price during October was \$16.50, with a decline to \$14.50 by the end of November. There was some reaction in December and the price worked up to \$15.87½ at the close. Lard prices opened at \$7.32½ for cash and advanced irregularly until \$9.07½ was reached in July. The high price for August was \$8.85, and in September a second advance movement carried the price to \$9, and to \$9.80 in October, and \$9.85 in November, while December ruled lower, until the latter part of the month, when the price rose to \$9.30, and the year closed at \$9.17½.

Transportation.—The tonnage transported on the Illinois and Michigan Canal during 1906 aggregated 35,480 tons, these being the smallest figures since 1860, showing that it had become practically valueless to commerce. The expenses of the canal were \$48,523 and the tolls amounted to \$5,358. The average rate on wheat, per bushel, to New York was, by lake and canal, \$.0603; by lake and rail, \$.0635; by all rail, \$.1020.

1907

The year 1907 was pre-eminently a business year for the Board of Trade. In spite of the financial panic which shook the business structure of the country to its very foundations during the latter part of the year, the Exchange continued to be prosperous and when the final accounting was made it was found that the business transacted was more than two-fold that of the year before. There was intense market activity at times but it was based almost entirely upon natural conditions and not upon artificial conditions created by manipulation. The internal history of the Board was also in marked contrast to that of the year preceding. While 1906 was filled with discord and closed with prophecies of chaos and disruption, 1907 was a year of harmony, for the busy brokers and commission merchants had little time for argument and there was no longer need to discuss ways and means of increasing business. The great panic of October had remarkably small effect upon the prices of the commodities dealt in by the Board of Trade and did but little to check the volume of business. Just as in the first years of the new century, the public press teemed with eulogies of the "Captains of Industry," so, in 1906 and 1907, the "muck-raker" held full sway, until the impact of panic forced home the lesson that business evils must be corrected by the use of cool and sober judgment, not by invective. The "green bug" held first place in the affections of the bulls throughout the year, the general trend of which was towards advancing prices. The course of business on the Board is perhaps best illustrated by the price of memberships. In January the proposed rule empowering the Directors to retire memberships by purchase out of the general funds of the Association was defeated and soon after memberships were quoted at \$1,925. By March the price had declined to \$1,800, but with the increase of business there was an advance to \$2,000, in April, to \$2,500 the fore part of May, and to \$3,000 before the end of that month. By July the price had declined to \$2,850 and in August a new rule was posted providing for the retirement of memberships by means of a special assessment of \$25 annually for five years. This rule was adopted in September. Just prior to the panic the price of memberships was \$2,600, although when the Directors offered \$2,000, in November, there were a few acceptances and a sale was made at \$2,100 in December.

Using the price of memberships as a gauge, it will be seen that the opening of the year was not particularly propitious. Corn stood at the lowest price then reached for the crop, even with light offerings. The railroad blockade was such that the Illinois Central refused to switch grain to Eastern roads, and the markets were described as dull and unsatisfactory. May wheat sought lower levels, the car shortage increased, and it was not until near the end of January, when Armour was thought to be back of a bull movement in wheat, that there was revived activity.

H. N. Sager, who was the "harmony" candidate for President, resigned his position as Director, and upon the withdrawal of C. H. Requa, Mr. Sager was unanimously elected President. J. A. Bunnell was elected Second Vice-President, receiving 236 majority over W. K. Smith. Eight Directors were also chosen; three to fill vacancies caused by the resignations of Finley Barrell, J. F. Harris and H. N. Sager, and five for the full term of three years. Those elected were T. Y. Wickham, Harry Boore and John J. Keller for the short terms, and Augustus J. White, Frank M. Bunch, Charles H. Sullivan, Charles Baker and Frank B. Rice for the full terms. The era of good feeling was emphasized by the presentation of roses to the retiring President, Walter Fitch, and to the retiring Vice-President, John H. Jones, whose work as chairman of the Committee on Insolvencies had been particularly satisfactory.

At the annual meeting the finances of the Association were shown to be in excellent condition. The receipts for the year ending January 7, 1907, were \$405,937.90, including \$21,726 contributed to the San Francisco Relief Fund, and \$2,184 contributed to the Vicksburg Fund of the First Regiment I. N. G. The special assessment for the retirement of memberships amounted to \$44,325, the rentals to \$137,325, and the receipts from quotations to \$37,171. The expenditures were \$485,598.97, and included the following as important items: retirement of 44 memberships, \$116,500; purchase of Board of Trade bonds, \$11,665.92; repairs and construction, \$34,000; legal expenses, \$29,838; expenses transportation department, \$12,270. The cash on hand amounted to \$90,560, and the bonded indebtedness had been reduced to \$1,198,300 and these bonds commanded a premium as high as 2¾ cents. There were no outstanding bills and balances of over \$16,000 were due from the telegraph companies.

Reviewing the work of the preceding year, the Directors' report dwelt particularly upon the litigation as to the bucket shops, giving a list of those permanently enjoined from the use of quotations, and mentioning the trick of stealing the Board's quotations, adding a uniform fraction to them and forwarding them as the records of transactions of bogus exchanges formed for that purpose. The O'Dell Stock and Grain Company of Cincinnati, the Superior Board

of Trade of Superior, Wis., and the National Board of Trade of Kansas City were spoken of as the chief offenders against whom proceedings had been instituted.

No new propositions were brought before the Board during January, but the elevator question was still of interest, those opposed to the alleged combine being disappointed by the announcement that the charges made by the Santa Fe elevator would be the same as those of other concerns, save that the charge for initial storage would be one-half cent instead of three-quarters cent. No action was taken, but F. B. Rice was appointed to succeed C. L. Raymond as chairman of the Elevator Committee, which continued its hearings during the early months of the year.

With February, there came renewed activity in all markets. Unfavorable crop reports from Argentine strengthened wheat and corn, oats were higher, provisions advanced and the acute situation as to car shortage was the only disturbing market factor. The advance continued as the month progressed, wheat boomed as the shorts covered on reports that Russia was conserving its grain for use in famine-stricken districts, oats reached new high records and it was thought that a large manipulation was planned as to this cereal. A petition was presented asking the reduction of the penalty of five cents on No. 3 corn to three cents, but this was disapproved by the Directors, but was pushed to a vote and was decisively defeated in March. Other incidents of the trade were the protest against the proposed raise in rates by the telegraph companies, the disciplining of certain oats traders for dealing on split quotations and the court decision, in the McHenry case, that an expelled member could not transfer his membership after expulsion.

Business increased, but by the middle of February the rail blockade had become a very serious impediment to trade. There were a large number of cars of corn on track in Chicago which Eastern roads professed to be unable to handle, and shippers became so angry that a meeting of the Transportation Committee was called to enter protest. A subcommittee, consisting of J. J. Stream, E. B. Boyd, W. N. Eckhardt and E. L. Merritt, was appointed to take action. It was estimated that the car shortage was costing the farmers two cents per bushel on their grain and it was stated that it was absolutely stifling to business, that Eastern lake ports were crowded with grain for which there were no cars and that wheat, shipped in the fall, remained unloaded at Buffalo. Despite the efforts of the committee the situation did not improve and, by the first of March, Chicago elevators were choked with grain. The Russian famine was a chief factor in the wheat market and oats continued high, with a large eastern demand all through February.

There was a bearish tone to the markets the first days of March, but soon there came reports of severe damage to wheat in Texas and Oklahoma by the green bugs. This advanced the wheat mar-

ket but the effect was counteracted to some extent by the Government report showing a large part of the old crop still in the hands of the farmers. As the reports of insect ravages became more authentic the wheat market soared and there was a day of much excitement in that pit as the shorts hastened to cover. Immediately following this advance came the first of the panic news from Wall Street which was to be such a marked feature of the year. There was a tremendous slump in stocks and call rates for money went up to 25 per cent. Secretary of the Treasury Cortelyou came to the rescue, pouring \$71,000,000 into the Street to ease the situation, but the panic was described as the worst since 1884 and in some respects worse than at the time of the great Baring failure. Although it was said to be a "rich man's panic," investors were advised to go slow, and markets were depressed, May wheat reaching 75 cents, the lowest then recorded for the crop. The green bug helped to check the decline, but soon stocks were lower than on the first day of the panic, and President Roosevelt proposed an investigation into the causes. This was but a premonition of the greater panic to come, but it soon passed and the warning was unheeded save by the few.

The packers and dealers in provisions were encouraged, in April, by the action of Germany in admitting American meats. In 1900 exports of canned beef to Germany were valued at \$361,000, but by 1906 the value of canned beef exported to Germany had declined to \$90,000, while the value of ham exportations had fallen from about \$1,000,000 to \$33,000. This prospect of larger demand advanced prices of provisions and by the middle of April the alarm over the crop situation had become acute, resulting in sharp advance in prices and active buying, which gave commission houses the largest business they had had for nearly two years.

The Illinois legislature was in session and a bill was introduced taking the elevator licensing power from the Circuit Court and placing it in the hands of the Railroad and Warehouse Commission. The Board of Trade favored this measure and President Sager, together with Directors Edward Andrew and J. J. Stream, went to Springfield in its advocacy. This committee succeeded in securing desired changes in the measure, which also provided for state grain inspection in all cities of over 100,000 inhabitants.

By the latter part of April the newspapers of the city declared that there was "No Cloud to Mar Our Prosperity," and the continued reports of crop damage caused steady advance in the prices of corn and oats, as well as wheat. This was the foundation for the May market, which was one of the wildest, largest and most excited and well sustained the Board of Trade has ever known. The clearances for the month aggregated nearly \$20,000,000, being by far the largest the Board had known up to that time, and every broker and commission merchant was kept busy from the first to

the last of the month. The last of April there was a rush to sell on account of reported rains in the West, but this was followed by sharp advances based on increasing fears for the new crops. The European situation was also considered alarming and by May 2nd the Exchange was the most active it had been for three years and May wheat went to $85\frac{1}{4}$ cents, while May oats reached 48 cents. A map was issued showing that the ravages of the green bug extended through Oklahoma, Indian Territory, southeastern Kansas, southern Illinois and Indiana and the southeast corner of Missouri, and the possible damage to wheat was estimated at 106,000,000 bushels. On May 10 a Government report was issued showing a large abandoned wheat acreage and on the strength of this there was a day of wild and excited buying, with the general public in control and the professional traders as trailers. May wheat reached $86\frac{3}{8}$ cents, with the deferred deliveries still higher, and May corn went above 50 cents. There was further advance the following day and the business was said to have exceeded that of the busiest day of the Leiter deal. July wheat advanced three cents and a sharp rise in rye prices added to the general excitement. By the 13th of May the market was almost in a state of hysteria, there was wild cheering when September wheat passed the coveted \$1 mark, women in the gallery wept and shouted without knowing exactly why and traders were overwhelmed with orders, for it seemed that the whole world was in the market buying wheat. There was a rush to realize profits which caused but little decline and it was at this time that J. A. Patten was first prominently mentioned as a bull in wheat, beginning the great campaign which was to last intermittently for the following two years. Days of profit-taking followed and some of the more daring bears were led to extensive short selling, but by the 16th the whirlwind of buying was again at its height, even exceeding the fever of preceding days. Wrenn and Barlett-Frazier were noted as the most extensive buyers and wheat advanced sometimes a cent between quotations. The commission houses were swamped with business and clerks worked until morning to settle the business of the day. Professional traders tried in vain to force a decline, Wall Street took a hand in the buying, July wheat followed September wheat above the \$1 mark and the commission men only regretted that they had voted to reduce commissions. There was reaction, however, and the 18th saw the pit boiling with selling orders just as it had been with buying orders a few days before. The next week opened with what was described as a "Runaway Bull Market," with a closing half hour which exceeded in excitement anything that had gone before. Coarse grains joined in the advance and Patten was again reported as the leading bull, with purchases of from 3,000,000 to 5,000,000 bushels. Higher prices were reached the following day in spite of efforts by the "talent" to break the market, and December

wheat reached \$1.05. The next days saw lower prices as the victors sought to turn paper profits into cash, and the buying fever abated even though the Government crop report was of a bullish character. Many fortunes were said to have been lost and won in this great bull movement in which vast sums were involved. There were many new names among the winners, such as Ed Bagley, the "Boy Broker," and Dave Robert, a cousin of the famous "Little Bobs" of the British Army. The small traders, as a rule, were on the right side of the market and many old debts were paid, while nothing more was heard of the old insolvency rule which was so bitterly opposed the year before. Patten and the Bartlett-Frazier Co. were said to be the largest winners, but many "outsiders," especially from the Southwest, were among the fortunate ones. With this market boom there came a shout of triumph that "The Wall Street Bogey No More Alarms. The Treasury is Serene. The West is now the Money Center." Frosts caused another advance but the snap was gone out of the market and there was a sharp backset with warmer weather, and though corn and oats continued to boom, the wheat market was described as a draw until the last day of May, when there was a big upturn in wheat and oats.

During this month of market excitement the Board was also interested in other matters. The Elevator Committee, appointed by President Fitch in 1906, made its report, which was at first kept secret until it could be issued in printed form. It was rumored, however, that no satisfactory arrangement had been made and that the railroads, with the exception of the Santa Fe, would not cooperate. It was said that no agreement had been reached with the elevator interests and that they wished to be absolved from the Board rules and to raise their rates. The elevator men were non-committal, except to say that they wished a final decision or they would not apply to have their warehouses made regular. The report as finally submitted favored taking the elevators from private ownership and placing them in the hands of the railroads who were expected to provide adequate storage and transfer facilities. The report said: "The ideal system of grain transportation and storage facilities is that now furnished by the Atchison road, through its new elevator on the south branch of the Chicago River, and the efforts of the Board should be directed to the utmost to obtain similar facilities from all the other railways. When such facilities are provided under any approved management that is not in any way interested in grain, elevators equipped as this one is should be given preference in being declared regular under our rules and should have the unqualified support of our members in insuring their success." A committee to advise with the railroads was suggested and it was rumored that the elevator men would retire from business as public warehousemen; they also offered to lease their houses to the Board of Trade. A committee consisting of Presidents

H. N. Sager, Edward Andrew, J. A. Bunnell, James Bradley and E. B. Boyd was appointed to carry on the work as suggested by the Elevator Committee. This committee reported, later in the month, that there would be plenty of regular storage after July 1, and it was said that the Board might control the Santa Fe, Indiana, Iowa, Wabash, Nye-Jenks, McReynolds and Rosenbaum Bros. elevators and that the railroads were more inclined to co-operate.

There were still other matters which interested the members during this busy month of May. The provision trade was excited by the imposition of fines of \$15,000 each upon the leading packing concerns for the acceptance of freight rebates. An amendment to the commission rule was adopted, which read as follows: "Where one member who makes his own trades clears through another member he shall pay \$1.25 for each 5,000 bushels of grain, providing the trade is opened and closed in ten days. Otherwise the charge shall be the regular members' rate, less brokerage which shall be allowed member making the trades." At a midnight session the legislature killed an anti-bucketshop bill which had been introduced, but it was said that there was no great concern on the Board on this account. They were pleased, however, when Judge Dupuy, of the Superior Court, ruled that the prevailing methods in dealing on the basis of margins were within the scope of the law and upholding the closing out of trades when additional margins were demanded and refused. Another matter of interest was the posting of a rule for a "Call" on wheat and rye, this being adopted early in June.

Trade during June was active but much more restricted than in May, the business of which month was the largest the Board of Trade had known for twenty years, exceeding in clearances the total of the preceding three months. The crop situation in Kansas was admittedly bad, the inroads of the green bugs continued, hot winds came to add to the damage, and fears of a strike by the telegraph operators disturbed business, but all of these factors were unable to hold the market against the determined bear raids which were led by Mr. Patten, who had suddenly turned front. It was not until near the close of the month that there was sharp reaction, and covering by shorts on continued reports of crop damage advanced the market.

An event of June was the assembling of the second convention to fix upon uniform grades. The first convention had suggested a plan which was not adopted by the New York Exchange or the Chicago Board of Trade and it was to meet the objections of these bodies that the second conference was held and new suggestions made which were later presented to the commercial exchanges of the country.

The elevator situation also commanded much attention. Early in the month the committee announced that it had provided for

5,000,000 bushels of regular storage after July 1 and later it was declared that the elevator trust had been frustrated by State's Attorney J. J. Healey, backed by the Board of Trade, Bartlett, Frazier and Carrington being restrained from changing their elevator from a public to a private one. President Sager and Director Edward Andrew filed affidavits as to conversations which they had heard tending to prove that the elevator men had entered into conspiracy to close all the elevators under their control as public warehouses, and it was alleged that notice to that effect had been sent to shippers. It was further stated in the petition upon which the order of the court was obtained that the elevator men stored their grain with that of others, and selected the best to sell at a premium, that they evaded the injunction issued in 1895, and that it was their intention to cancel their licenses July 1st and thus to secure the absolute control of grain shipments. As usual, the elevator men had little to say and it was understood that the action on the part of the Board was an effort to force co-operation on the part of the railroads. The action of the committee was endorsed by the Directors and the Santa Fe elevator was declared regular, but no other elevators applied and the first of July found the Board of Trade with but the one regular storage house for grain. At a hearing before Judge Honore to make the injunction permanent, the ruling was against the Board of Trade, but the injunction was allowed to remain in force pending a decision by the higher court. The case soon came before Judge O. N. Carter of the Supreme Court of Illinois to determine whether the injunction should remain in force until a hearing before the full court could be held. The defense of the elevator men was that men could not be compelled to remain in the business and that the railroads could not be compelled to furnish storage, as this was beyond their charter powers. The Board rested its case upon public policy, stating that it would work great injury upon the trade should these institutions be closed as public warehouses and that no injury could arise to the owners from their remaining as such. The position of the Board was sustained by Judge Carter and the injunction was allowed to remain in force until the case could be heard later. Following this there was talk of compromise, and late in August it was announced that the Board had secured regular storage to the extent of 3,500,000 bushels in the Santa Fe, Chicago Dock Company and McReynolds elevators, a private company, none of the members of which were interested in the grain trade, having been organized to run the last-named warehouse, under the name of the Grain Traders' Elevator Company, with Murry Nelson Jr. as President. By September the Directors appear to have given up the fight against these powerful interests, for it was first announced that an agreement was near, and soon thereafter all elevators recognized by the Board June 30 were de-

clared regular and all outstanding receipts for grain and flax seed were also made regular, but there was no statement as to concessions made by the elevator interests.

To revert to the market situation, July opened with much strength on further reports of damage by insects and rust, and with Patten once more on the bull side. There was a sharp decline the 8th and in a short time heavy selling by the longs had forced July wheat down to 90 cents. It was soon after this that Mr. Patten began an extensive tour throughout the West to study crop conditions at first hand and it was upon the results of this inspection that he based the famous bull campaigns which brought him great wealth in 1908 and 1909. The business skies at this time seemed bright and the Chicago Tribune said that the country was overwhelmingly prosperous and accounted for the low price of stocks by saying that cash was going into business instead of into stock investments. Near the end of July the reports of damage by black rust were more pronounced and served to advance prices, but the July market had a weak close, notwithstanding. One feature of the midsummer was the ball game between teams of the Chicago Board of Trade and the Minneapolis Chamber of Commerce, a special train bringing the Minneapolis fans to Chicago, and the return engagement being marked with equal enthusiasm. The Chicago Board of Trade won both games and the one played in Chicago netted \$3,800 for charity, a portion being used for the erection of a cottage for poor children.

August crop reports showed wheat in better condition than had been supposed, but corn very backward, and there was a boom in oats, with the shorts covering and Patten figuring as a heavy buyer. About this time came the decision by Judge Landis placing the unprecedented fine of \$29,400,000 upon the Standard Oil Company. Appeal was taken, but it was soon stated that prices felt the effects of the decision and that Wall Street was pessimistic and blamed the continued agitation for the heavy decline in stocks. Wall Street operators threw large quantities of wheat upon the market, regardless of prices, and the business situation was further complicated by the strike of telegraph operators. This strike had been threatened for some time, but when it was first called it had a great effect upon business, sufficient to counteract the Government report of an estimated shortage in grain crops of 500,000,000 bushels. On account of the strike delaying communication brokers were forced to demand larger margins and this decreased business. While the strike affected none but commercial operators, those employed on leased wires soon made demands that stock and grain brokers must provide for a uniform scale with a minimum of not less than \$30 per week in the larger offices. A further cause of depression was found in the action of the oil men, who sold stocks until they were the lowest they had been since

1901. The brokers soon conceded to the demands of the operators, but business was thoroughly demoralized, wheat declined three cents, margins were increased, and it was estimated that both commission men and cash grain dealers had lost heavily. The rumor that the Board of Trade was to close on account of the strike was, however, promptly denied. The gloom was increased by the prophecy of J. D. Rockefeller that disaster was coming, which he laid to the door of President Roosevelt. In this emergency President Sager wired President Roosevelt, on behalf of the Board of Trade, asking him to act quickly to arbitrate the strike and saying that the farmers were the heaviest losers on account of it. President Roosevelt refused to take action, and stocks fell to a low point, while the markets were demoralized, for although the ticker service was improved, there was great delay in handling messages. The operators for the Armour Grain Company joined the strikers and soon twelve men were attempting to do the work on the Board of Trade that 300 men had done before the strike. Even the messenger boys went on strike and while wires were kept open to New York, Minneapolis and St. Louis, the Chicago-Milwaukee line was stopped and union pickets in the gallery of the Exchange so wrought upon the nerves of the strike-breaking operators that the gallery was closed. Outside business was temporarily cut off but the situation soon improved and business became more nearly normal.

Unseasonably cold weather prompted a general advance in prices the latter part of August and May (1908) wheat went above \$1, while oats reached 50 cents. There was general buying of wheat, Patten rejoined the bulls, and the oats market was given impetus by the fact that the stock in store was reduced to a very small amount. It was at this time that there was the first speculation as to a big bull campaign by Patten and his associates in wheat, corn and oats, and their line was estimated at 10,000,000 bushels of wheat, 5,000,000 to 10,000,000 bushels of corn and 15,000,000 to 20,000,000 bushels of oats.

With September, the strength of the cash market advanced wheat, and oats reached a new high level, while the newspapers printed the reassuring news that prosperity was still in full bloom, with railroads busy, and that crops were above the average, although below those of the preceding year. The markets fluctuated widely, being advanced by the poor crops reported in Germany and by frost scares, and depressed by profit-taking and by the increasing tightness of the money market. Friday, the thirteenth, proved a day of disaster to the bulls and later the market was only sustained by the heavy buying by Patten. Towards the close of the month, foreign strength and reports of poor crops advanced the wheat market and barley reached the highest price known for thirty years, but small dealers found their operations restricted by

the increasing difficulty in obtaining money. Finally the shorts won in a week's battle in the wheat pit and September closed with the price below \$1.

In October there were fierce battles in the corn pit, both corn and wheat being upheld by the heavy buying by Patten, while the cash grain trade was the best the Board of Trade had ever known. G. M. Reynolds, the Chicago banker, declared the money crisis was past and that the future was bright, and the general market trend was upwards with increasing excitement and activity in wheat, which culminated the 14th, with May wheat at \$1.12 $\frac{5}{8}$. During this time the business world was disturbed by rumors of scandals on Wall Street which had depressed stocks to the lowest point in many years, and on October 17 came the collapse of the attempted copper corner by the Heinze brothers, with a trail of wrecked banks at Boise City, Idaho; Houston, Texas; and Hamburg, Germany. There was a great decline in New York stocks and the longs on the Chicago grain market hastened to sell. Prices at this time were high, May wheat was at \$1.07 $\frac{5}{8}$, corn at 61 $\frac{3}{8}$ cents and oats at 53 $\frac{1}{4}$ cents. Trade was active and the shipments of bread-stuffs for the week were double those of the corresponding week the year before, but on the next day there was a hurricane of selling, and while Patten remained defiant and refused to part with his long line of grain, prices declined rapidly. Developments in New York followed swiftly, C. W. Morse resigned from the many banks of which he was the head, and the losses in copper were figured at approximately \$65,000,000; but the grain market rallied temporarily and Mr. Patten appeared serene and smiling. But the market could not hold in the face of the financial storm, and Patten was soon obliged to sell, causing a decline of nearly three cents in May wheat. New York was now reported as on the brink of utter panic and the Government was said to be about to come to the rescue. The Knickerbocker Trust Company suspended, Meyer & Co. failed for \$6,000,000, call money rose to 70 per cent, and stocks sought new low levels. On October 22 it seemed as if the bottom had fallen out of the grain market. Patten unloaded the remainder of his holdings and nearly four cents was taken from wheat prices. In Wall Street the money stringency was the worst since 1873, the great Westinghouse Company failed and thousands drew their deposits from the banks and entrusted them to safety deposit boxes. Foreign buying came to the rescue of the wheat market and, after a midnight conference, J. P. Morgan headed a syndicate of bankers which, together with the Government, went to the rescue of Wall Street. The story of how the eager Wall Street operators waited, hoping against despair, for these millions of dollars which meant salvation or ruin and how quickly the golden stream was lapped up by them, is most interesting, but is only a part of this history for its effect upon general business conditions.

The markets continued to decline and there was talk of the issuance of Clearing House certificates in Chicago, such as had already been adopted in New York and many other cities. Before the end of this ill-fated month Chicago banks were on a checking basis, the Minneapolis Exchange had forbidden privilege trading, the Duluth Exchange was closed, wheat had declined another four cents and the First National Bank of Chicago was making efforts to obtain \$2,000,000 in gold for the use of packers and grain dealers. The only rift in the cloud was for those who had won on the short side of the market and there were numbers of this class. By the first of November the currency famine was felt in full force all over the country. The banks of Chicago arranged to issue what was derisively called "cashless currency," on petition of the business men, country dealers clamored for currency which commission men could not forward, Secretary Stone warned against curb trading and the circulation of market rumors, and President Roosevelt was urged to call Congress in special session to afford relief to the stricken country. It is marvelous that the markets withstood the strain as well as they did. Crop conditions were bad as to corn, cash oats were scarce and barley of good quality was difficult to obtain; so these cereals not only held their own but actually advanced after the first of the panic had spent its force, but the wheat market seemed on the verge of utter demoralization. This depression lasted through the first ten days of November, with dull business, and it was said that for the first time in twenty years there were no applications for membership posted on the Board of Trade bulletin board. Finally the emergency currency was issued, gold was imported, and the bulls, led by Patten, once more took heart. Near the end of November it was found, however, that only the big elevator men could obtain sufficient money to carry any large amount of grain, but low prices attracted eastern buyers of corn and oats for the first time since the beginning of the panic, sustaining the price of these cereals, and wheat also ruled higher at the close of the month. Almost the only actions of interest at this time, outside the markets, were the passage of a rule making No. 3 oats deliverable on contracts, with a five-cent penalty, and the order of the Directors discontinuing quotations to Minneapolis on account of a difference as to the sharing of the expense. The Board also went on record as opposing the proposed uniform grading of grain under Federal supervision on the ground that there were too great climatic differences and too many varieties of grain for uniform grading to be equitable, and that Federal control would be cumbersome and expensive. Prices ruled lower the fore part of December, but soon there was enough bull sentiment to encourage a hard fight to keep May wheat above the dollar mark, and, led by Patten, the bulls were able to advance the price not only of wheat, but of corn and oats. Near the close of the year Patten

sold a large line which he had accumulated after the panic, reducing the price of wheat about three cents, but netting him a handsome profit. During December there was some consideration given to Board politics but it was the general wish that Mr. Sager should again be a candidate for President and to this he finally consented. The members also found time to act as Santa Claus to the children of Chicago who had written their patron saint, all letters to his address being turned over to the Board of Trade and generously answered. The year was closed with an entertainment, the receipts of which went to charity. There were excellent professional entertainers, but the Board most enjoyed the jolly quips of its own amateurs and the presentation of a massive chest of silver to the honored Secretary of the Board, George F. Stone.

Wheat.—The clearings of the Clearing House of the Chicago Board of Trade amounted during 1907 to \$106,586,118, and the balances to \$34,895,228. The receipts of grain, and of flour in its wheat equivalent, aggregated 307,246,141 bushels, and shipments 238,609,846 bushels. The receipts of wheat were 24,943,690 bushels, and the shipments were 24,314,892 bushels. May wheat was quoted as low as $75\frac{1}{4}$ cents, the first week in January, advancing irregularly to $79\frac{5}{8}$ cents, and closing just below this figure. The range for February was from $76\frac{5}{8}$ cents to $80\frac{7}{8}$ cents, with the close at about $77\frac{1}{2}$ cents. During March the range was small and lower, going from $78\frac{1}{2}$ cents to $74\frac{5}{8}$ cents, and closing at $76\frac{1}{2}$ cents, with the July and September delivery about 2 and 3 cents higher, respectively. The trend was slightly higher in April, and 81 cents for May wheat was reached near the close of the month. May was the month of greatest activity and witnessed an advance on No. 1 Northern cash wheat from 84 cents the 1st to \$1.06 the 31st, and on No. 2 red from 79 cents the 1st to $\$1.00\frac{1}{4}$ before the close of the month, while all the future deliveries were quoted above \$1 at the end of the month. In June the high price for July wheat, $99\frac{1}{2}$ cents, was recorded on the first of the month, declined under the influence of bear raids to 88 cents the 15th, reacted to 97 cents, and closed at $92\frac{3}{4}$ cents. During July No. 1 northern cash wheat stood above \$1, while No. 2 red ranged from 89 to 97 cents, being weakest the last half of the month. For the September delivery the high price of $\$1.00\frac{3}{4}$ was reached the 5th, while the month closed at $91\frac{1}{2}$ cents. August was a month of depression, No. 2 red reaching $81\frac{7}{8}$ cents, No. 1 northern 93 cents, and the September delivery ranging from $93\frac{7}{8}$ cents the 3rd to $83\frac{1}{8}$ the 13th and closing at $92\frac{3}{8}$, with December wheat five cents higher. During September cash wheat showed substantial advances, No. 2 red going from $91\frac{1}{2}$ cents to $96\frac{1}{8}$ cents at the close, and No. 1 northern from \$1.05 to \$1.12 the 27th. December wheat opened at $97\frac{1}{8}$ cents, advanced to $\$1.02\frac{5}{8}$ the 20th, and closed weak at $97\frac{7}{8}$ cents. December wheat advanced 10 cents the first half of Octo-

ber, with the price holding well until near the close of the month, when there was a sudden decline to $94\frac{1}{4}$ cents as the result of the financial panic. This financial depression influenced the market disastrously during November, the low price of $89\frac{3}{8}$ cents for December wheat being reached the 8th, but with stronger markets the last of the month, closing at $96\frac{3}{4}$ cents. December witnessed active buying by Patten, and No. 2 red cash wheat advanced to $\$1.01\frac{1}{8}$ by the 30th, but lost nearly four cents of this price owing to heavy realizing sales the last day of the year.

Corn.—The movement of corn was large, the receipts aggregating 125,159,932 bushels, and the shipments 95,770,779 bushels, the receipts being the largest since 1900. The low price for the year was recorded the first week in January at $39\frac{3}{4}$ cents, with an advance to $43\frac{1}{2}$ cents by the end of the month. In February and March the price was nearly stationary. A strong advance movement began in April, carrying the price as high as $50\frac{3}{4}$ cents the latter part of that month and up to 56 cents on May 21, that month closing at $54\frac{1}{2}$ cents. The June range was small and somewhat lower, while in July the average price was about 54 cents. By the latter part of August weather conditions were such that grave fears were felt for the new crop and the price advanced sharply, reaching $61\frac{1}{2}$ cents the 30th. These apprehensions continued through September, and on the 27th cash corn sold as high as $63\frac{3}{4}$ cents. The advance continued during the first half of October and just prior to the panic a price of $66\frac{1}{2}$ cents was reached. The financial disaster was demoralizing to the corn pit, and the price declined to $55\frac{3}{4}$ cents the 29th, with a reaction to $59\frac{1}{2}$ cents at the close. Corn prices in November were of small range and averaged somewhat lower and this was also true of December, which opened and closed at 59 cents.

Oats.—The receipts of oats were the largest since 1900, aggregating 93,906,776 bushels, with shipments of 68,897,313 bushels. The course of the market was similar to that of corn, being lowest in January and highest in the early fall. The low point, $33\frac{1}{2}$ cents, was touched early in January with a gain of 3 cents by the end of that month and of 4 cents more by the close of February. There was a bulge to 43 cents the fore part of March and that month closed at 42 cents, while April ended with a strong market at $45\frac{1}{2}$ cents. The May boom was operative in oats as well as in wheat and corn, and the price went to $48\frac{1}{2}$ cents at the close. The opening price for June was $49\frac{3}{8}$ cents, but there was a sharp decline during the month and the close was at $41\frac{3}{8}$ cents. In July the market opened at $41\frac{1}{8}$ cents, advanced irregularly to 46 cents the 29th and closed at $44\frac{1}{8}$ cents. The unfavorable weather affected oats strongly in August, and, aided by manipulation also, the price ranged higher with a sharp advance to 54 cents at the close. The high price of the year, $56\frac{1}{2}$ cents, was reached early in September,

followed by a decline to 51 cents the 26th, and reaction to 54 cents at the close. Just prior to the October panic cash oats were quoted at $54\frac{3}{8}$ cents, but, with the money stringency, the price declined to 45 cents the 29th. November opened at $48\frac{1}{2}$ cents, with a downward trend until $44\frac{1}{2}$ cents was reached the 22nd, and a reaction to 47 cents the last of the month. Prices during December ranged from $46\frac{1}{2}$ cents the 2d to $50\frac{7}{8}$ cents the latter part of the month, the closing quotation of the year being $49\frac{5}{8}$ cents.

Rye.—The receipts of rye were larger than in the three preceding years and aggregated 2,458,590 bushels, with shipments of 1,887,535 bushels. No. 2 cash rye opened the year at 62 cents, declined to 60 cents the fore part of January, with 63 cents as the prevailing price the latter part of the month. In February prices were higher, the outside price ranging from 70 cents the 1st to 68 cents near the close. Prices were steady and a shade higher in March and the fore part of April, with an advance to 72 cents near the close. May witnessed a genuine boom in rye, the price going from 69 cents the 1st to $87\frac{1}{2}$ cents the 29th, with the close but one-half cent lower. The advance continued until $88\frac{3}{4}$ cents was reached June 10th, and the price remained steady just below this figure until the end of the month, when there was a decline to 84 cents. From this point the market strengthened during July, with 87 cents the prevailing price during the greater part of the month. In August, the weather conditions affecting corn and oats did not influence the rye market until near the close. There was a decline from 86 cents to 75 cents during the first ten days, with lower prices until the last week, when there was reaction up to 86 cents by the 31st. Higher prices prevailed during September, $91\frac{1}{4}$ cents being reached, with the closing price at 89 cents. The price just prior to the October panic was 90 cents, and the market broke to 72 cents before the end of the month. The November market was high at 80 cents and low at 75 cents, with 78 cents as the closing price. In spite of the continued money stringency there was a good market in December, and an advance to 82 cents, while the year closed with the price at 80 cents.

Barley. The receipts of barley were less than in any of the four preceding years, aggregating 18,318,253 bushels, while the shipments were 6,196,708 bushels. Sold largely by sample, there was wide variance in price between the best and the inferior quality. A genuine shortage of good malting barley existed during the latter part of the year and prices advanced fully 100 per cent from January to October. The outside price of cash barley was as low as 54 cents early in January, with steady advance until February, the price going to 64 cents, with a sharp decline to 59 cents the 28th. In March, the range was higher, the price reaching 75 cents before the middle of the month, but declining to 68 cents at the close. From this point the market advanced during April

to 74 cents and in May the general excitement carried the price to 85 cents by the 15th, but with a loss of 10 cents by the 31st. The market worked downward during June, touching 72 cents near the close, and the July prices were much lower, the close being at 63 cents. In August the outside price went from 65 cents the 1st to 70 cents the 8th, remained stationary the greater part of the month and advanced sharply to 86 cents at the close. The probable shortage became very evident in September and the price advanced from 87 cents for the best quality the 26th to \$1.05 the 30th. There was still further advance in October, the ante-panic price being \$1.10. The market resisted the financial crisis for some days and it was not until the 23rd that the price went below \$1, although following this there was a sharp decline to 80 cents by the close of the month. Prices averaged more than 10 cents higher during November, with a closing price of 94 cents, and the December market closed at 97 cents, which was about the average for the month.

Flour. The flour production of Chicago for 1907 was estimated at 1,000,000 barrels and the receipts were 9,435,311 barrels, being the second largest in the history of Chicago up to that time. Shipments of flour were the largest Chicago had known, reaching 9,231,693 barrels. Flour values had a general advancing tendency until the time of the panic, when they participated in the general decline. The best winter wheat patents were steady at about \$3.50 per barrel until May, with improvement which carried the price to \$4.50 in September. The high price of \$5.10 was reached the fore part of October and during the last months of the year the price was steady at \$4.80 per barrel. Low grade flour sold as cheaply as \$1.90 per barrel during the early spring and as high as \$3 per barrel in November.

Seeds. The receipts of timothy seed were 33,541,283 pounds, and the shipments 20,199,946 pounds. Prime timothy seed opened and closed the year at \$4.35 per cental. The low price, \$4.20, was reached in November, and the high price, \$4.75, in May, June, and again in September. The receipts of clover seed were 3,697,208 pounds and the shipments 3,122,380 pounds. The lowest prices, from \$13.70 to \$14, prevailed until the middle of March, when there was a sharp advance and the price ruled above \$15 until August, with a further advance up to \$17 in October. The panic caused a decline to \$15.25 in November, but by the last of the year the price had worked back to \$17 per cental. The receipts of flax seed fell below 2,000,000 bushels for the first time since 1878, aggregating 1,851,442 bushels, with shipments of 98,292 bushels, by far the lowest the trade had ever known. The opening prices for No. 1 and No. 1 northwestern cash flax seed, per bushel, were \$1.11½ and \$1.18½, respectively, and there was an irregular advance until \$1.31½ was reached in June. By the first of August the price for the old crop had worked down to \$1.15, while the new crop for No. 1 opened

the middle of August at \$1.11½, advanced to \$1.26½ in October and declined to 96 cents by the end of November. The price advanced during December and the closing price for the two grades was \$1.08 for No. 1 and \$1.18 for No. 1 northwestern.

Provisions and Live Stock. The receipts of cattle were well up with the average, aggregating 3,305,314 head, while the shipments were the largest the market had known, reaching 1,452,074 head. The number of cattle, packed, including city consumption, aggregated 1,988,504 head, and the shipments of dressed beef amounted to 931,533,601 pounds. Extra steers brought \$7.20 per hundred on the Chicago market the first of January, but the price was below \$7 during the spring months, reaching \$6.25 in May. After the middle of June, prices ranged above \$7, and as high as \$7.60 in August, until the financial stringency forced feeders to realize, increasing receipts and lowering prices, which ruled under \$7 in November and December, reaching \$6.15, the low point, during the latter month.

The receipts of live hogs were somewhat below the average for the preceding ten years, aggregating 7,717,280 head, while the receipts of dressed hogs dwindled to the very inconsiderable number of 587 head. The shipments of live hogs amounted to 1,711,902 head, and the number of hogs packed for the year ending March 1, 1907, was 6,079,641 head, showing that Chicago was doing about one-fourth of the packing business of the entire West. Kansas City occupied second place in the packing industry, with Omaha, St. Joseph and St. Louis as third, fourth and fifth. The outside price for heavy packers and shippers hogs opened at \$6.55, and averaged above this figure until the middle of May, going as high as \$7.25 in February. During the mid-summer prices were lower, touching \$5.95 in July, but reacting to \$7 just before the panic in October. Following this the course of the market was steadily downward, closing at \$4.85. Mess pork opened at \$16.02½ for cash, in January, with a sharp advance at the close to \$17.05. The top price for February was reached on the 9th at \$17.75, with decline to \$16.50 by the 28th. The range was lower during March, \$15.50 being touched the 25th, and the close being at \$16.40. April saw an irregular decline from \$16.50 the 1st, to \$15.50 the 30th. On May 11th the price touched \$17, but that month closed at \$16.50. The range for June was but from \$15.50 to \$16.30 and in July from \$15.90 to \$16.50, with slightly lower prices in August. The decline during September was marked, and the market closed weak at \$13.75. The price had advanced to \$15 just before the panic, but the succeeding decline carried the price down to \$11 the latter part of November. The average price for December was above \$12, but the close was weak at \$11.87½. The range of lard prices until the October panic was small, being from \$8.47½, in June, to \$9.97½, in February. The low price of \$7.50 was reached the latter part of November, and

while there was recovery up to \$8.25 the first of December, the market closed at \$7.65.

Transportation. The conditions of transportation remained about the same as in years immediately preceding, although freight rates averaged higher than in 1906. The average rate on wheat per bushel to New York, by lake and canal was \$.0665, by lake and rail \$.0709, by all rail \$.1090.

1908

The year 1908 was one of much business activity, and with a higher range of prices than in the preceding year. The crop proved abundant and the movement of grain through Chicago was large. And the total clearances of the Board of Trade Clearing House amounted to \$78,539,952, being about three-fourths the large aggregate attained in 1907. The element of excitement and uncertainty was sustained throughout the year, making the markets of each month interesting, and affording the members but little time for discussion of the administrative affairs of the Board. Just as in their day Hutchinson, Partridge, and Leiter dominated the market, so in 1908 Patten was the leading figure and interest centered at all times upon his transactions. The effects of the financial panic of the preceding October gradually wore away, and the general prosperity of the country was good, but with the customary business lull just prior to a presidential election. The foundations for the great Patten corner in May wheat, in 1909, were laid during the course of this year. At the New Year's entertainment which closed 1907 the amateur vaudeville artist was asked to read what was in "Jim" Patten's mind as to wheat, and Patten answered that he would like to know himself, and this was, in fact, the riddle of the year.

The harmony program went through successfully so far as the head of the ticket was concerned, and H. N. Sager was elected President without opposition, James Bradley was chosen for Second Vice-President, while J. A. Bunnell was advanced under the rule to the First Vice-Presidency. There was some contest as to Directors, and in addition to the regular ticket five candidates were nominated by petition. The Directors were Edward Andrew, A. M. Clement, B. B. Bryan, Harry Boore, and S. P. Arnot. Mr. Arnot being the only "opposition" candidate elected. The lack of interest is shown by the fact that the total vote was but 849.

At the annual meeting the financial report showed total receipts for the year ending January 6, 1908, of \$509,171.76, including \$90,-560.79 cash on hand at the beginning of 1907. The expenditures were \$331,679.21, and the cash on hand in the general fund was \$143,937.55, and in the special assessment fund \$33,555. Among the chief items of receipts were approximately \$129,000 from annual assessments, \$43,000 from special assessments, \$136,000 from rents,

\$33,000 from inspection, and \$37,000 from quotations. The expenditures included \$18,000 for legal expenses, \$25,000 for quotations, \$31,000 for inspection, \$12,325 for the purchase of six memberships, and \$2,308.97 for purchase of a bond of the Board of Trade for \$2,500. Balances due the Association amounted to nearly \$22,000, and the outstanding obligations were \$49,353. The assessment was fixed at \$75, pro rata, and the membership of the Board was 1,720.

The report of the Directors dwelt upon the concessions which had been obtained by the withdrawal of the Mississippi River pro rate, and the re-establishment of Chicago as the basing point for freight rates, it also spoke of the elevation allowance made at Missouri River points, and the free service there offered as a discrimination against Chicago, against which efforts were being made. It was stated that no new bucket shop litigation had been commenced, but that actions were pending against the O'Dell Stock and Grain Company and the Superior (Wis.) Board of Trade. The course of the litigation in the elevator cases was also mentioned with the statement that early decision was anticipated, but this decision, when made, proved adverse to the Board. The Board with its characteristic generosity took note of the pressing wants of the poor of the city, and a relief committee was appointed, and as the poverty became more acute during January, Secretary Stone made personal appeal to the members from the gallery of the Exchange, and the charity committee collected a substantial sum. Interest in legislation was also shown by the appointment of Secretary Stone as a delegate to represent the Board at a convention called in favor of the establishment of a non-partisan tariff commission, and opposition was expressed to the bill which had been introduced into Congress providing for Federal grain inspection.

The market opened in January with cereal prices on a high level, the very large sales of wheat at the close of December failing to affect the market greatly. Foreign news was encouraging, and the close of the first week's business showed a decided victory for the bulls. News of abundant crops in Argentine served to break the market, and, by the middle of the month, the business of the Exchange was almost paralyzed by the severe storm which caused what was designated as a "wireless market." The large long line of wheat owned by Bartlett, Frazier & Carrington was thrown upon the market, causing a heavy decline. The wheat pit was the scene of an active struggle between Patten as a bull and Armour as a bear during the latter part of January, and large purchases of corn by unknown parties mystified the trade. At the close of the month there was a great rush to sell, and May wheat declined to 98½ cents. The culmination of the trade in wheat in January was not favorable to the Patten interests as represented by Bartlett, Frazier & Carrington, and it was announced the firm would discontinue dealing in cotton and stocks on the New York Exchange. There

was much conjecture as to the meaning of this restriction of the firm's business, and it was stated that there was serious disagreement among its members as to the conduct of this campaign, and that although Mr. Patten had been able to dispose of his personal holdings without great loss, the firm was a heavy loser, while Armour was said to have profited by the decline to the extent of nearly \$1,000,000. This led to some reorganization of the Bartlett, Frazier & Carrington firm, but Mr. Patten remained as the dominating force. The bear campaign continued during February, the market being nervous after the exciting January close, and it was not until the end of February that the bears were routed and May wheat again started on the upgrade. In spite of heavy liquidation, May wheat soon advanced sharply to \$1 and Patten offered the advice that the short side of the market was dangerous. High prices encouraged receipts, and the sale of 2,000,000 bushels of wheat by Bartlett-Frazier caused a decline, and it was said the firm was out of the market, except as a commission house, although there was much talk of manipulation in May wheat, for, while there was heavy selling, there was a ready buyer for every offering. The Government report showing large reserves of grain in the hands of the farmers served to break the market, but before the middle of March there was a reaction in wheat and it was suddenly realized that there was practically a corner in May corn. Patten was said to hold 18,000,000 bushels of corn, bought between 53 cents and 58 cents, and the price advanced until 66 cents was reached. The Bartlett-Frazier Company reopened its buying campaign in wheat and, by the middle of March, reports of damage by green bugs caused an advance which made the shorts extremely nervous. Corn, especially, advanced until more favorable crop reports caused a sharp decline in all markets, but it was noticed that Bartlett-Frazier added to their line on every break. March ended with a decline in produce prices due to heavy realizing sales, but there was a flurry in provisions and an exciting day when the shorts hastened to cover and there was a rise of $67\frac{1}{2}$ cents in the price of May pork. The latter part of March was also signalized by great, but temporary excitement, in the oats pit. The Board was much exercised during March by the agitation for National legislation of an adverse nature, and President Sager, B. A. Eckhardt, B. B. Bryan and W. S. Warren went to Washington to protest against the passage of the Gronna bill, providing for Federal grain inspection. The representatives of the Board were also opposed to the proposed legislation limiting transactions for future delivery and they presented their case in person to President Roosevelt, receiving assurances from him which gave them much encouragement. They also presented to Congress, through Representative Mann, a petition signed by the leading bankers of Chicago opposing the legislation and other similar petitions from Chicago and Milwaukee followed. H. K.

Smith, Commissioner of Corporations, urged a tax upon deals in futures, praising the German law on this subject, and that the sentiment for such legislation was widespread was shown by the fact that the building of the Winnipeg Exchange was sold at auction on account of the passage of a law which, for the time, practically ended its usefulness. Other matters of interest during March were the final adjustment of differences with the Minneapolis Exchange and the resumption of quotations from that market; a petition for the rescinding of the rule forbidding deals in outside markets based upon Chicago warehouse receipts, on the ground that it was driving Milwaukee business to the Minneapolis Exchange; the decision of the Supreme Court of the United States confirming the fine of \$15,000 levied against the packers for the acceptance of railroad rebates, and a decision by the same court declaring that trading in futures did not come under the Interstate Commerce act, and, therefore, the Alabama law imposing a tax on futures was valid.

During April there was a declining market in wheat, but with a strong market for corn and oats, Patten being back of coarse grains as a steady buyer. It was not until the close of the month that the wheat market boomed on account of large sales for export and the discouraging crop reports from Europe and Argentine. Patten was in full control of the oats market at this time and his profits on the May deal were estimated as high as \$750,000, and he took large quantities both of corn and oats, holding them to market later. As usual when business was duller, the Board had more time for the discussion of internal affairs and the members held a meeting with the Railroad and Warehouse Commission, approving the radical change in inspection methods proposed by W. S. Cowan, Chief State Grain Inspector. This new plan involved the taking of samples from each car and sending them to the State Inspection Department to be graded, instead of having the grain inspected and graded on the track. This new system was put into effect at some terminals in September, was found to work well, the moisture test also meeting approval, and by the latter part of November was extended to all railroad lines, although the fact that samples were not allowed to be delivered on the floor of the Exchange was a matter of sharp dispute. In April there was also a move to have the 2-cent penalty on No. 2 hard winter wheat removed, and a petition to this effect was presented to the Directors and this was posted early in May and adopted by a vote of the Board. Still more important was the agitation for a rule to prevent corners. The Directors posted, the latter part of April, a proposed rule providing that fictitious prices based on the overbuying or overselling of grain or hog products, and which were not justified by the prevailing market conditions, but were the result of manipulation, should not be the basis for settlement of contracts on delivery day. This rule was the cause of much debate and it was warmly championed by W. S. Crosby, who referred to

the corner rule of twenty-five years before, saying that it was not a success because not enforced. He also dwelt upon the existing market conditions, saying that oats, corn and wheat were practically cornered, and that the result was decreased business for the Board in general. He urged that members were entitled to such damages, in case of defaults, as they could prove, and nothing more. In spite of this, and other arguments in its support, the corner rule was defeated by the decisive vote of 403 to 221. The trade was also interested by the announcement that, after June 1, the railroads proposed making a transfer allowance to public as well as private elevators. This allowance and that for elevator service was later prohibited by an order of the Interstate Commerce Commission, and the grain shippers of Chicago united with eastern grain exchanges to oppose the order. The Board of Trade as an institution took no part in this protest, holding that it was satisfied if the order was enforced in all markets, but the shippers asked that the allowance of $\frac{1}{4}$ cent per bushel on grain be retained until a case then pending covering this allowance was decided, and to this the Commission consented, in November, making the order non-effective until July 1, 1909.

The May markets opened with a rush. May wheat went to \$1.04 and the deliveries of grain, although not heavy, all went into strong hands, Patten getting the corn and oats, and Armour the wheat. Deliveries of provisions were large, that of ribs, which went chiefly to the North American Packing Company and to Hatley Bros. being the largest then on record and aggregating 10,450,000 pounds, while large quantities of pork and lard were also taken by the same parties. Reports of general bad crop conditions, injury by Hessian flies and the report that the world's stock of wheat was depleted served to advance prices of that cereal the first days of May, with but a temporary decline when many sought to realize profits, and soon the price was so high that it was reported that interior mills would be obliged to close down, and the Government report, indicating a yield of but 461,000,000 bushels, forced May wheat up to \$1.05 $\frac{3}{4}$. Corn in the meantime was steadily advancing, Patten maintaining that market and the one for oats also. By the 7th of May it was generally conceded that Patten had full control of the corn market and frenzied buying by shorts advanced the price to 74 cents. There was reaction in wheat and the May delivery was below \$1 by the middle of the month, but corn continued to advance until, on the 25th, it was reported that many private settlements had been made with Patten, and that the May corn deal was about ended. This impression was a mistake, however, for the following day there were sharp advances in wheat, oats and corn and the price of the latter reached 82 $\frac{3}{4}$ cents, the 28th, while May wheat went to \$1.09 $\frac{3}{4}$. There was much bitter comment on the three deals which were run simultaneously by Armour and Patten, not alone by losers,

but by those who declared that the general business of the Board had been injured. It was said that fear that defaults might be carried to the courts caused an easement in prices at the close of the month, the deals ending with wheat at \$1.10½, corn at 80½ cents and oats at 52¾ cents, the price of the latter being reduced by the large quantity of standard oats, 600,000 bushels, transferred from private to public elevators for the benefit of the shorts. It was estimated that Patten had bought and paid for 9,750,000 bushels of oats and his profits in corn were placed at \$2,000,000, while it was thought that he had lost in oats and those who had lost to him were somewhat consoled by the fact that he was apparently the loser by nearly \$30,000 in de luxe book editions.

With the close of the May deals transactions for July delivery were on a lower level, although continued rains the first part of June caused advances in both wheat and corn. Trading was less active during June and a "weather market" prevailed during the greater part of the month with a general declining tendency.

By the first of July it was reported that Patten had marketed all but 150,000 bushels of the more than 9,000,000 bushels of oats held by him the first of June, and at good prices, so that the oats deal was also profitable to him. The Illinois crop report had a bearish influence on the wheat market and just the reverse effect upon corn, but heavy rains and large outside buying soon advanced wheat prices, while a corn famine was predicted and the shorts in corn for July delivery were badly frightened, the more so because the price had been on a high level for some time, but receipts continued light. Patten and Bartlett-Frazier were heavy buyers of corn, but were short in wheat. Mr. Patten made one of his inspection tours about this time and suddenly, from Minneapolis, he ordered purchases of several millions of bushels of wheat to cover his short line, and it was reported that he had been converted to the bull side of that market. Severe heat caused another bull movement in which Patten bought an additional 4,000,000 bushels of wheat, but this was off-set by the report that the Canadian crop was so large that it was feared there would be a lack of transportation facilities for it. Corn reached a high price for the crop year on July 17, after which there were declining markets until the end of the month, with the exception of a small squeeze in oats, when the price for the July delivery went to 56¾ cents on account of the small stock of old oats in store. It was during this month that quotations from Buenos Aires were abandoned on account of the demoralized condition of that Exchange, and the only other matter of absorbing interest was the great baseball game between the Chicago Board of Trade team and that of the Minneapolis Chamber of Commerce. The receipts were given to charity, and the amount, \$10,000, was greatly swelled by the operations of the mock court which was presided over by Joseph P. Griffin and James Mallory.

Chicago won the game, 19 to 5, and the victors were presented with a silver trophy cup, donated by Governor Deneen.

Stimulated by reports of injury by black rust, September wheat made sensational advances during the first days of August, reaching $94\frac{7}{8}$ cents, with the broadest trading for several months. Patten was thought to have a long line of about 10,000,000 bushels, and the export trade was such that there was a general advance of about 2 cents per bushel in ocean freight rates. The higher prices induced larger receipts, but the market was sustained by the big export and cash demand and an unfavorable Government crop report started wild trading in all pits. Patten took advantage of the bulge to sell about 4,000,000 bushels of wheat, depressing the price to 92 cents, but small stocks and poor prospects kept corn ranging higher. The corn market was well supported throughout the month by large interests and when September wheat reacted and reached $95\frac{1}{4}$ cents Patten unloaded the balance of his line, with Armour as the chief buyer. This buying by Armour had become a noticeable market feature by September 1 and there was an excited buying by shorts, with Armour strengthening the market by further purchases of 2,000,000 bushels. The next day it was reported that many of the prominent shorts had settled with Armour, privately. There was a market sensation and much adverse criticism when an error in receiving the Government report occasioned loss to a number of traders. The crop condition was posted as 80.7 per cent, when the correct figures were 77.6 per cent. The correction was made, but not until trading had been done based on the incorrect figures, and the fact that the Postal telegraph had the right figures at first added to the resentment felt, and an investigation was instituted, which, however, failed to locate the blame.

September corn reached new high levels the middle of September and September wheat went to $99\frac{3}{4}$ cents, with the largest trade for more than a year. It was not until danger of damage by frost had passed that corn prices lowered. Shortly before the close of the month it was reported that Armour was a heavy buyer and Patten a heavy seller, and as all prices fell and Armour let go of his long line it was generally supposed that for once that company had been on the wrong side of the market. A European war scare affected the markets in October and there was a flurry in pork when Swift's brokers were ordered to buy "at any price" and pork suddenly advanced \$1.50. Patten was again accredited as the largest buyer of wheat during this month. Early in November the members almost deserted the market place in their eagerness over the political battle then raging and the election of Mr. Taft, whom a large majority of the Board favored, had a tendency to advance prices. While the people were voting on Government policies, the members of the Board also voted on policies of the Association and a proposed amendment changing the rules for the cash grain trade

was defeated, as was also a rule giving the Directors more power in regulating the operation of the Clearing House. The only notable market feature of November was the continued buying of wheat by Mr. Patten, in which he persisted in face of the judgment of nearly all the other market leaders. The short element in December corn became alarmed over the concentration of the holdings of that cereal before the end of November, and the elevators busied themselves making contract corn. By the first of December it was recognized that Patten had accumulated an immense line of wheat and it was felt that it was his "sticktoitiveness" only which sustained the market and brought it to higher levels in December. The bears, led by Armour, attempted to raid the market, but Patten refused to sell and was a good buyer on the breaks both in wheat and oats. Many who were fashioning their trading on what Patten did became frightened and sold, but Patten denied that he had sold a bushel of his own holdings. By the middle of December the pressure had become too great, even for Mr. Patten, and when May wheat went below \$1 the millions of bushels which he threw upon the market caused still further sharp declines. The corn pit also presented interesting features and there was a bitter contest between the bulls and the bears in the effort to keep the price above or below 60 cents. The bears were the victors in this contest, but in the wheat pit Patten soon resumed buying and by the close of December the price had advanced and the long interest, controlled by Mr. Patten, was said to amount to 16,000,000 bushels.

Very little of interest, outside the market movements, occurred during the closing months of the year. A special train carried some 75 of the traders to the Corn Festival at Omaha in December, there was a renewal of the judicial inquiry concerning the relations of the railroads and the packers and employees of the Morris Company were summoned as witnesses and there was some speculation as to the approaching election, but there were no events of large importance to the traders. Changes in the rules governing the wheat trade elicited a resolution by the Directors to the effect that "in the settlement of so-called 'old' or 'new' style December wheat contracts by means of deliveries on the floor of the Exchange, delivery notices passed between members shall liquidate 'old' or 'new' style contracts at the option of the party making the delivery, except that when delivery notice is taken in on one style and is put out on the other style, the clearing member making such delivery shall attach a memorandum to the delivery notice calling the attention of the party to whom delivery is made, to the fact that he has exercised the option to change the style of the delivery." The Directors also ordered that the settling price for "old" and "new" style December wheat should be identical beginning with December 23. Still another matter of interest in December was the declaring of the Santa Fe elevator as "irregular" upon the request of the owners, the

Armour Grain Company, by whom it had been purchased for use as a private warehouse, to take the place of elevators burned earlier in the year.

The increasing activity of the Board was evidenced by the enhanced value of memberships during the course of the year. In March the Directors offered \$2,200 as the retiring price for memberships, but by July the price had advanced to \$2,350, and in November a sale was made as high as \$2,650. The courts and the postal authorities were felt to have the bucket shop situation well in hand and there was no direct action by the Board of Trade for the suppression of the bucket shop evil during the year. That the good work was continuing, however, was shown by indictment of 34 bucket shop men in Cincinnati, in May, and by the signing of a stringent anti-bucket shop law by Governor Hughes, of New York.

Wheat. The crops of 1908 were bountiful and the higher prices realized made it a prosperous year for producers and a satisfactory one for dealers. The total value of farm products was \$290,000,000 in excess of 1907 and more than one billion dollars in excess of 1906. The receipts of grain, and of flour in its wheat equivalent, aggregated 272,941,506 bushels, and the shipments 222,783,375 bushels, both being somewhat less than in 1907. The value of the combined yields of winter and spring wheat amounted to nearly \$620,000,000, and the receipts at Chicago were 21,168,442 bushels, with shipments of 22,579,044 bushels. The price of May wheat, January 2, stood at \$1.06½, advanced to \$1.08½ early in the month, but declined to 95¼ cents at the close at the end of the disastrous bull campaign. In February, prices ruled below the January average, reaching 90¾ cents on the 19th, but closing at 99⅞ cents. Higher prices prevailed the first days of March, and shorts covered at \$1.01⅞, but the low point of the month was reached the 31st at 92 cents. The general course was reversed in April, the market opening at 91¾ cents, declining to 89 cents, and advancing irregularly to 99¾ cents at the close. The deal in May wheat culminated at \$1.11 on the 29th, while the July delivery was more than 20 cents lower. In June the market course was downward, the July delivery closing at 84½ cents. September wheat stood at 85⅞ cents the 1st of July, advanced to 92½ cents, and closed at 90 cents, while August was characterized by a bulge to 96⅞ cents the first part of the month, followed by a decline to 91¼ cents the 17th, with an advance to 95¾ cents the 31st. Heavy buying by Patten forced the price of No. 2 red cash wheat up to \$1.02⅞ September 17, but with a decline of about 3 cents by the end of the month, December wheat in the meantime going from 96¾ cents, the 1st, to \$1.02, the 19th, and closing at \$1.00¾. In October, December wheat reached \$1.02¾, and although there was a decline to 99½ cents on the 19th, the price held well above \$1 the remainder of the month. The price for December wheat was still better in November, reaching \$1.05½ and

closing $\frac{5}{8}$ cent lower. December showed further improvement, the large buying by Patten sustaining the price. No. 2 red cash wheat, the lowest priced wheat deliverable on contracts, closed at $\$1.07\frac{1}{2}$, No. 1 northern at $\$1.10$, and May wheat at $\$1.08\frac{1}{2}$, although it reached $\$1.11$ December 4.

Corn. The total corn crop for 1908 was estimated at 2,668,000,000 bushels, valued at $\$1,615,000,000$. The receipts of corn in Chicago were 91,169,147 bushels, being 34,000,000 less than in 1907. The shipments were 69,692,749 bushels, a decrease of 26,000,000 bushels as compared with 1907. The price ruled high and the corn pit was active, and the subject of much manipulation. Corn opened at 60 cents, and the price was well maintained through January, but with a weak close at 57 cents. The February range was but 3 cents, with the close at 59 cents, but in March the persistent buying by Patten caused a sharp advance to 66 cents the 19th, with a closing price of $64\frac{3}{4}$ cents. The advance continued during April, the price reaching 68 cents the 30th, and, during May, Patten had full control of the market, forcing the price up to 82 cents at the end of the month, while the July delivery was quoted at $66\frac{1}{2}$ cents. The price was well maintained through June, cash corn opening at 72 cents and closing at 70 cents, while July corn went from $67\frac{1}{4}$ cents to $69\frac{3}{8}$ cents. Poor crop prospects served to advance prices during July, and cash corn reached 78 cents, but closed $\frac{1}{2}$ cent lower. Weather conditions were still more adverse during August and the price reached 80 cents on several days the first half of the month, and the close was at $78\frac{1}{4}$ cents. This second advancing period of the year culminated at 82 cents on September 14, with a decline of about 3 cents by the 30th. The price ruled somewhat lower the first part of October, and the closing price was 66 cents, with a further decline to $62\frac{1}{4}$ cents by the end of November. There was no improvement during December, and the price declined to $56\frac{3}{4}$ cents, closing at 58 cents.

Oats. The receipts of oats were less than in 1907, aggregating 92,529,017 bushels, with shipments of 79,857,557 bushels. This market was also the subject of much manipulation. Opening at 51 cents, the bull campaign led by Patten carried the price from $48\frac{1}{4}$ cents the last of January, to $57\frac{7}{8}$ cents the latter part of May. With the close of the May deal prices declined, cash oats ranging from 52 cents to $50\frac{1}{4}$ cents during the month of June, while Patten was marketing his large holdings. With July, a second speculative movement, combined with unfavorable crop reports to advance the price to $60\frac{1}{2}$ cents, but there was a sharp decline and a weak close at 51 cents. Prices averaged below 50 cents during August, touching 46 cents by the 4th, and $49\frac{1}{8}$ cents the 31st, which was the average price for September. Oats stood at 49 cents the fore part of October, and while there was a dip to $46\frac{3}{4}$ cents, the price held remarkably well and closed at $48\frac{1}{8}$ cents, which was the average price for

November. December ruled slightly higher, touching 50½ cents and closing at 49½ cents.

Rye. The receipts of rye were the smallest since 1894, and aggregated 1,646,118 bushels, with shipments of 1,279,276 bushels. Prices ruled high throughout the year, No. 2 cash opening at 81 cents, advancing to 87 cents, and closing January at the opening figures. A net advance of about 4 cents was recorded in February, but there was a decline, in March, to 74 cents at the close of the month, while in April the price again advanced to the first of January figure. A price of 86 cents was reached in May, but the month closed at 79 cents, and 72 cents was reached before the end of June. The advance movement in July culminated at 80 cents, with a decline of 5 cents by the 31st, 75 cents being, also, both the opening and closing price for August. The average price in September was 76 cents, while in October there was a decline from 76½ cents, the 1st, to 74 cents, the latter part of the month. The November market was dull, with a range of from 73 cents to 76 cents, and 75 cents was the opening and closing price for December, although 77¼ cents was reached the 7th.

Barley. Receipts of barley were more than 5,000,000 bushels larger than in 1907, and aggregated 23,696,615 bushels, with shipments of 8,063,151 bushels. High prices were recorded in January, the best barley bringing as much as \$1.06 the fore part of the month. From this point the general course of the market was steadily downward until 54 cents was reached as the outside price the middle of June. Higher prices then prevailed until 74 cents was reached the fore part of July, when there was a decline to 60 cents before the close of the month. The August market was steady with a range from 63 cents to 68 cents, and by the close of September the price had worked down to 60½ cents. Sixty-one cents was the prevailing price during October, and the closing price for November, although the average was higher. In December the price ranged from 61 cents the 1st, to 67 cents the 24th, with a closing price of 64 cents.

Flour. The receipts of flour were 9,496,037 barrels, the city manufacture was estimated at 850,000 barrels, and the shipments were 9,180,355 barrels. Flour prices ruled very steady, the range for winter wheat patents being from \$4.50 per barrel, in August, to \$5.10, in December, with the price the first of the year at \$4.90.

Seeds. The receipts of timothy seed were large, reaching 56,710,572 pounds, with shipments of 26,726,640 pounds. The price was well maintained above \$4, reaching \$4.85 in February, until June, when there began a decline which continued until \$3.50 was reached, in October, and the year closed at \$3.85. Clover seed receipts were 7,303,420 pounds, and shipments 5,348,089 pounds. The price was subject to sharp fluctuations, prime clover seed going from \$17, per cental, in January, to \$24, in April, with a decline to \$17 in May, this being the prevailing price until the middle of August.

With the new crop, there was a further decline, and the price ruled below \$10 the latter part of the year, touching \$8.50 in October and closing at \$9.30. The receipts of flaxseed were 2,119,335 bushels and the shipments 213,984 bushels. No. 1 northwestern flax seed opened at \$1.21, declined irregularly to \$1.16½ in February, ruled about 3 cents higher during March, touched \$1.17 the first of April, and advanced in May as high as \$1.25½. This level was well maintained the first half of June with a decline to \$1.21¾ by the first of July. There was an advancing market through July, and by August 5 the price stood at \$1.35½. An irregular decline followed, and the price worked down to \$1.23 by the middle of October. The advance movement began the latter part of October and extended into November, \$1.47 being reached the latter part of that month. The December market was also an advancing one, and the year closed with the top price of \$1.51½.

Provisions and Live Stock. Receipts of cattle were the smallest since 1902, and 266,000 head less than in 1907, aggregating 3,039,206 head, while shipments were 1,355,336 head. Live stock trade opened with prices at a low level, extra steers selling as low as \$6.10 in February. By the close of March, the influence of the panic of 1907 had been overcome, and prices held strong the remainder of the year. Beef steer values reached their zenith in June, when sales were made at \$8.40, the highest price paid for steers in the open market since 1902, and 80 cents higher than the extreme top reached in 1907. After April the top price was well above \$7, reaching \$8 in November and closing at \$7.75. The high cost of feeding was reflected in the general quality of cattle received for slaughter during 1908. Native steers and butcher stock trade was featured by strong competition between Chicago and eastern buyers, but the export demand was disappointing. High prices were largely responsible, but the closing of many of the principal ports owing to the hoof and mouth disease had a disastrous effect in live stock exports.

The hog trade of 1908 was the most prosperous it had been for a number of years. Prices were around \$4.50@4.75 during the first ten weeks, but took a sharp upturn the latter part of March, and on April 1 sold up to \$6.40. From this level they reacted to \$5.60, and then resumed an advancing tendency which reached the high point of the year at \$7.60 on September 23. From this point the market declined, reaching \$5.85 in December and closing at \$6. A feature of the year was the lack of confidence displayed by producers, and hogs were marketed right off the grass, whereas much higher values could have been obtained had they been fed on corn. This resulted in an abundance of light-weight hogs, and a scarcity of the stronger weights, heavy hogs commanding a good premium over the light-weights during the summer for the first time in many years. Receipts of live hogs amounted to 8,651,669 head, being the largest

since 1901, and nearly 900,000 more than in 1907. The shipments of live hogs were 1,869,758 head, and the number slaughtered, for the year ending March 1, 1908, was 6,342,717 head. The effects of the panic were felt in the provision market, and mess pork reached \$10.90 by the middle of February, this was followed by an advance until \$16.60 was reached in July. After the close of this month prices declined, touching \$13.50 in October, and closing the year with an advance to \$14.62½. Lard prices declined from \$7.90, in January, to \$6.97½, in February, after which there was an irregular advance until \$10.37½ was reached by the close of September. Following this speculative movement the price declined to \$9.10, in December, closing at \$9.45.

Transportation. Among the reforms accomplished through the efforts of the transportation committee of the Board of Trade during 1908 were the following: The entire removal of reconsigning charges; the cancellation of the penalty of 1 cent, per hundred pounds, on grain products manufactured at Chicago; the securing of freight house facilities for the loading and unloading of grass seeds; the elimination of switching or other charges on reinspected grain; the adoption of the uniform reconsigning or disposition orders and receipts for bills of lading. Much progress was made, through the instrumentality of the Interstate Commerce Commission, in securing a uniform bill of lading, but the matter of adjusting ex-lake rates was pending. The average rate on wheat, per bushel, to New York, by lake and canal was \$.0605, by lake and rail \$.0660, and by all rail \$.1060.

1909

The year 1909 saw speculative deals of vast proportions, with gradually changing market conditions, but was a year of very little administrative activity on the Board of Trade, there being but little discord to mar the harmony with which the Exchange was conducted. The annual election of the board was without contest, and Mr. John A. Bunnell was elected President by unanimous vote, 925 ballots being cast for him. Mr. John C. F. Merrill defeated Mr. R. D. Richardson by a vote of 556 to 341 for the Second Vice-Presidency, and the Directors elected were James C. Murray, Ernest G. Brown, C. F. Schneider, John C. Wood, and Charles P. Randall. The statement of most interest to the members made by President Sager upon retiring from office was that the bonded indebtedness had been reduced about \$50,000 in the past two years. A splendid spirit of harmony prevailed at the annual meeting of the Board on January 11. The report of the Treasurer showed the receipts of the year to have been \$441,339, which, with the cash on hand at the end of the preceding fiscal year, made a total of \$618,832, and the total expenditures for the year amounting to \$489,185, which left cash on hand aggregating \$129,647. Memberships numbered 1,687, the

Directors having retired 32 memberships during the year. The Directors' report impressed upon the members of the Board the importance of improving the uniform bill of lading.

Aside from the Patten deal in May wheat, the only incidents of interest to members of the Board of Trade which took place after the annual election and meeting in January until nearly the middle of August were: A telegraphers' strike which tied up the Board of Trade on January 30; the failure of Sidney C. Love & Co. three days before, his losses being estimated at from \$250,000 to \$500,000, on account of being heavily short ever since Mr. Patten had started his campaign in May wheat; the announcement on February 5 by the Department of Transportation that the St. Louis, Northwestern, and Great Western roads had published, in connection with the Chicago-Ohio River lines, a rate of 12 cents per hundred pounds on coarse grains, and that with the exception of the Great Western, the new tariffs included transit privileges in Chicago; an unimportant strike by the sailors on Great Lake vessels the first part of May; and an informal dinner given to the members of the Board by the Chicago Association of Commerce in the Gold Room of the Congress Hotel on May 26.

The question of erecting a new building for the Board of Trade had for some time been discussed pro and con, but no definite action was taken in regard to it until August of 1909, when the members of the Board voted to empower President Bunnell with authority to appoint a committee of five to collect necessary data and information and submit a formal report to the Association relating to the new building. The principal argument in favor of abandoning the old home was that the rentals would be so materially increased by a new building, but there was, nevertheless, some opposition to the movement. Later in August, President Bunnell appointed on the building committee Messrs. A. O. Mason, H. N. Sager, J. G. Steever, J. B. Adams, and Robert McDougal, but nothing definite was done about the new building during the remainder of the year.

Perhaps the act of the Board which had the most far-reaching effects was its bringing together representatives of the important grain exchanges of the world. In August invitations were sent out by the Chicago Board requesting most of the exchanges to send some of their members to the largest meeting of the grain exchanges ever assembled, which was to take place on September 17 and 18. Part of the meeting was to be devoted to business and part to pleasure, and elaborate plans were made for the entertainment of the guests. Enthusiastic responses were received from all over the country, and it was announced that the business section of the meeting was to be held in the Princess Theater on the afternoon of September 17, and that representatives of various cities were to be taken care of by special committees of the Board. Mr. James A. Patten consented to speak at the banquet to the visitors on the

"Grain Trade," and the Hon. Joseph G. Cannon was secured to talk that evening. In addition there were speeches by E. D. Bigelow, Secretary of the Kansas City Board, and E. H. Scharff, President of the Merchants' Exchange of St. Louis. Walter Fitch was toastmaster and presided over the banquet, which was held at the LaSalle Hotel. The result of this meeting was that in November representatives of twenty grain exchanges and boards of trade of the United States met in the Directors' room of the local Board and organized the Council of North American Grain Exchanges. Each exchange was represented by two men, and Mr. S. P. Arnot, of Chicago, was elected President of the Council. At the meeting the delegates passed a resolution commending the Directors of the Board for the stand they had taken against "corners" and market manipulation.

In August, Assistant County Attorney Behan found in the revenue law a provision authorizing the taxation of grain in transit and stored in elevators on April 1, regardless of the ownership. About two months later the transportation committee announced that bills of lading issued by the eastbound and southern lines would thereafter bear but one date, and that date would be the same as the ones on the receipts from which such bills of lading were issued. An echo of the bucket shop crusade came in December, when Judge Kohlsaat, of the United States District Court, issued an order to Sidmon McKie and the Capital Investment Company to show cause why they should not be restrained from using the continuous grain quotations of the Board of Trade. In the middle of the same month the State Railroad and Warehouse Commission held a meeting to hear complaints against the inspection charges, the chief ground for complaint being the out inspection charge of 50 cents per 1,000 bushels of oats, instead of the old charge of 50 cents per car.

As has been heretofore stated, speculative deals of vast proportions marked the year of 1909 as one of the most memorable in the history of the grain trade. Multiplying evidences that in many respects this country is on a home consumption basis were borne out by the course of prices, which averaged high for all commodities, and, in several instances, touched the highest levels reached in a quarter of a century. Universal prosperity based on tremendous yields of all cereals and quickening trade conditions in all lines encouraged consumption regardless of price, and small visible supplies furnished an incentive for bull operations in grains and provisions, while the continued inordinate demand for all foodstuffs kept the short sellers in a state of chronic nervousness.

Back of all the strength and buoyancy of the speculative markets was the growing independence of the agriculturist. The farmer who raised the wheat, corn, oats, and other cereals, and the stockman as well as the country grain dealer dictated prices to a larger extent than ever before in the history of the country. The

conservative marketing of crops by the farmers gauged by current market conditions as well as by local necessities had gradually become a part of the economics of the grain trade. As a result of the slowness of the professional traders to learn this, it had become in 1909 more easy to manipulate the future markets from a bullish standpoint as there was materially less pressure to overcome in the way of hedging sales than formerly. Farmers not only were able to carry a larger percentage of their crops on the farms, but in some instances took out storage tickets at the elevators, and in this way became practically their own warehousemen.

The year started with one of the most spectacular market campaigns in the history of the trade. May wheat operations were just beginning to attract attention, and already the heavy buying operations served to congest the market to a certain extent, but it was still to be demonstrated that actual conditions of supply and demand were to leave the shorts at the mercy of the bull leader. Involving a line of May wheat, estimated at 30,000,000 to 40,000,000 bushels, the immensity of the campaign marked it as one of the most remarkable ever engineered. The campaign was mapped out by Mr. James A. Patten and his associates after a careful survey of the whole grain situation. Heavy exports in the fall of 1908, several years of lean yields, and ever-increasing domestic consumption had left the United States without adequate stocks. Notwithstanding the enormous premiums for cash wheat of all descriptions, receipts during May proved to be light, and the commodity sold at \$1.28 on May 13, and the bakers objected to the big rise in prices. Flour had gone up from 60 to 70 cents in the past ten days, spring wheat patents being quoted at \$7, and they blamed Mr. Patten and the Board of Trade for the advance, but Mr. Patten said he had kept wheat in America, and that the prices were governed by the law of supply and demand. He denied that he was engineering a corner, but the deal had by this time attracted nation-wide attention, and Representative Scott, of Kansas, introduced a bill aimed at "deals in futures," but it was never passed. To add to the intense interest taken in the operations of the leading bull, it was rumored that secret agents of the Department of Commerce and Labor had been investigating the alleged corner. With all the advantage in their favor, the leaders showed a remarkable degree of moderation, and instead of permitting the price to soar on the last day of May to high levels allowed the shorts to cover at \$1.34. The top price for May was \$1.35½. The urgent demand for cash wheat was fully exemplified after a completion of the deal, as the several million bushels of wheat taken in on delivery were easily marketed before the new crop was available, there being no burdensome "corpse" left over to eat up the profits of the bulls.

Another deal in July delivery was started, but was abandoned when it became apparent that an immense yield of winter wheat had

been raised and a big run of wheat was staring the leaders in the face.

In September there were heavy operations in wheat. The Armour and Peavey elevator interests were the leaders of this month, but soon after the middle of the month the Armour Company made the announcement that they had sold the last of their September. This lulled the shorts into a false sense of security, as there was a sleeping long interest of considerable size which caused a sensational eleventh hour squeeze the last day of the month. Theodore H. Waterman, known on the Board as "The Albany miller," was the new king of the wheat pit, establishing his title through his operations in the September delivery. On the last day of the month, belated shorts bid prices up frantically in the last half hour, but not until a rise of 12 cents had established the price at \$1.20 was wheat marketed in sufficient volume to fill the demand. That figure was the top price for the season and the highest mark for September since 1904. The last few days of the month the operations were controlled almost entirely by Waterman, who owned the principal line of long wheat. The Armour line of 20,000,000 bushels had been changed over to December earlier in the month. Waterman's line was understood to have been 1,250,000 bushels, and deducting the amount covered by shorts he had practically the entire stock of cash wheat in local public elevators. His profits were estimated at from \$75,000 to \$125,000. The successful culmination of the deal was made possible by the high cash prices for winter wheat and the insistent demand from millers, which drained stocks down to a low point, and also by the holding tendency on the part of farmers.

Speculation in oats was quiet until the latter half of the year. In May there was an attempt to force prices higher by the elevator people, without success, owing to the glowing prospects of the new crop. The long holdings were changed over into the July and later into the September delivery. The Armour and Peavey elevator interests were long large lines of September oats and continued buying until the shorts became panic-stricken, notwithstanding the largest crop ever raised had just been harvested. The bull leaders, however, bought the cash oats as fast as they were offered in the sample markets and buoyed up cash value. During the last few days of September the situation became extremely acute, and prices were forced up rapidly, the shorts paying a heavy penalty for their temerity in staying short. Excitement in the oats pit on the final day was at fever heat. The Peavey and Armour interests stood pat on their remaining holdings until shorts bid the price up to 50 cents, at which figure they were accommodated. Later the price eased off to 48 cents, where it closed after fluctuating erratically during the latter part of the session. All the trades settled up in good shape, there being no defaults recorded. Complaints were made to the Directors of the Board of this eleventh hour squeeze, and a com-

mittee was appointed to investigate. This special committee reported near the end of October, but made no recommendations to the Directors, merely laying before them the information they had got. After considering the report of this committee, the Directors posted for vote of the members an amendment providing for the expulsion of members from the Board who engineered corners or manipulated the markets, but this "anti-corner" amendment was defeated, and so the Directors, on December 21, as an example of their disapproval of corners, suspended from the Board for one day Mr. George E. Marcy, President of the Armour Grain Company, and Mr. James Pettit, President of the Peavey Elevator Company.

Wheat. The total receipts of grain, with flour reduced to wheat, were 272,620,166 bushels, being almost the same as those for the preceding year, while the shipments were some 2,000,000 bushels less. The receipts of wheat were 26,985,112 bushels, and the shipments were 23,484,171 bushels. The price of May wheat on January 2 was \$1.08, and the month closed about 1 cent lower. In February there was a well-sustained advance throughout the month up to \$1.19, on the 27th, while the March range was from \$1.12 $\frac{3}{8}$ to \$1.19 $\frac{1}{2}$, with a strong close. In April the advance culminated at \$1.29 $\frac{1}{4}$, the 15th, and the month closed 5 cents lower. During May there was much speculative activity which carried the price up to \$1.35 $\frac{1}{4}$, with \$1.34 as the closing point. July wheat occupied the center of the stage during June and there was a decline from \$1.20 $\frac{3}{8}$, the 2nd, to \$1.12 $\frac{3}{4}$, the 19th, with recovery to \$1.16 $\frac{5}{8}$ at the close. Covering by shorts advanced the price to \$1.29, July 15th, after which the market sagged to a weak close at \$1.05 $\frac{3}{4}$. Wheat for September delivery was much weaker in August, and the market declined to 96 $\frac{3}{4}$ cents the 26th, touching \$1 a few days later, but closing at 97 $\frac{3}{4}$ cents. A strong speculative market developed in September, and at the close of an exciting day wheat reached \$1.20, on the 30th, an advance of nearly 15 cents during the day. With this speculative movement ending the market settled to a normal basis and the price went from 99 $\frac{1}{4}$ cents, the 2nd, to \$1.05 $\frac{1}{2}$, the last of October for December delivery. The price was well maintained during November, and in December the market was strong and active, the price advancing to \$1.19 $\frac{1}{4}$, the 27th, but closing weak at \$1.12.

Corn. The receipts of corn were 90,894,920 bushels, being less than for the preceding six years, while the shipments were 72,835,839 bushels. The price was well maintained throughout the year and the market was the object of much speculative activity; prices were lowest in January and October, gradually strengthening toward the close of the year. Cash corn opened at 58 $\frac{1}{4}$ cents and was steady at a slight advance during January, the price improvement continuing through February until 65 $\frac{1}{2}$ cents was reached near the close. Prices in March ranged about 1 cent higher and in

April the advance carried the price to $72\frac{1}{2}$ cents. A price of 76 cents was reached several times during May and the month closed at 74 cents, reaching 77 cents the first week in June, but that month closed at $72\frac{1}{2}$ cents. In July the price ranged down to 70 cents at the close, continuing until $66\frac{1}{2}$ cents was reached the first week in August, with but little reaction during the month, and by the close of September the price had worked down to 63 cents, while the October range was small, 59 cents being reached the 4th, and the month closing at $61\frac{1}{4}$ cents. There was improvement up to $64\frac{1}{2}$ cents by the middle of November, but the month closed weak at 62 cents. Corn sold at 66 cents December 11, and the year closed at $65\frac{1}{2}$ cents.

Oats. The receipts of oats were 87,884,238 bushels, and were less than for the four preceding years. The shipments were less than those of 1908, but exceeded those of 1907, aggregating 77,288,653 bushels. The sales of the old crop were at good prices, the advance movement ending with the close of the deal in May oats. There was much speculative activity which greatly aided in maintaining prices. The January market was steady at a range of $49\frac{1}{4}$ cents to $50\frac{1}{4}$ cents, but with February there came more activity, the price advancing to $55\frac{1}{2}$ cents, but reaching $53\frac{7}{8}$ cents at the close. The March range was from $55\frac{3}{8}$ cents the first week, to $52\frac{5}{8}$ cents the last week of the month, while in April active speculative trade carried the price to $56\frac{1}{4}$ cents, near the close. The deal in May oats carried cash prices to $62\frac{1}{2}$ cents, and the May delivery to 63 cents, the 25th of the month, but the close was weaker at $58\frac{3}{4}$ cents. With the close of the May deal prices declined during June, going from 59 cents, the 1st, to a closing price of $54\frac{1}{4}$ cents, while in July there was an additional price loss of about 10 cents, $44\frac{1}{2}$ cents being reached the 30th. The high price for August was reached on the 1st, at 43 cents, ranging downward until $36\frac{1}{2}$ cents was reached on the 26th, the close being about a cent higher. September opened at $37\frac{3}{4}$ cents, and ranged irregularly higher with an exciting close which carried the market from 41 cents, the 27th, to 48 cents, the 30th. Following this manipulation the price fell back to $41\frac{1}{2}$ cents the first of October and was dull and steady, closing at $39\frac{5}{8}$ cents, which was about the average price for the month, and also for November. December markets were active and stronger, advancing from 40 cents, the 1st, to 45 cents, the 13th, with the price well maintained until the close, which was at $43\frac{5}{8}$ cents.

Rye. The receipts of rye were the smallest since 1894, aggregating 1,426,350 bushels, and the shipments fell below 1,000,000 bushels for the first time since 1887. With this light movement it was not strange that prices were well maintained throughout the year, and that although there was something of a decline with the incoming of the new crop the trade was quite satisfactory. No. 2 cash rye sold at $75\frac{1}{2}$ cents, January 2, and soon declined to 74

cents, which was the low price for the first half of the year, the month closing at 76½ cents. The advance was sharper the latter half of February, the market closing at 79½ cents, while the March market averaged above 80 cents and closed at 81 cents. There was considerable speculative activity in April, culminating at 87 cents, while the month closed a cent lower. The May range was from 83 cents, the first of the month, to a strong close at 90 cents, and the top price of the year, 91 cents, was reached early in June, with a sharp decline the latter part of that month to a closing price of 81 cents. In July there was reaction to 83½ cents, the middle of the month, but the new crop brought a decline to 74 cents at the close. August was the month of lowest prices, touching 67 cents the middle of the month, but closing strong at 72 cents. There was a bulge to 74 cents the first week of September, followed by weakness which carried the price to 70 cents, while the month closed at 72¾ cents. The high price for October was 75 cents, reached the middle of the month, with 74 cents as the closing price. During November the market was active, with a range of 4 cents, 77 cents being the top price and 75 cents the closing price. There was added strength in December and a considerable speculative movement which advanced the price from 72 cents, the 1st, to 80 cents, the 31st.

Barley. The receipts of barley were the largest since 1905, and the shipments exceeded those of any year since 1896, the totals being receipts 27,061,614, and shipments 8,556,086 bushels. The trade by samples was by far the larger part of the business in barley, and there was the usual wide price variance according to quality. The poorest of the contract grade did not sell below 58 cents, however, for the old crop, while 43 cents was the bottom price for the poor contract quality of the new crop. The opening price for cash barley of the best quality in January was 64 cents, with a steady advance to 70 cents, the first week in March. The market was steady at, or a little below, this figure until May, when active speculation carried the price to 77 cents near the close of the month. The advance continued the fore part of June with a top price of 83 cents, but these prices failed to hold and there was a sharp decline to 69 cents by the close of the month. In July the market was irregular, opening at 67 cents, reaching 74 cents and closing at 68 cents. There was a rally in August to 70 cents, followed by a quick decline to 63 cents, with improvement to 66 cents at the close, which proved to be the average price for September, while 65 cents was the average price for October. The bulk of sales during November were made at 66 cents and in December there was a strong market which advanced the price to 72 cents at the close.

Flour. The receipts of flour were nearly 1,000,000 barrels less than in 1908, and the shipments were also smaller, but city manufacture increased by 200,000 barrels. The receipts were 8,526,207 barrels, the shipments were 8,316,943 barrels, and city manufacture

1,058,000 barrels. Prices for flour were weakest at the first of the year, the best spring patents selling \$5.55, and there was an irregular advance until the top price of \$7 was reached in June. From this point there was a decline to \$5.80 in August and October, when the market strengthened and the year closed at \$6.60. The low price for inferior grades was \$2.55, in December, and the high price \$3.10 in June, and \$3.15 in October.

Seeds. The receipts of timothy seed were 51,106,739 pounds and the shipments 20,673,915 pounds. The price was fairly satisfactory and the range exceedingly small, being from \$3.60 in September to \$4 paid in January, May and October, with \$3.75 as the closing price. Clover seed receipts aggregated 5,551,664 pounds, with shipments of 4,669,531 pounds. The price opened at \$9.35 per cental, declined to \$8.65 by March and advanced until \$15 was paid the last week of September. The price was strong, but lower, the remainder of the year, closing at \$14.25. The receipts of flax seed were but 1,199,119 bushels and the shipments 150,834 bushels. The receipts were the smallest since 1877, when the statistics of flax seed were first segregated from the trade in seeds as a whole, while the shipments were next to the lowest on record. The price difference between No. 1 flax seed and No. 1 northwestern averaged about 10 cents. The price for No. 1 northwestern opened at \$1.56, advanced to \$1.73½ by the close of February, and was under this figure until May, when there was some speculation which carried the price to \$1.82, although the month closed at about \$1.65. From this point the range was downward until \$1.40 was reached in September. There was a sharp advance from \$1.42 to \$1.73 from the 1st to the last of October, and this continued until \$1.84½ was reached in November with a sharp decline to \$1.77. During the remainder of the year there was an irregular advance up to \$1.99 the latter part of December.

Live Stock and Provisions. The year was an average one for the beef industry, the receipts of cattle being 2,929,805 head, and the shipments 1,267,679 head. The number of cattle packed for the year ending March 1, 1909, was 1,637,295 head, while the shipments of dressed beef were less than the average, aggregating 810,193,622 pounds. Live stock prices were satisfactory, extra steers selling at \$7.50 in January. The price declined irregularly to \$6.95 the latter part of April. There was then an advance until \$8 was reached in September, \$9 in October and the top price of the year, \$9.50, the first week in December, the year closing at \$8.75.

The receipts of live hogs were 1,600,000 less than in 1908, and aggregated 7,035,054 head. The shipments of live and dressed hogs amounted to 1,693,398 head, also being less than for the preceding year, while the number of hogs packed for the year ending March 1, 1909, was 6,298,205 head. The prices of live hogs were fair throughout the year, being weakest in January, when \$6.20 was the low out-

side price and strengthening to \$7 in March and to \$8.20 by June. Eight dollars and forty-five cents was the high price for July and \$8.32½ for August, \$8.60 for September and \$8.40 for October. During October the price declined, reaching \$7.95, but there was improvement to \$8.50 by the close of November. December prices ranged higher, reaching \$8.75. Cash mess pork opened at \$16.30 per barrel, reached \$17.50, the 21st, with a January closing price of \$17. During February the range was small and a little lower, while in March there was an advance to \$17.90, with the closing price at \$17.70. The price was carried up to \$18.15 the 14th of April, but closed 35 cents lower, while May speculation culminated at \$19.05 the last of the month. The speculative market continued active in June and the price reached \$20.75, the 19th, closing at about \$20.20. The price was well maintained in July, going to \$21 the middle of the month, and closing at \$20.45, while September pork was quoted as high as \$21.17½. The range for August was from \$20.37½, the 3rd, to \$22.55, the 31st, and the September deal carried the price to \$25.20 on September 30. During November the market was well under control and the price was held steady at \$24 until December 6. The closing price of the year was \$22.25. The lard market was also active, ranging from \$9.40 to \$9.75 in January, somewhat lower in February, and advancing to \$10.35 early in March. Ten dollars and forty cents was reached in April, and the price was well maintained, with an irregular advance to \$10.92½ at the close of May, with September lard selling as high as \$11.10. The advance continued through June until \$11.95 was reached the 19th, with a closing price of \$11.70. During July cash lard ranged from \$10.90 to \$11.82½, the higher price being reached on the 6th, while the month closed at \$11.27½. The \$12 mark was passed the middle of August and \$12.25 was reached the 30th. The price dipped to \$11.87½ the middle of September, advanced to \$12.65, the 24th, and closed at \$12.12½. The market was well sustained in October, with a range from \$12 to \$12.65, and a closing price of \$12.25, while in November there was an advance from \$11.95, the 2nd, to a strong finish at \$14.30 for November lard on the 30th. In December the price was as high as \$13.75, but there was a decline the last half of the month, and the year closed at \$12.30.

Transportation.—The transportation situation was practically unchanged and the Board of Trade was energetic in its efforts to secure the correction of existing evils. Freight rates were lower than in 1908, the rate on wheat per bushel to New York being as follows: By lake and canal \$.0524, by lake and rail \$.0649, by all rail \$.0996.

1910

The annual election of the Board of Trade officers in 1910 was one of the quietest contests in the history of the Board, as was

witnessed by the light vote. Mr. A. Stamford White was elected President, receiving all of the 797 ballots cast, and Mr. Frank M. Bunch was elected Second Vice-President, Mr. John C. F. Merrill automatically occupying the chair of the First Vice-Presidency. Five Directors were elected for three years, Messrs. Albert E. Cross, William S. Dillon, Edward F. Leland, Alexander O. Mason, and Robert E. Tearse, while Willson H. Perrine and David A. Noyes were elected to the Directorate for terms of one year each, to fill vacancies. At the annual meeting of the Board, which occurred one week later, on January 10, retiring President Bunnell told of the progress of the building committee, and expressed the belief that the erection of a new building for the Board was distant only a few months. He also stated that the few remaining bucket shops had been enjoined from using the continuous quotations of the Board of Trade, and their illegal business was consequently effectually inhibited. The Treasurer's report showed that total receipts for the year 1909 had been \$422,520.85, and the expenditures had been \$429,775.21, leaving cash on hand to the amount of \$120,992.24 on January 3, 1910, the cash on hand a year before having been \$129,646.60. The work of President Bunnell had met with the uniform approval of members of the Board, and the Directors in their last meeting of the year before the annual meeting adopted a resolution expressive of their commendation of his work.

The day following the annual election, three important amendments to the rules were adopted by the members. One provided that the deliveries to offices on grain and provisions should be made by delivery notices instead of by warehouse receipts. Another increased the transfer fee in the sale of memberships from \$25 to \$100, the increased receipts to go toward the reduction of the bonded indebtedness. By the third amendment the Directors were given power to scrutinize closely all partnership contracts entered into by members, the object of which was to eliminate the tendency of some undesirable men to gain admittance to the Board through a partnership with a member. If one partner of a firm was considered by the Directors to be undesirable, they could suspend the firm from trading privileges until the undesirable member had withdrawn from the firm.

In April, it was learned that the United States had for two weeks been investigating the Board of Trade. Attorney General Wickersham conducted the inquiry, and the members and officers of the Board, feeling that the Federal investigation and proposed legislation were unjust to them, started a publicity campaign. Letters, a pamphlet by John C. F. Merrill explaining the Board's operations, and copies of resolutions adopted by the Directory, were sent to all members of Congress, and no action unfavorable to or restricting the board was taken.

In June the Directors went on record as opposed to trading in

indemnities, or "puts" and "calls" and passed a resolution that such trading should be abolished, and recommended an amendment be passed making it against the rules to trade in indemnities. The decision of Judge Mack in the Appellate Court the week before showed the Directors must take some action at once. Judge Mack upheld the decision of the Municipal Court in the case of Nash & Wright against Daniel C. Wright, in which the defendant pleaded the gambling act as a defense in an action brought to recover money owing to the plaintiffs on grain transactions of this sort. Under the State law "puts" and "calls" or "bids" and "offers" were illegal. The system of indemnities, known as "ups" and "downs," had lately been devised, and was defended as legal because it gave a form of insurance on trades for the following day, but the system had never received the approval of the higher courts. A lively controversy immediately arose over the amendment recommended by the Directors, and John Hill, Jr., announced a few days later that unless trading in indemnities was no longer practised, he would ask the courts to stop it. The next day most of the big houses agreed to discontinue the objectionable form of trading, and after a consultation with Attorney H. S. Robbins, the directors voted to abolish it, the new rule to take effect immediately. However, in September, an amendment was passed by a vote of 550 to 105 providing for trading in indemnities under certain restrictions, and was said to be legally sound.

There were several miscellaneous occurrences throughout the year of interest to the Board of Trade. J. C. F. Merrill, George F. Stone, and S. P. Arnot were appointed delegates to the annual meeting of the National Board of Trade, held at Washington, D. C., on January 24. On March 31 the Transportation Department announced: "The new uniform demurrage rules allow 24 hours for disposition of grain from the first 7:00 a. m. after inspection, and 48 hours for the unloading of grain after it has been set at the place of unloading." In April came the only large failures of the year, when the Burns-Yantis Grain Company and W. H. Merritt & Co. failed. The former's affairs were adjusted by a creditors' committee, and Merritt went into bankruptcy with liabilities amounting to \$190,000 and nominal assets of \$350,000. The cause for the failures was said to have been bad weather conditions generally, and in particular the deterioration of corn owing to unseasonable heat while it was in transit. In May a number of grain receivers organized an association known as the Receivers' Association of the Board of Trade, the object of which was to serve the best interests of the receiving trade, and to enable the receivers to be in a position to take united action where individual action had been found to be insufficient. On the last day of June President White appointed a committee of ten members with Mr. J. G. Steever as chairman to solicit subscriptions from members toward defraying expenses incident to the great

military tournament held in Chicago, and also in connection with arousing interest for a "sane Fourth." There had always been more or less dissatisfaction with the Clearing House, and in August the Directors appointed a committee consisting of Messrs. Arnot, Adams, McDougal, Wood, and Murray to try to work out a more modern scheme of settling trades. In the same month the Board passed a ruling providing for the establishment of a custodian department for which there was a great necessity. The last action of importance for the year was the nomination in a caucus on December 29 of Mr. J. C. F. Merrill, then Vice-President, for the office of President of the Board, and the nomination in the same caucus of Edward Andrew for Second Vice-President.

The year had been marked with few speculative deals of large proportions. Any attempts to run corners or to unduly influence the markets by manipulative tactics were frowned upon by the officials of the Board, and, moreover, there was no scarcity of anything, except in provisions, which was a legitimate basis for higher prices. The members of the Board were instrumental in securing concerted action in several instances on the part of the leading grain exchanges of the country. The work of the Council of American Grain Exchanges, which had been organized largely as a result of efforts of local members, resulted in much good. In the fight on bucket shops the Board of Trade had been instrumental largely in wiping out that evil, the Board having waged a bitter fight against the bucket shops for many years, and the raiding of the last of the big concerns marked what was thought to be the final and lasting victory in this respect.

Membership prices did not fluctuate much during the year, the average price being around \$2,900. Quite a few memberships were retired by the Board by purchase, and there was considerable transferring. Affairs of the Board were conducted harmoniously, and while there were several hot contests over proposed amendments there was an absence of bitterness. An effort was made to raise the rate of commission, but was voted down by a decisive majority, and plans drawn up for a new building on the present site, providing for the leasing of the property to a holding company were found to be unsatisfactory to the majority of the members.

Barring the prolonged drought in the Northwest, which cut down the yields of wheat, oats, and flax in the three northwestern states to low figures, conditions throughout the year were satisfactory from the standpoint of the grower, the shipper, and most of all to the consumer. From an extravagant price basis caused by close marketing for several years and by the increased consumptive requirements of the country, values of wheat, corn and oats declined to a comparatively normal level. This was of untold benefit to the consumer in all directions, and stimulated a free movement of grain due to liberal purchases.

One fact which stood out with prominence was the big movement of grain to Chicago. Arrivals here of wheat, corn and oats were particularly heavy, and during the first few months of the crop year the volume of receipts was such as to tax the storage capacity of the city. The movement of wheat and oats, as well as the total receipts of all grains here during the month of August, broke all previous records, and Chicago's prestige as a leading grain distributing center of the country was restored. Prices for all the leading cereals were highest at the beginning of the year. There was no pressure to sell cash grains until well along in the year, and speculative interests were inclined to favor the buying side. The theory that values for wheat, corn, and oats were on a permanent higher basis, due to the growth of the population, and only moderate production for several years, had many adherents. However, the volume of speculative business dwindled on the Board of Trade the last few months of the year, but for the year as a whole few commission men complained. The latter part of the year was the dull-est since 1906, heavy stocks serving to diminish speculative interest, which in turn caused a cessation of outside interest.

Wheat.—The year 1910 was a busy one for the Exchange, the total clearances amounting to \$94,167,772.02, and the balances to \$31,660,969.51. The movement of grain also was large, the receipts of wheat, corn and oats being in excess of those for the preceding year, while there was a slight loss in rye and barley. The receipts of wheat were 27,540,100 bushels and the shipments 18,679,100 bushels. Wheat prices were fairly satisfactory, the low price being above that for any year since 1883, with the exception of 1909, and the high price being above the average since 1882, and being exceeded in but three years during that period. May wheat was quoted at \$1.12 $\frac{1}{8}$ @1.13 $\frac{3}{8}$ on January 3rd, with a general declining tendency through the month, which was more than regained in February, the closing price for that month being \$1.16. March was steady with a range of from \$1.15 $\frac{3}{4}$ the 1st to \$1.10 $\frac{1}{8}$ the 8th, and to \$1.15 $\frac{1}{4}$ the 31st, while there was a decline in April to \$1.07 $\frac{3}{8}$ at the close. Transactions in May wheat culminated at \$1.16 $\frac{1}{4}$ on May 9th, but the close was weak at 93 $\frac{1}{2}$ cents. During June, July wheat sold from 91 $\frac{1}{8}$ cents the 13th to \$1.01 $\frac{5}{8}$ cents the 28th, closing about 5 cents lower. The first of the July contract wheat sold at 96 $\frac{7}{8}$ cents, with an advance to \$1.11 $\frac{1}{4}$ the 18th, and a weak close at \$1.03 $\frac{1}{2}$. September wheat sold as high as \$1.04 the fore part of August, but closed at 98 $\frac{3}{8}$ cents, and, during September, the range was under \$1, closing at 93 $\frac{1}{2}$ cents, the lowest price for the month. In October, also, the highest prices were reached near the first of the month and the lowest prices at the close, the range for December wheat being from 99 $\frac{1}{4}$ the 6th to 89 $\frac{5}{8}$ cents the 31st. During November the range was small and the month opened and closed at about 90 cents;

this was the opening price for December and the month closed at $92\frac{7}{8}$ cents.

Corn.—The receipts of corn again exceeded 100,000,000, aggregating 102,592,850 bushels, while the shipments were 78,623,100 bushels. Prices were highest in January and lowest in December, the market opening at $62\frac{1}{2}$ @ $65\frac{1}{2}$ cents, and advancing to 68 cents, the high price for the year, by the 13th, but with a decline of about 4 cents by the end of the month. The February market was steady at about 65 cents, while the range was lower in March, touching 60 cents and closing at 62 cents. Lower prices prevailed during April, the market opening at 61 cents, declining to $56\frac{1}{2}$ cents, and reacting to $59\frac{1}{4}$ cents at the close. There was a strong effort to bull corn in May and the price was advanced to 63 cents, but this price could not be maintained and 56 cents was reached the 28th. June prices averaged slightly above 58 cents, but, with July, there came an advance which continued until $66\frac{3}{4}$ cents was reached the 27th, with the close nearly 2 cents lower. Again, in August, there was an advance up to $67\frac{1}{2}$ cents, but favorable crop reports caused a decline to $58\frac{3}{4}$ cents by the end of the month, and, by the close of September, the price had worked down to $50\frac{3}{4}$ cents. October was a month of still lower prices and while there was reaction to 52 cents in November, the price was soon under 50 cents, and the decline continued irregularly until the low price was reached at $45\frac{1}{2}$ cents the last few days of December.

Oats.—The receipts of oats were the largest since 1900, aggregating 101,859,000 bushels, with shipments of 77,890,100 bushels. With these larger receipts the price average was much lower than in 1909, the higher prices prevailing the first part of the year. The quotation for January 3rd was $44\frac{1}{2}$ cents, and there was an advance to $48\frac{1}{2}$ cents, the month closing one cent lower. The top price of the year, 49 cents, was reached the middle of February, being followed by a decline which carried the price to 43 cents by the close of March to $41\frac{1}{2}$ cents at the end of April, and to $36\frac{1}{2}$ cents on May 31st. The range for June was from 35 cents to $40\frac{1}{4}$ cents, closing at $38\frac{1}{4}$ cents, while prices ranged higher in July, touching $44\frac{1}{2}$ cents the 18th, and closing at 40 cents. The market was dull and lifeless during August and the prospect of a large crop depressed the price until $32\frac{3}{4}$ cents was registered at the close of the month. During September another cent was taken from the price and in October $29\frac{3}{4}$ cents was reached, the month closing but $1\frac{1}{2}$ cent higher. The November market was steady, averaging somewhat above 31 cents, which was the average price for December, the market closing at 31 cents.

Rye.—The movement of rye was small, the receipts being the least since 1887, and the shipments the least since 1875. The aggregates were: receipts, 1,153,500 bushels and shipments 498,400

bushels. The average price was in the neighborhood of 80 cents and the fluctuations were not large. No. 2 cash rye was quoted at 79@80 cents the first of the year, sold as high as 82 cents in January and February and down to 78 cents in March, but closed that month at 80 cents. During April the price declined to 77½ cents at the close, and, although standing at 80 cents during much of May, the price reached 74 cents before the end of the month. June prices ranged from 74 to 77 cents, and, in July, from 74 to 80 cents, while the August price was lower, declining until 72 cents was reached the 30th. The average price for September was 74 cents, and 70 cents was the average for October. In November there was a steady advance to 80½ cents, and 81 cents was the average price for December, at which the year closed.

Barley.—The receipts of barley were 25,685,000 bushels and the shipments were 7,237,800 bushels. Cash barley was quoted January 3rd at from 55 to 71 cents, showing the range between different qualities of the grain. This difference narrowed, however, and at one time, in January, was but 7 cents. The best of the cash barley sold at 71 cents at the opening of the year, and had advanced to 73 cents by the close of February. March prices ranged downward to 67 cents, in April 63 cents was reached and in May there was an advance to 68 cents, the month closing at 66 cents, which was the average price for June. Reports of crop damage carried the price up to 78 cents by the middle of July, but there was a decline of 10 cents by the end of the month. The August market opened at 68 cents, advanced to 76 cents and closed at 73 cents, which was one cent above the closing price for September. October showed some improvement, reaching 77 cents and closing at 74 cents. The November market was active with a range of from 20 to 30 cents, between choice and inferior qualities, and the top price advanced from 75 cents the first of the month to 83½ cents, with reaction to 80 cents before the close. The December market was the highest of the year, opening at 82½ cents, touching 90 cents, declining to 84 cents and closing with a sharp advance to 90 cents.

Flour.—The receipts of flour were 500,000 barrels less than in 1909, and the shipments were nearly 1,300,000 barrels less, while city manufacture remained over 1,000,000 barrels. The figures were: receipts, 8,006,283; shipments, 7,038,351; city manufacture, 1,090,000. The range of prices for spring wheat patents was from \$6.10 in June and November to \$7 in July, the year opening at \$6.60 and closing at \$6.35.

Seeds.—The receipts of timothy seed were 34,298,300 pounds and the shipments 27,086,100 pounds. The price opened at \$3.90 for prime timothy seed, per cental, and advanced irregularly to \$4.60 in April, declined to \$4.25 in May, and advanced to \$5 in July. Knowledge that the crop was short caused a sharp advance

to \$10 in September, and while there was reaction to \$9, the advance was soon resumed and the price stood at \$10 during December. The receipts of clover seed were 5,759,700 pounds and the shipments 2,774,200 pounds.

Prime clover seed was quoted as high at \$15 in January and declined until \$11.25 was reached in May and June. Crop conditions acted the same with clover as with timothy seed and the price advanced abruptly to \$17 in September, easing down to \$14.30 in November and closing at \$15. Flax seed receipts were 1,388,300 bushels, with shipments of but 244,000 bushels. Prices were high, No. 1 northwestern ranging from \$2.04 in January to \$2.35 in March and April. There was little trade the middle of this month and the market reopened the 26th at \$2.41. In May, the price ranged down to \$2.04½, advanced to \$2.23 and closed at \$2.16. The bottom price of \$1.85 was reached in June, with reaction to \$2.18, and a sharp decline to \$2.07½ at the close. In July, the market was stronger, reaching \$2.55 and closing 10 cents lower. The price range for August was from \$2.41 the 1st to \$2.57½ the 6th, with subsequent decline to \$2.49 at the close. High prices prevailed the fore part of September, the high price for the year at \$2.84 being reached the 9th, the price remained lower the remainder of the month, with a sharp break at the close to \$2.34, the high price in October, \$2.70, the month closing at \$2.63, and, in November, a price of \$2.73 was reached, with a close at \$2.59. The December market was weaker, ranging from \$2.57 the 5th to \$2.41 the 27th, and closing at \$2.44½.

Provisions and Live Stock.—The receipts of cattle were 3,052,958 head, and the shipments 1,311,884 head, and the number packed for the year ending March 1, 1910, was 1,698,921 head. The prices of cattle ranged above \$8 during the greater part of the year, being below that figure after the middle of October. The high price for extra steers was \$8.85 per hundred, paid in March, and again in June, while the low price was \$7 the last of December.

The receipts of hogs were the lowest since 1888, being 1,100,000 less than in 1909, and 2,700,000 less than in 1908, and aggregating 5,926,315 head. The shipments of live and dressed hogs were the lowest since 1877 and aggregated 1,220,872 head. The number of hogs packed for the year ending March 1, 1910, also showed a large decrease, aggregating 5,161,552 head. Chicago held its supremacy, however, as the production of all other packing centers decreased on account of the short hog crop. With these conditions high prices ruled for live hogs, opening at \$8.15@8.65, the price of hogs touched \$9.05 in January, but ruled under that figure, touching \$8.30 for the outside price before the end of the month and closing at \$8.55. The demand exceeded the supply in February, and the price advanced to \$10 at the close, and March saw further increase in values up to \$11.20, the high point of the year. The market eased during April from \$10.95 to \$9.10, closing at \$9.62½,

which was about the average price for May and June. By the latter part of July the price was again below \$9, but ruled above that figure the latter part of August. During the fore part of September the price went to \$10.10, with a decline to \$9.25 at the close. October closed below \$9 and during November the decline was rapid, going from \$8.75 the 3rd to \$7.05 near the close of the month. Outside prices for December ranged from \$7.40 at the opening to \$8 at the close.

The condition of the hog market was reflected in provisions, and the price of mess pork was high and well above \$20 until September. The market opened with cash mess pork at \$22 per barrel, declining to \$20.25 the 24th, and closing in January at \$21. There was an advance to \$24.75 by the close of February and to \$26.75 the latter part of March, with the close of that month at \$25.87½. During April prices eased to \$20.65 the 18th, but reacted to \$22 by the 30th. The range was small during May, with an advance of 75 cents at the close of the month, and, in June, the price ranged up to \$24.25 on the 30th. This was also the closing price for July, although \$27 was reached earlier in the month. The decline in August carried the price down to \$21.50, and the latter part of September it went below \$20 for the first time in the year, reaching \$18.25 at the close. Still lower prices prevailed, especially during the latter part of October, the market closing at \$17.25. There was no improvement in November and the month closed at \$17, the low price for the year. Conditions improved in December and there was an irregular advance to \$20, the market closing at \$19.87½. Lard opened at \$12.30, advanced to \$12.80 and declined to \$11.70 in January, but there was a forward movement in February which carried the price to \$13.20 at the close. The high price for March was \$14.65 the 28th, with a sharp decline to \$14 the 31st. The top price for April was \$14 the 3rd, and the low price \$12, paid about the middle of the month, while the close was at \$12.57½. The average for May was higher, but the month closed lower at \$12.30, while \$11.85 was low and \$12.47½ high for June. During July the price ruled under \$12 as it did also in August, although that month closed at \$12.07½. September opened at \$11.95 and reached \$12.85 near the end of the month, while in October the price ranged up to \$13.10, closing at \$12.95. November was a month of declining values, the price going from \$11.87½ the 1st to \$9.77½ the 30th. The December market was higher, touching \$10.92½ and closing at \$10.45.

Transportation.—There was much complaint concerning discriminations against Chicago and especially against the high rates charged by eastern railroads on grain shipped via lake to Buffalo. Thus while the rate on wheat, per bushel, to New York, by lake and canal had decreased to an average of \$.0492, and by all rail to \$.0880, the rate by lake and rail advanced to an average of \$.0657.

1911

The annual election of 1911 resulted in placing John C. F. Merrill, of Merrill & Lyon, in the presidential chair. He had been the logical candidate; there was no talk of opposition, and his choice, therefore, was unanimous. He had been a member of the Board of Trade for thirty-three years, had been Vice-President for two years, and was variously active in the affairs of the association, having been chairman of several important committees and a representative of the Board of Trade of Chicago in the 1910 anti-future trading agitation at Washington D. C. Edward Andrew, who was chosen Second Vice-President, had served two full terms as a member of the Board of Directors. An active fight was contested in the election of the directory. The regular candidates had been nominated by a special committee appointed by the regular caucus, in addition to which there were four independent candidates in the field, and in the election three regular and two "insurgent" candidates were defeated, those elected being: Charles B. Pierce, Theodore E. Cunningham, David S. Lasier, Caleb H. Canby and Leslie F. Gates. The regular candidates for the committees were unopposed. George F. Stone was re-elected Secretary of the Board of Trade by the Directors.

In his inaugural address, President Merrill announced himself as in favor of a more rigid censorship of market letters and the regulation of extension of private wire systems, and the latter matter was taken care of particularly in April, when the Directors voted to enlarge the scope of the market report committee and to give that committee the power to decide as to where the private wire lines should be allowed to run.

The annual report of the Board of Directors showed the following facts and figures: The bonded indebtedness of the Board of Trade had, during 1910, been reduced \$50,200, leaving standing \$1,044,300. The membership of the Board of Trade was stated to be 1,647 on January 11. The volume of business transacted at Chicago in 1910, in receipts of grain and flour in its grain equivalent, 294,858,724 bushels; shipments, 214,601,080 bushels. The quantity of cured meats received aggregated 180,881,600 pounds; shipments, 562,203,800 pounds; of dressed beef, receipts, 379,124,900 pounds; shipments, 812,076,600 pounds; lard, receipts, 44,735,400 pounds; shipments, 268,702,900 pounds.

President Merrill's occupancy of the chief executive's chair lasted but one year for although importuned to do so, he refused to allow his name to be used in connection with a candidacy for re-election. The nominating caucus thereupon put Frank M. Bunch in the field as the regular candidate to head the ticket, and soon thereafter Caleb H. Canby was nominated to run in opposition, a third candidate for the Presidency subsequently appearing in the person of James S. Templeton.

Commencing in February, and continuing until September, the proposed reciprocity agreement with Canada held the interest of the members of the Board of Trade, and on several occasions had an appreciable effect upon the market. With the support of President Taft, the McCall Bill, carrying the reciprocity agreement into effect, was passed by the House of Representatives, February 14, by a vote of 221 to 92, but the interest that was generated died away abruptly when it was learned that the bill had failed of passage in the Senate, although, naturally, this caused a large gain in wheat futures. President Taft, however, called a special session of Congress to again take up the matter, and April 21 the bill again passed the House of Representatives. The fact that the opening of the entire tariff question in the United States Senate might be inimical to the passage of the Reciprocity bill did not cause any great flurry among the traders, although the defeat of the measure would have been a big factor in the grain trade, as the security of the bears in wheat had been greatly added to by the possibility of the free admission of Canadian grains. After numerous amendments had been defeated, the Reciprocity bill was passed by the Senate without change, by a vote of 53 to 27, and the entire matter was thus rested upon the condition of Canada's acceptance or refusal of the agreement. In the Canadian elections, which occurred in September, the tariff proposal was made the chief issue, and was rejected by the largest political landslide in Canada's history, Sir Wilfred Laurier and the Liberal ministry, who had been in favor of reciprocity, meeting with an overwhelming defeat. There was a subsequent wild stampede of shorts in wheat on the Board of Trade, and a corresponding boom in the flour markets was noted.

Because of certain practices that were being indulged in, the Board of Directors, on May 17, adopted a resolution which branded as uncommercial and dishonorable conduct the practice of marketing in other cities grain held in elevators at Chicago at prices lower than the relative price easily obtainable on the Board of Trade of Chicago. This action was aimed at the big wheat bulls, who were then closing up their deal in the May option, and it was predicted that it would cause a break in the quotations, with attendant losses to the men who, as a result of the May campaign, had a large amount of that cereal on hand. It had been, it was stated, the custom of the principals in big manipulative deals on the Board of Trade to hold up the price of futures in the speculative market for the purpose of extracting tribute from unlucky shorts. Instead of putting delivered May wheat on the Chicago market, the bulls, in order to maintain their control, would pay freight on this grain to outside markets, where it sold at a figure slightly under the Chicago cost. While they thus were forced to assume a loss, it was no greater than that which they faced in paying elevator charges

at Chicago. The new ruling of the Directors prevented such a practice, and checked the bulls from marketing their delivered wheat outside Chicago at less than relative Chicago prices, compelling them to either pay storage costs on it here, or put it on the market and take the attendant losses which a slump in prices would entail. The rule also stopped so-called "unloading operations." The big bulls were caught with about 7,000,000 bushels. On May 18, a special committee of the Board of Trade started an investigation into the operations in May wheat, to see if there had been anything illegal in the methods of manipulation, and the finding of this body was that a corner did not exist, the large speculators being exonerated of the charges of manipulating the market by unfair operations. The Board of Trade adopted another drastic rule, June 16, by a vote of 348 to 191. This, an amendment to rule 23, was aimed at corners and manipulation of the grain markets and was intended to relieve the shorts who thereafter might be caught. It provided that the principals in any big deal on the Board of Trade be allowed to collect not less than 5%, nor more than 10% of the true commercial value of the commodity dealt in, thus preventing a squeeze when conditions did not justify high prices and giving the shorts the right to settle at the fair market price, plus the liquidated damages of not more than 10%. The rule provided that the settling price should be fixed by a committee of three, appointed by the President, the members of which should take into consideration the cash price in Chicago on the last day of the month, prices in other markets for cash grain, and also for futures; whereas, theretofore, the rules had provided that the average price of a future should be the settling price for the day.

In the meantime, the bulls had made no attempt to squeeze the shorts in their clean-up of May wheat, seeming to be content to hold the market tight and accommodate all shorts from \$1.04 to \$1.04 $\frac{3}{4}$ to prevent a runaway market. It was thought at the time that the bulls had about 11,000,000 bushels to unload, and that they would have a hard time ahead. On August 1, W. H. Lanyon, a Saint Louis wheat and corn operator, filed suit in the United States Circuit Court asking that the Board of Trade and James G. Bennett & Company be restrained from forcing him to settle on 205,000 bushels of wheat which he defaulted, and requesting an investigation of the May deal in wheat, which his petition branded as an "illegal corner and combination," in which artificial prices were sustained by exorbitant bids. A restraining order was granted by Judge K. M. Landis. Under the rules of the Board of Trade, the committee that had investigated the foregoing deal had found that \$1.04 $\frac{1}{8}$ was the right settling price, and that the conditions surrounding the deal were such that it was impossible to attach any blame to the chief holders, as the shorts had oversold themselves and bid prices up themselves. Mr. Bennett was held in no way at fault, his books

having been examined and found in perfect order, although he had been placed in an unpleasant position because Lanyon had refused him permission to settle, and under the rules of the Board of Trade he was obliged to pay the difference to the Peavey Grain Company, to which concern Lanyon was short. On October 21, the Board of Trade filed an answer to Lanyon's bill, standing pat upon its former position. October 27 Judge Kohlsaas ruled that the Circuit Court had jurisdiction in the suit of Lanyon, and the case had not been completed at the close of the year.

On the same day that Judge Kohlsaas made his decision there were rumors afloat that the May wheat deal would not close with the civil suit under question, but that a federal investigation would be prosecuted, with the idea of placing the matter in the hands of the grand jury. Repeated rumors of this nature, with the report that a federal agent, from the department of justice, had visited the Board of Trade's offices, caused a flurry in the market October 30, and while no official announcement was made of such a visit, prices went tumbling, December wheat losing $2\frac{3}{4}$ cents and closing within $\frac{1}{8}$ cent of the bottom price, May wheat closing at the bottom with a loss of $2\frac{3}{8}$ cents, and July wheat closing at the bottom with a loss of $2\frac{1}{4}$ cents. While it was not felt that the Board of Trade was being investigated, but that an endeavor was being made to find out if there was a combination among grain men and millers at Chicago and elsewhere to hold up prices regardless of conditions, there continued to be a slump in prices, with a belated liquidation of long wheat, this being held directly responsible for the failure of one small firm of traders and the transfer of open trades by another concern. The first drop in prices had come almost at the same time that the ruling of Judge Kohlsaas had been made, and while the bull element had bolstered the market up a little, prices continued to drop and the reported government investigation led to a hasty liquidation that the large holders had much difficulty in stopping, the drop from the high price during two weeks, up to November 3, being 9 cents a bushel in the May commodity. November 6, A. J. Lichtstern, credited with being one of the largest principals in the wheat deal under investigation, was offered $92\frac{7}{8}$ cents per bushel for 5,000,000 bushels of No. 2 red winter wheat, or $6\frac{3}{8}$ cents under the May price, the offer being the largest at a named flat price ever made in any market. He refused this offer, but stated himself as willing to accept $5\frac{1}{2}$ cents under the figure, and in December, when he advertised to sell this commodity in the pit, at below the price of December, it was the general impression that he was endeavoring to dispose of his wheat in any way possible, as the bulk was probably held in elevators, the storage prices being about \$50,000 monthly, aside from interest and insurance.

The legislation which affected the Board of Trade during 1911 was important in character. Upon his return from Washington,

where he had represented Chicago in a large delegation of grain exchanges who were watching the outcome of the Scott Anti-Option Bill, President Merrill reported that there was less disposition than for years on the part of the lawmakers to interfere in any way with the work of the big exchanges. On March 29, Senator Clark's Board of Trade Bill was defeated in the General Assembly by a vote of 23 to 14, but this measure was reconsidered and when presented again in the Senate, April 6, was passed by 35 to 7. The bill, which was an amendment to the criminal code and governed the dealing in options or puts and calls on Boards of Trade, proposed in part as follows: "Whoever contracts to have or give to himself or another the option to sell or buy at a future time, any grain or other commodity, . . . where it is at the time of the making of such contract intended by both parties thereto that the option, whenever exercised, or the contract resulting therefrom shall be settled, not by the receipt or delivery of such property, but by the payment of the different price thereof, shall be fined not less than \$10 nor more than \$1,000, or a jail sentence, or both, and that all such contracts shall be void. No person who accepts from another person for transmission and transmits, either in his own name or in the name of such other person, any order for any transaction to be made upon, or who executes any order given to him by, another person on any regular Board of Trade or Commercial Stock Exchange, shall under any circumstance be deemed a 'winner' of any moneys lost by such other person in or through any such transactions." The bill then went to the House of Representatives, where it immediately met with violent opposition on the part of Speaker Adkins, who announced he would throw all his influence toward its defeat, at the same time denouncing certain methods of procedure of the Board of Trade. The Board of Trade members denied that the bill favored gambling, only asking for the right to protect trade in legitimate dealing. The traders stated that the Chicago trade had suffered under the law existing, because much business had gone to points where it was unhampered by legal restrictions, and argued that the law as in force did not, in its prohibition, discriminate between optional contracts that were to be used for legitimate and necessary purposes and those which were to be used for the purposes of gambling. The traders further contended that the proposed amendment made this discrimination and did not change the status of the law as applied to gambling. President Merrill and a delegation of members of the Board of Trade of Chicago went to Springfield to endeavor to show that the foregoing contentions were correct and that the bill would also be a means of making the practice of bucket shopping impossible, and took with them the support of the Association of Commerce of Chicago, which had declared themselves in favor of the bill. In spite of their best efforts, and of the support of some of the most prominent and in-

fluent business men and financiers of the city, including David R. Forgan, President of the National City Bank of Chicago, who wrote a letter in the bill's favor to the State Legislators, the measure was defeated, but by a narrow margin. The house miscellaneous subjects committee had reported out the bill, and the chairman of that committee made a motion to suspend the rules for the purpose of considering it on a second reading. On the roll-call there were 76 for and 44 against the proposed suspension, and, under the two-thirds rule, four more "for" were necessary. Speaker Adkins therefore ruled that the house had refused to suspend and that the bill had therefore died. No further attempt was made to get the bill before the house, and it expired under the rules and the constitution with the adjournment of the house. The Board of Trade of Chicago, late in the year, cut off the traders on the Open Board of Trade from quotations, after the Open Board men had persisted in violating the law in regard to trading in puts and calls.

While some action was taken during 1911 against bucket shops, the absence of any amount of this kind of trading made it unnecessary for the Board of Trade to wage a fight such as had been carried on in former years. In February Attorney General Wickersham declared that the final reports of the nation-wide campaign against the bucket shops showed that more than 4,000 offices of that character had been put out of business as a result of the crusade. Notwithstanding that six New York bucket shop owners had been fined and put under a jail sentence by the Supreme Court of the District of Columbia, in January, in March Justice Wright, sitting in the same tribunal, ruled that bucket shopping was lawful in the District. This, however, was local only in its effect, and was later taken to the higher courts, where it rested during the year. In April, Washington Flexner, a well-known broker of Louisville, Kentucky, was expelled from membership on the Board of Trade on charge of bucket shop operations, and at that time a strong movement was set on foot to stop the bucketing of orders. Flexner, who was a man of prominent connections, engaged in the stock and bond brokerage business for a number of years, had not dealt directly on the floor of exchange, but had sent his orders through a Chicago house. While not accused of bucket shopping, in August Thomas H. Miller, Jr., a member of the Board of Trade for nearly twenty years, was expelled from membership for uncommercial conduct, the specific charges being "skinning trades." He had posted his membership for transfer, but under the rules of the Board forfeited his membership, which at the time was worth approximately \$2,500. In November, the Board of Trade filed a bill of complaint in the United States Circuit Court at Pittsburgh, against Henry J. and Frank H. Spuhler, trading as Spuhler & Co., and Isaac N. and P. C. Harkless, trading as Harkless & Co. and as the Keystone Commission Company, charging them with surrepti-

tiously obtaining quotations of the Board of Trade and using them in conducting bucket shops.

Private elevators came in for some discussion during the year, and this caused the establishing of a custodian's department, and the following regulations for the conduct thereof were adopted by the Board of Directors: "A Board of Trade custodian duly appointed by the Board of Directors shall be placed at such private elevators or buildings or places of private ownership as the custodian committee shall deem necessary, and such custodian shall keep a daily record containing the official Board of Trade weights of all commodities dealt in under the rules of this association and weighed by the official Board of Trade weighmaster, which commodities have been loaded into or loaded out of such private elevators or other buildings or places of private ownership." Other regulations adopted provided for the loading out on proper certification, for the estimating of the shrinkage incidental to the handling and cleaning of the grain, and also for the proper insuring of the grain in store. H. A. Foss, weighmaster of the Board of Trade, was appointed to the office of custodian. A rule adopted by the Board of Directors arranged that beginning July 10, private elevator stocks of grain at all visible supply points should be included in the weekly statement of visible supply issued by the Board of Trade, and this was regarded by the traders as a big step forward, as it gave the trade important information of an authentic character. Another regulation adopted by the Board of Directors, provided that after September 1, the hours for trading in indemnities should be between 1:45 and 2:30 p. m.

The rule governing the delivery of short rib sides was changed as follows: Sides weighing 30 to 60 pounds at contract price; 60 to 70 pounds at 30 cents discount per 100 pounds; 70 to 80 pounds, 50 cents discount for 100 pounds. This amendment was adopted by a vote of 418, to 154, but the new rule did not go into effect until June 1, 1912.

In the matter of grain inspection, several matters of importance were handled during the year. In March, the Grain Committee of the Board of Trade made the following arrangements with Chief Grain Inspector Cowen: "In a case where a resample by the Board of Trade Sampling Department is found to show any material variation as compared with the sample furnished by the state, and an investigation becomes necessary, the state inspection department will appoint a representative to accompany the Board of Trade's Sampling Department's representative to the car and the two will together resample the car, which shall be accepted as final. Request for such special resampling must be made through the Grain Committee of the Board of Trade. In cases where country shippers wire the state inspection department, requesting a reinspection of cars shipped to the Chicago market, the State in-

spection department will proceed with such reinspection and will at the same time notify the consignee at Chicago that reinspection is demanded by the shipper. If the consignee has in the meantime sold the car, he shall immediately notify the buyer of the intended reinspection."

On September 26 Judge Dever, in the Superior Court, sustained a demurrer to the bill in equity filed by counsel for the Board, ten grain and commission firms and twelve individuals, in the controversy in regard to the payment of fees for grain inspection. The plaintiffs in the action maintained that a statute passed by the Legislature relating to the payment of public moneys into the State treasury, and which included the State grain department, was unconstitutional. The plaintiffs also asked an injunction prohibiting officers of the State grain department from paying into the State treasury the sum of \$64,560, which had accumulated over and above the expenses paid from the fees collected. The demurrer attacked the sufficiency of the bill and held that it did not set forth a case. Appeal had been taken by the Board of Trade and shippers direct to the Supreme Court, and pending its disposition by that body, the injunction above noted remained in force. It was the contention of the Board of Trade that the statute would cripple the inspection department, as the latter could not keep up the high standard of inspection, as the number of inspectors provided under the legislative act was insufficient to do the work properly. The statute allowed the Chicago district only \$5,000 for incidental expenses, whereas these expenses in 1910 had amounted to more than \$24,000.

After a proceeding that had been pending for many months, in April the Interstate Commerce Commission declined to make a reduction in ex-lake grain rates from Buffalo, New York, to eastern destinations, either on domestic or export traffic. The proceeding had been instituted by the Chicago Board of Trade against the Atlantic City Railroad Company, et al., and by the New York Produce Exchange against the New York Central and Hudson River Railroad, et al., and the single opinion of Interstate Commerce Commissioner Prouty covered both complaints. The Board of Trade maintained that the rates diverted traffic from rail and water routes to the all-rail route, resulting in undue prejudice against Chicago, and that carriers were guilty of unjust discrimination. The Interstate Commerce Commission took the view of the carriers, pointing out that the lake and rail route from Chicago to the East was reasonable and in addition was materially lower than the all-rail route. In spite of the foregoing ruling, the railroads granted voluntarily what the complainants had asked—a 4-cent rate on export wheat—this applying on both Canadian and American wheat for export from Buffalo to New York, shipped from Chicago or other lake ports on May 1 or thereafter.

The Railroad and Warehouse Commission made the following ruling August 17: "That all elevator owners, lessees and persons issuing warehouse receipts shall stamp upon each receipt when issued, in bold letters, the following: 'This receipt is not negotiable unless registered with the registrar of the Illinois grain department of the Railroad and Warehouse Commission.' And all such owners and lessees are hereby directed to stamp the words above named on each certificate before delivering the same." A ruling of the United States Supreme Court, toward the close of the year, found that the Interstate Commerce Commission possessed no authority to prohibit railroads from paying to operators of elevators compensation for "elevating grain in transit." Elevator men, through their Boards of Trade, had declared their business would suffer by such an order, and a long and stubborn fight had resulted until the matter was finally decided by the highest tribunal.

In January, the United States attorney general and his assistants started their action against a number of leading Chicago packers, charging them with violation of the Sherman anti-trust law. This was met by the packers with two pleas to the court, one for abatement of the proceedings and the other to quash the indictments against them, whose attorneys made the claim that the suit was based on evidence obtained in the "beef trust" prosecution in 1905, which ended in the "immunity bath" decision of Judge Humphrey. Judge Carpenter disregarded the Humphrey ruling, refused to quash the indictments, and ruled that the packers must face trial on three counts—with conspiracy to control fresh meat prices; with entering into a combine to control the fresh meat market through the formation of the National Packing Company, and with seeking to monopolize the fresh meat business of the country in violation of the provisions of the Sherman act against trusts. An appeal was made by the packers to the United States Court, which overruled their demurrers and ordered them to trial, holding the Sherman law valid and the indictments legal, and in June the packers were denied a rehearing to escape trial by Judge Carpenter in the United States District Court. He also denied their plea for a bill of particulars setting forth more specifically the charges against them, and the trial was set for November. On the 14th of that month Judge Kohlsaas, in the United States Circuit Court, issued a habeas corpus writ, but after this had been attacked by the United States attorneys, it was quashed, although a stay was granted. After numerous stays and delays the case started December 21, but had not closed by the end of the year.

A number of conventions of Board of Trade and grain exchange men were held during the year, and at several of these important matters were disposed of and new movements inaugurated. The first of these was the national convention of Boards

of Trade, held at Washington, D. C., starting January 17, the representatives of the Board of Trade of Chicago being R. S. Lyon, W. H. Perrine, B. Frank Howard and Secretary G. F. Stone. The annual meeting of the Council of North American Grain Exchanges was held at Chicago, starting February 6, the official representatives of the Board of Trade of Chicago being S. P. Arnot, J. C. Murray, F. M. Bunch, John A. Bunnell and J. J. Stream. At this meeting Mr. Arnot submitted the following proposition to end corners: "Discontinue pit trading in all grain for future delivery on the 15th day of the delivery month; transfer all hedges to a more distant future price to the 15th." President Merrill, in his address to the council, stated it as his opinion that if the boards would take the public more into their confidence, there was a great chance of eradicating the trading evils which cause public distrust. A publicity committee was named, and an appropriation was made for carrying on the work of the seed committee. As a result of the meeting of this council it was arranged that permanent headquarters were to be established at Chicago for carrying on the work of creating interest among farmers in the selection of better seed and the growing of better crops. The midsummer meeting of the same organization was held at Milwaukee June 28 and 29, at which the topics discussed were the regulation of traveling solicitors, a federal bucket shop law, reciprocal demurrage, elimination of corners, prohibition of advances by receivers to county shippers except on bills of lading, and the recent pure food law decision as affecting grain shipments. The Board of Trade of Chicago was also represented at the meeting of the Hay and Grain Producers' Association of Northwest Ohio, which was held at Lima, August 4. At the Grain Dealers' National Association, held at Omaha, October 9-11, the Board of Trade of Chicago was represented by W. N. Eckhardt, George E. Fuller, E. A. James and P. W. Seipp.

The death of James Pettit, head of the Peavey Grain Company, which occurred July 8, was followed by startling revelations. On the following day the Peavey Grain Company sent notices of a discontinuance of their commission business and while their elevator business was not affected, a shortage of \$1,500,000 was found. Pettit was a plunger who had been outgeneraled in deals by operators, but whose credit had never been questioned. The first step in the settlement was the turning over of the assets of F. H. Peavey & Co. to a trustee, and arrangements were made to clear up all outside accounts owing the company, warning being given to several members that their indebtedness to that concern must be liquidated or they would face suspension. A refunding plan was formulated, which met with the approval of the creditors of the firm, practically all of whom sent their claims to the Minneapolis Trust Company, in accordance with the plan of issuing in lieu thereof three-year

collateral trust 6% notes of F. H. Peavey & Co. The year closed with the business of the concern well on its way to recovery.

One of the interesting events of the year 1911 was the reunion, at Aurora, on August 28, of many of the veterans of the crack Board of Trade Regiment, the Seventy-second Illinois Volunteer Infantry in the Civil War, the first meeting of these veterans in twelve years. There were only seventy-five in attendance, 109 others being unable to attend. The Chicago veterans were met at the station by members of Aurora Post No. 20, Grand Army of the Republic, dinner was served at Memorial Hall by the Women's Relief Corps, and the reunion wound up with sight-seeing and camp-fire, with the attending recollection and retelling of thrilling experiences during the dark days of 1861-5. The early part of the year saw the founding of the Young Men's Board of Trade Club, which held its first meeting February 15, with fifty-three members in attendance. This organization, for men thirty years of age or under, elected for its first President, C. H. Canby Jr.

Charity was the gainer by some \$4,500 as a result of the baseball game played by the teams of the Board of Trade of Chicago and the Minneapolis Chamber of Commerce, the latter winning from the Chicago representatives.

One of the matters that had frequently come before the members in recent years was that concerning a new building. In August a petition was circulated asking the president to call a public meeting to consider the matter of a new Board of Trade structure, but the President was opposed to the proposition, and a number of other officials were not enthusiastic. The Directors refused to favorably consider the plan, as it was the general opinion that the time was too short to complete plans before building operations would have to be started. The petitioners had in view a building 260 feet in height, and it was their contention that the extra five stories would have a rental value of \$60,000 a year, or 1% of the cost of building, set at \$6,000,000, including the then indebtedness of \$1,000,000. The matter was finally dropped because of lack of favorable sentiment, many considering the action would have been ill advised, although some plans were for a time considered unofficially to provide for an addition of nearly seventy new offices in the old structure.

The year 1911 took its usual toll in deaths among the members of the Board. William S. Seaverns, a former President, and for a long time identified with I. N. Ash & Co., died January 26. He had retired several years prior to his demise. Albert W. Walker, for years one of the leading traders in the pit, passed away March 2. Lorenzo B. Roland, also a trader in the pit for some years, died on the 10th of that month. James H. Walker, a former member of the Board, a prominent merchant, and umpire in a number of labor controversies, died on the 15th of March. On

the 17th occurred the death of Samuel H. Green, one of the old members and well known in cash grain circles. M. C. Mitchell, who had been a familiar figure in the wheat pit in recent years, died March 22. Columbus A. Orvis, who had joined the Board in 1861, and had been active until 1901, retaining membership until 1908, died October 22. One of the early members of the Board, Dana Slade, passed away November 8.

Wheat.—The receipts of wheat exceeded those of 1910 by nearly ten million bushels and were the largest since 1902, aggregating 37,118,100 bushels. The shipments were also larger than for the preceding year and amounted to 23,339,500 bushels. The wheat crop of 1911 was smaller than in 1910, the production of winter wheat being nearly 34,000,000 bushels less and of spring wheat 41,000,000 bushels less, the yield per acre being much lower in 1911. May wheat was quoted at $97\frac{5}{8}@98\frac{3}{4}$ cents, on January 3, the customary January bulge carrying the price to $\$1.02\frac{3}{8}$ by the 11th, with a decline to $95\frac{5}{8}$ at the close. In February, $97\frac{1}{8}$ cents was paid for May wheat on the 2nd, but heavy liquidations by longs forced the price down until $88\frac{5}{8}$ cents was reached the 27th. The top price during March was $92\frac{1}{8}$ cents, the 6th, but the price worked down to $85\frac{3}{4}$ cents by the end of the month. During April it became apparent that a strong clique was under the market and the price advanced from $84\frac{3}{8}$ cents the 3rd to 91 cents at the close of the month. The excitement in May wheat continued through May, the deal culminating at $\$1.04\frac{3}{4}$ cents, on the 31st. The aftermath of this May deal was felt during later months when the question of settlement was brought into court, leading to government investigations. With the close of the May deal attention centered upon the July delivery which opened, June 1, at $89\frac{1}{8}$ cents, advanced to 94 cents, and declined sharply to $85\frac{7}{8}$ cents on account of heavy selling by the Lichtstern interest, but with recovery to 90 cents by June 30. During July the course was downward, touching $85\frac{1}{4}$ cents, and inducing large export trade, while sensational reports of bad crop conditions in the Northwest caused an advance to $88\frac{3}{4}$ cents at the close. These reports carried the price of September wheat up to $93\frac{5}{8}$ cents the first half of August, with a decline to $88\frac{1}{2}$ cents the 30th. The market was stronger in September, being aided near the close by warlike news of conflict between Italy and Turkey, which carried the price to $95\frac{1}{2}$ cents at the close. In October there was much excitement in December wheat, the price advancing to $\$1.02\frac{1}{2}$ the 20th, but declining to $96\frac{3}{8}$ cents at the close. The decline continued until 92 cents was reached November 8, representing a loss of about 10 cents in two weeks. The price touched 97 cents the 21st and the close was at $92\frac{3}{4}$ cents. The December delivery showed no sensational developments, the range for December being from $91\frac{1}{2}$ cents the 8th to 96 cents the 19th, with a closing price of $92\frac{1}{8}$ cents.

Corn.—The receipts of corn were the largest since 1907, aggregating 108,550,500 bushels, with shipments of 87,930,600 bushels. The crop of 1911 was nearly 600,000,000 bushels less than in 1910, but on account of higher prices the total value was greater. Cash corn opened at 46 cents, advancing but little during January and closing, in February, at the January opening price. Forty-eight cents was the top of the March market, which closed at $46\frac{1}{2}$ cents, and there was no sharp advance until April, when the price went from 46 cents the 1st to $53\frac{1}{4}$ cents the 28th. On May 10th a price of $55\frac{1}{4}$ cents was reached and this was repeated on the 26th, the month closing about 2 cents lower. The advance continued, irregularly, through June, the top price, $59\frac{1}{4}$ cents, being reached the 30th. This movement reached its height the fore part of July at 67 cents, the reaction carrying the price to 63 cents at the close. There was a strong and steady market during August, which opened at $62\frac{3}{4}$ cents and closed at $65\frac{1}{4}$ cents, while 69 cents, the high price for September, was quoted on the last day of that month. Weather conditions and knowledge that the new crop was much less than that of 1910, together with increased speculative activity, caused an advance to 75 cents in October and to 76 cents, the high price for the year, in November, but with the close of the manipulation the price fell to 69 cents the end of the month. The December market was dull and lifeless, reaching 71 cents and opening and closing at 68 cents.

Oats.—The receipts of oats were above the average for the ten-year period, but nearly 8,000,000 bushels less than in 1910, aggregating 94,099,800 bushels, with shipments of 77,428,500 bushels. Cash oats opened at $31\frac{1}{8}$ cents, which was the average price for January, while the February price averaged a little above 30 cents and the March price a little above 29 cents. There was an advance to $32\frac{1}{2}$ cents in April, and this continued, 36 cents being reached near the end of May, and the price going to $43\frac{1}{4}$ cents by June 29th. During the first half of July the trend was upward until $46\frac{3}{4}$ cents was reached, this being followed by a decline to $38\frac{1}{2}$ cents at the close. In August there was irregular advance to $42\frac{1}{2}$ cents the 31st and the September market was strong and active, with the high price at 46 cents on the 29th. This forward movement culminated in October at $47\frac{1}{4}$ cents, with a loss of 2 cents by the close of the month. The price averaged about 47 cents during November, the top being $47\frac{7}{8}$ cents, and these prices were well sustained during December, the year closing at $46\frac{5}{8}$ cents.

Rye.—The receipts of rye were 1,790,200 bushels, and while this was in excess of receipts for any of the three preceding years, it was much less than for the years of 1901 to 1907. The shipments also were low, aggregating 823,500 bushels. The effect of these smaller marketings was reflected in the price, which was good throughout the year. The market opened at 81 cents for No. 2

cash rye, advanced to 86 cents the middle of January, and declined to 82½ cents at the close. February advanced the price to 84 cents, while light offerings forced the price to 93 cents by the middle of March. Ninety-one cents was about the average price until the middle of April, when there was manipulation which caused a sharp advance to \$1 on the closing day. The advance continued into May, culminating at \$1.13, after which the market declined to 90 cents at the close. In June, prospects of a good crop carried the price down from 93 cents the 1st, to 87 cents the 30th, and there was additional loss, down to 80½ cents in July. The reaction then began and the August price averaged about 86 cents, while in September the market improved greatly, advancing from 85½ cents the 5th to 96½ cents the 30th. Ninety-eight cents was reached in October, but 97 cents was the average price and the month closed at 95½ cents. In November, manipulation carried the price to \$1, but the month closed at 91 cents. The market activity subsided after the high point was reached in November and the December market was tame, with small range, and opening and closing at 92 cents. The top price of \$1.13, paid in May, was the highest price paid for rye in sixteen years, and the price average for the year was the best that cereal had known.

Barley.—The receipts of barley were about average for the ten-year period, being 23,342,100 bushels, with shipments of 5,892,000 bushels. The price was high throughout the year. The price for the best cash barley opened at 89½ cents and soon reached \$1, but declined to 94 cents the last of January. In February there was a dip to 85 cents, but the month closed at 96 cents. There was further advance in March and by the middle of the month the price was established well above \$1, reaching \$1.14 before the close. The price was well sustained in April, ranging from \$1.07 to \$1.17 for the best cash barley. The market weakened in May, going from \$1.14 the 1st to \$1.01½ the 27th, and with the end of the speculative movement declining sharply to 90 cents at the close. In June, the price advanced from 86 cents the 3rd to \$1.17 the 26th, closing at \$1.06½. Prices ranged higher the first half of July, touching \$1.15, while the latter half of the month witnessed a series of wide fluctuations, ranging from 92 cents to \$1.07, with the close at \$1. The upward movement continued through August, reaching \$1.24, and after slight reaction, \$1.25 was reached in September, with \$1.24 the ruling price the latter part of the month. October opened at \$1.25½ and closed at \$1.23, while the November market was one of great activity, the month closing with the top price of \$1.31, and the market remained strong until the end of the year, which also closed at \$1.31.

Flour.—The receipts of flour were small, being more than 2,000,000 barrels less than in 1910 and but little more than half those of 1901. They aggregated 5,859,396 barrels, with shipments

of 5,781,092 barrels and city manufacture of 1,027,900 barrels. The best spring wheat patents ranged from \$6.50 the first of the year to \$5.40 in April, reaching \$6.10 as the market advanced in August and \$6.25 in October, with a decline to \$5.80 in December, closing at \$6. The lowest price for inferior grades during the year was \$2.20.

Seeds.—The receipts of timothy seed were 22,752,100 pounds and the shipments were 20,371,500 pounds. The year opened with prime timothy seed selling at \$10 per cental, and the market advanced to \$12.50 in March, with a decline to \$11 in June. The latter half of the year prices ranged higher, closing at \$16.75. The receipts of clover seed were 3,831,400 pounds, with shipments of 2,780,600 pounds. The price range was from \$15, per cental, for prime seed, to \$16.50, until the latter part of July, when the price advanced sharply, reaching \$20.50 in August, holding near that figure and closing at \$20.75. The receipts of flax seed were small, aggregating only 959,500 bushels, with shipments of 165,600 bushels. There was no trade in futures and but little trading of any kind from May to August, while prices ranged high, the best seed selling at \$2.51½ in January and advancing to \$2.74½ in February. Later the trend was downward, sales being made in May at \$2.55. The new crop opened in August at \$2.50, ranged down to \$2.27 the latter part of September, advanced to \$2.47 the middle of October, but the month closed at \$2.13. The \$2 mark was reached late in November and the price December 1 was \$1.94, following which there was an advance to \$2.16, with the close at \$2.14.

Provisions and Live Stock.—The receipts of cattle were a trifle less than in 1910, aggregating 2,931,831 head, while the shipments were 1,216,552 head, and the number packed for the year ending March 1, 1911, was 1,735,189 head. The year was a good one for the producer, prices ranging above \$6 for extra steers throughout the year. The price opened at \$7.10 and worked down until \$6.40 was reached in May, an advance followed, passing the \$8 mark in August and the \$9 mark in November. The high price of \$9.35 was reached in December, with the market weakening to \$8.85 at the close of the month.

The receipts of hogs were 7,456,309 head, being 1,500,000 larger than in 1910. The number of dressed hogs received this year were but 18. The shipments were 1,585,220 head, and the number packed was 4,812,916 head for the year ending March 1, 1911, this being much lower than in preceding years and the lowest since 1894. Prices for live hogs averaged well, the top price January 3 being \$8.25, with gradual decline until \$6 was reached in May. The market then advanced, June closing at \$6.72½, and in July there was a sharp advance, near the close of the month, to \$7.55. A top price of \$7.95 was reached in August, while September prices ruled

lower, reaching \$6.75 near the end of the month, while \$6.50 was the closing price for October and \$6.45 for November, and the December market closed at \$6.30.

Cash pork opened at \$19.75 with a gain of 50 cents by the end of January. The price advanced to \$21.50 early in February, but closed at \$19.50, and this decline continued through March and into April, touching \$15.50 by the close of the month. While the price touched \$17.50 the fore part of May, the market course was downward the remainder of the month, touching \$14.75 at the close. June ranged as high as \$16, closing at \$15.50, while July showed an advance to \$17.50 the 29th. In August \$18.12½ was the top price and \$16.12½ the closing price, while in September the market declined to \$14.75 at the close. In October the low price, \$14.50, was reached the 16th, and the high point, \$16, was touched on the 20th, while the month closed at \$15.50. Values were higher in November, the market opening at \$15.62½, advancing to \$16.50 and closing at \$16. In December the market declined from \$16 the 1st to \$14.75, with \$15 as the closing price. Cash lard opened at \$10.42½, advanced to \$10.67½, and closed in January at \$9.82½. There was decline through February to \$9 at the close, while \$8.25 was the closing price for March, the price standing below that figure during April and closing at \$7.92½. Reaction up to \$8.20 occurred during May, but with the close of the May deal the price settled to \$8. The top price for June was \$8.30, with the close at 10 cents lower, while in July \$8.60 was reached near the end of the month. This advance was carried into August, \$9.40 being paid on the 28th, and the first part of September the price reached \$9.57½, declining to \$8.97½ before the end of the month. The top price for October was \$9.10, while November was steady a little above \$9. The market sagged to \$8.77½ by the middle of December and closed at \$9.15.

Transportation.—Two great points gained by Chicago interests during the year were the readjustment of rates to the south-east and the elimination of the charge for transferring grain, thus placing Chicago on an equality with Milwaukee. Average freight rates for the year were higher than in 1910 and were as follows, on wheat, per bushel, to New York: by lake and canal, \$.0525; by lake and rail, \$.0536, and by all rail, \$.0960.

1912

The year 1912 was another rather quiet year on the Board of Trade so far as relates to administrative upheavals and market sensations. Record-breaking crops of nearly every commodity except winter wheat caused low prices, but the low prices were counteracted by the immense trading business and excellent export trade throughout the year. The annual election of the Board was

one of the most exciting ever held. Early in January Mr. James S. Templeton announced that if he were elected President he would advocate the passage of a rule placing traders for commission houses on a brokerage basis. On the same day Mr. Caleb H. Canby, who resigned as Director on January 2, and was a candidate for the presidency, came out with a platform addressed to members of the Board. In part he said: "I strongly endorse every proper means and every honorable method by which our sphere of influence can be expanded and the volume of business increased. Cliques or factions have no place in a great commercial organization. The business interests on the Board are many and should work together in perfect harmony." He also advocated an investigation of a system of grain inspection by the State to devise improvements. The other candidate for President was Mr. F. M. Bunch, who represented the administrative force; Mr. Canby represented a "liberal" element, and Mr. Templeton was independent. At the election on January 8 Mr. Bunch was elected to the presidency by an overwhelming majority, receiving 625 votes against 308 received by Mr. Canby, and 101 cast for Mr. Templeton. While the number of votes for Mr. Templeton was relatively small, it was nevertheless evident that the element of dissatisfaction was rather strong in the Board. Though the election was one-sided, it was the most exciting in years, and the vote was the largest in six years. Mr. Bunch was the second youngest man ever elected to head the Board, and had been successively a Director for three years, Second Vice-President, and First Vice-President, retiring from the last position in 1911. Frank B. Rice was elected Second Vice-President over Ernest G. Brown by a vote of 673 to 339, and the Directors elected for three years were Robert McDougal, Joseph Simons, Adolph Gerstenberg, Benjamin S. Wilson, and L. Harry Freeman. John Carden was elected to fill the vacancy caused by the resignation of Mr. Canby.

At the annual meeting held one week later than the election, President Bunch brought up the proposition of a new building for the Board of Trade, and praised the work of the grain inspection. Harry Avery circulated a petition to have the delivery period on the officers and Directors of the Board. The agitation for a new building was particularly apropos, because on the 11th of January a fire started in the Board of Trade building near the provision pit. It was the largest of several which had occurred in the months just passed, and it was supposed that crossed electric wires were the cause.

In early February members of the Board met in the visitors' room to consider the report of a special committee appointed to meet Dr. Wiley, chief of the bureau of chemistry of the United States Department of Agriculture, upon the provision of the foods and drugs act as it related to grain. The members were furnished

with copies of the report previous to the meeting. Considerable excitement was caused early in the spring by a decision of the government officials at Washington that bleaching of oats and marketing of certain low grades of corn would not be tolerated. The decision was held up temporarily, however, and dealers were allowed to sulphur oats under certain conditions, the entire question being still under advisement at the end of the year, the grain interests making a vigorous protest against the undue severity of the ruling.

Considerable attention was paid during the year to the question of delivery and defaulting on delivery. Near the end of March, Harry Avery circulated a petition to have the delivery period on job lots of wheat expire the next to the last business day of the month, maintaining that this would do away with losses and confusion incident to delivery on the last business day. Three days later, the following resolution was passed by the Directors: "Resolved, That the last paragraph of section 1 of rule 23 will be construed to mean that in every case of a default in delivery where either party to the trade has the property both bought and sold, the trade, as respects both parties thereto, will be adjusted on the basis of a counter trade made between the parties at the true commercial value of the commodity as established by a committee under this section, plus the penalty or percentage provided in this section, and the moneys resulting from such adjustment will be applied so as to give to such person so having bought and sold, if such trades have resulted in a profit to him, or to take from such person, if his trades have resulted in a loss, the difference between the prices at which he has so bought and sold. "In December a petition was presented to the Directors asking that an amendment be posted for ballot allowing car lots of grain to be delivered the last six days of the month in any active future. This petition was backed by the Receivers' Association, and the primary object was to prevent any corner whenever possible.

In June, a revival of the elevator controversy threatened to upset trade conditions for a time. Adolph J. ("Ed.") Lichtstern was engaged in a war on several of the other leaders on the Board of Trade, and in the Circuit Court Judge Frederick A. Smith granted the injunction restraining the J. Rosenbaum Grain Company from storing its own grain in any of its six public warehouses and also from receiving into store any grain cleaned in its own cleaning houses. The defendants had bought large quantities of grain and caused it to be shipped to Chicago, and while the grain was in transit sold it for cash to brokers to go into store in the defendants' warehouses at a price $\frac{1}{8}$ cent lower than the ruling price for futures. At the same time they would buy futures from these brokers at a price $\frac{1}{8}$ to $\frac{1}{4}$ cent higher than the cash price plus the carrying charges, and Judge Smith said that these transactions

were nothing more than the buying on the part of the defendants of grain to go into store in their own warehouses. Three years before there had been a similar disagreement, and the principal public warehouse owners intimated that if the opposition continued to fight they would make no effort to have their licenses renewed. The same threat was made now and would have lowered the storage capacity to 2,000,000 bushels, one-sixth of the full capacity, and would have left the short sellers at the mercy of the bulls. In view of the stand taken by the elevator interests, President Bunch said that if the controversy between them and Mr. Lichtstern was not amicably settled by July 1, and the elevator licenses were not renewed, the officers of the Board would protect the trade under Section 1 of Rule 21, which provides for such emergencies. However, amicable relations between the contending interests were not materially disturbed, and but for one exception conditions were about the same.

Several improvements were made in the inspection and grading of grain during the year, one of the most notable being the holding of civil service examinations to select deputy grain inspectors, the first ever held, and under the auspices of the Grain Inspection Committee of the Board of Trade. Considerable complaint was made that the Illinois State Grain Inspection Department was not giving the Chicago Board a fair deal, and in February the Receivers' Association unanimously adopted resolutions demanding that this department abide by the rules governing its conduct. In the following month, a welcome concession was made the receivers by the Railroad and Warehouse Commission when it was decided that they would not have to pay \$1 extra for a moisture test on corn. At a meeting of the Railroad and Warehouse Commission it was decided to grade wheat where a car was loaded with both old and new crop wheat as "old and new" wheat. This made a third classification. For instance No. 2 red wheat was graded No. 2 red if old crop wheat, new No. 2 red if new crop wheat, and "new and old" No. 2 red wheat if mixed.

There were but few other events happening on the Board in the year 1912 that were of sufficient importance or interest to be incorporated in this history. In April, the Transportation Committee held a meeting with the receivers and railroad men and adopted a scale of charges for railroad elevation, cleaning, etc., which was, in their estimation, just and proper, and this scale of charges was sent to Washington for the approval of the Interstate Commerce Commission. In this same month, it was brought to the attention of the Directors that some of the members of the Board of Trade were acting as channels through which the quotations of the Board were carried continuously to persons outside the Exchange, and, in order to put a stop to this practice, the Directorate passed a resolution prohibiting members from conveying quo-

tations continuously to any person, firm, or corporation outside the Board, branding such a course of action as uncommercial conduct. On August 22 the officers and members of the Board gave a reception and entertainment to the survivors of the military units which carried the Board of Trade name during the Civil War. Three regiments of infantry and one battery of light artillery were raised and equipped by the Board during the war, the 72d, 88th, and 113th volunteers, and the Board of Trade battery, and August 22 marked the fiftieth anniversary of the departure of the first regiment for the front. In the last days of July the members of the Board were called upon to mourn the death of George F. Stone, who had for so many years been Secretary of the Board, a position which he had always filled to the utmost satisfaction of the members and officers. J. C. F. Merrill was appointed Secretary of the Board to succeed Mr. Stone. The last action taken by President Bunch in his official capacity in the year was the appointment, on December 19, of Messrs. H. N. Sager, J. C. F. Merrill, C. B. Pierce, Robert McDougal, C. H. Canby, S. P. Arnot, R. G. Chandler, W. L. Gregson, and B. A. Eckhart as representatives to the Chamber of Commerce of the United States for one year.

All previous records for the production of grain cereals in the United States were eclipsed in 1912. Tremendous yields of corn and oats, making the best previous yields look small by comparison, put up the total enormously. Owing to the partial failure of the winter wheat crop, the total yield of wheat was not quite up to the record limit, but there was a big spring wheat yield, in the Northwest, and the yield was ample in the hard winter wheat belt. Not only were there tremendous crops of the three chief cereals, but the growing conditions for hay were ideal, and there was by far the largest yield ever obtained. Other forage crops in proportion were equally as good, and the minor cereals, flax, barley, rye, and buckwheat all yielded well above the average, nature being prodigal in its favors in every section of the country. The combined yield of all the leading grains was 5,532,838,000 bushels, compared to a grand total of 4,267,679,000 bushels a year ago. Naturally with such harvest returns the high prices of several years preceding did not prevail, but a big shrinkage in values compared to the other years was offset, however, by the big yields and the aggregate value of all the leading cereals, including hay and tobacco, was \$4,438,486,000, against \$4,384,000,000 in 1911. The most satisfactory phase of the situation was the impartial distribution of crops. It was true that the losses to soft winter wheat states were of a calamitous character so far as they went, and brought widespread losses to farmers in many sections, but the damage was ascertained in time to enable farmers generally to plow up their fields of wheat and plant other crops. For a few weeks previous to the ripening of

oats and wheat, and during the period of maturing of the corn crop, conditions were ideal, and with the exception of soft winter wheat in Illinois, Indiana, Michigan and Ohio, there had probably never been a year when there was such an equitable division of the crops.

Business conditions of the Board of Trade during the greater part of the year were extremely satisfactory, and while, except for a few months in the spring there was no unusual volume of speculation, other conditions made for a broad general trade. All departments enjoyed a prosperous season, taking the year as a whole. The elevator interests were able to keep their warehouses well filled with grain, and the receiving and shipping houses all shared in the big business resulting from the most abundant crops ever raised in this country, although to some extent the very size of the crops put a slight damper on speculative activity. However, the hedging of big crops was a great business factor, Chicago being the only market in the world where farmers, country dealers, exporters, millers, and, in fact, everyone who handled grain and flour might hedge his purchases. The principal function of the Board of Trade, to enable the country to market the grain crops on an economical and scientific basis, was never better illustrated than during this year. As a practical demonstration to the farmers of the country especially of the need actually existing for institutions like the Board of Trade there could have been nothing better than the manner in which the grain business was handled, because while the crops of all the leading cereals were enormous, there was no disastrous slaughtering of prices, as was the result in many lines where there was no such system of future trading as on the exchanges. Buyers and shippers of grain, as well as other grain interests and the farmers, had all reason to be grateful for the existence of a market broad enough to furnish a field for hedging operations for the grain merchants of the world.

An old-fashioned wave of speculation was experienced in the early spring when it became apparent that the soft winter wheat crop of the country was cut in two by the severity of the winter. A big bull market was started, causing the most radical advance in wheat prices experienced in several years. Commission houses had business enough during the two or three months of activity to bring up their earnings for the whole year, although previous to this time and during the last few months of the year the speculative trade was not especially active. After the speculative hysteria due to the big shortage in soft winter wheat was over there was a decline in prices of about 33 cents from the top prices in the spring to the low point of the fall. May wheat sold at \$1.19 and in the late fall the May, 1913, future sold at 88½ cents. Liquidation of long lines was drastic, with the result above mentioned, of placing values on a sound merchandising basis. One good effect of this

crop scare was to allow the sale of the burdensome stocks that had been accumulated at Chicago as the result of the long-drawn-out speculative deals. The unwieldy load of several million bushels of red winter wheat taken on delivery and some of it carried for nearly two years was easily disposed of at a figure which made up to a large extent for the enormous expense of carrying it for several months.

The movement of grain for 1912 was the largest since 1900. The receipts of grain and flour, reduced to wheat, were 322,008,041 bushels, and the shipments were 244,423,142 bushels. Wheat receipts were large, but not up to those of 1911, and aggregated 35,914,000 bushels, with shipments of 35,726,100 bushels. May wheat sold a fraction below \$1 on January 2, but passed that mark and reached $\$1.03\frac{7}{8}$ before the close of January. The February range was from $99\frac{1}{2}$ cents to $\$1.04\frac{3}{4}$, and in March from $\$1.00\frac{5}{8}$ to $\$1.05\frac{5}{8}$. An active market carried the price from $\$1.01$, April 1, to $\$1.16\frac{3}{8}$, the 29th, the advance continuing until $\$1.19$ was reached May 13, with reaction to $\$1.10\frac{3}{8}$, the 31st. The range for June was from $\$1.04\frac{1}{2}$ to $\$1.11\frac{1}{8}$, for July wheat, and, in July, the price worked down to 96 cents the middle of the month, advanced to $\$1$ the 31st, and at the close of the speculative movement on that day broke to 92 cents. During these months, however, the price for No. 1 northern cash wheat was never lower than $\$1.05$, with the high price in April and May at $\$1.22$. In August, September wheat was steady at about 94 cents, and No. 1 northern went below $\$1$, the latter part of the month, for the first time in the year. September prices were on a still lower level, the range for September wheat being from $92\frac{7}{8}$ cents, the 14th, to $87\frac{5}{8}$ cents, the 30th, with No. 1 northern working down to $90\frac{1}{2}$ cents. The October range, for December wheat, was from $90\frac{3}{8}$ cents to $95\frac{5}{8}$ cents, with No. 1 northern selling around 91 cents the first and last of the month, and No. 2 red wheat commanding a premium of from 11 cents to 15 cents per bushel. The price of December wheat went from $90\frac{7}{8}$ cents the first of November to 84 cents the 30th, with an advance to $87\frac{1}{4}$ cents by the close of December.

Corn. The receipts of corn were 112,690,000 bushels and the shipments 73,739,100 bushels. The market opened at 70 cents and ruled steady until the latter part of January, when there was a sharp decline to $63\frac{1}{2}$ cents, with $65\frac{1}{2}$ cents as the closing price. The February market opened at $64\frac{1}{2}$ cents and closed at 66 cents, while there was a strong advance movement in March which carried the price to 74 cents at the close. This advance continued through April, reaching $81\frac{1}{2}$ cents, the 27th, and culminating at $82\frac{1}{2}$ cents the latter part of May. The last day of May there was a sharp break to $76\frac{1}{4}$ cents. Following the close of the May deal, prices ruled lower and the range for June was from $72\frac{1}{2}$ cents to 76 cents, and in July from $69\frac{1}{2}$ cents to 75 cents. There was a sharp advance in

August, with a top price of 83 cents, and a decline near the end of the month to 79½ cents. In September, cash corn reached 79 cents, the first week, but declined nearly 10 cents by the 30th, and this depression lasted through October, a price of 58½ cents being reached the 30th. The November range was still lower, the price going from 58¾ cents, the 1st, to 50 cents, the 30th, and in December the price averaged below 50 cents, the year closing at 47 cents.

Oats. The receipts of oats were the largest Chicago had known up to that time and aggregated 118,491,300 bushels, with shipments of 102,077,000 bushels. Prices were high the first half of the year and much lower after harvest. Cash oats sold at 46⅞ cents, January 2, and at 51⅝ cents January 31, while the average price for February was 52 cents, and for March 53 cents. There was a sharp advance in April, up to 58½ cents, with the close at 56⅞ cents. The top price for May was reached on the 9th, at 58 cents, with a decline to 50½ cents by the 31st. The price was but little better during June, and in July there were severe fluctuations, the price going from 42 cents, the 6th, to 57 cents, the 25th, and closing at 51 cents. With the end of the speculative movement in July and the coming in of the new crop, there was a sharp reduction in values and the August range was from 35 cents, the 1st, to 31 cents, the 5th, with the close at 31⅝ cents. The September range was from 31 cents to 34¾ cents, and in October from 31 cents to 33½ cents, while the November market was very steady, with the average price a fraction above 31 cents. There was a somewhat stronger market during December, and the year closed at 32¼ cents.

Rye.—The receipts of rye were the largest since 1903, aggregating 2,798,500 bushels, with shipments of 1,167,000 bushels. No. 2 cash rye sold at 92 cents on January 2, advanced to 96 cents, early in the month, and closed at 93½ cents, while the February range was from 94 cents the first week to 89½ cents the last week of the month. There was a small advance up to 92 cents in March, and to 96½ cents in April, while the decline in May reached 90 cents at the close. During June, prices ranged still lower, reaching 75 cents at the end of the month, which was also the closing price for July. Still further decline occurred in August, the price going from 75 cents, the 1st, to 68 cents, the 31st, with but little recovery in September and a lower range in October, this decline being accentuated in November when the price of 59½ cents was reached, while reaction in December carried the price up to 63½ cents at the close, although the low price of the year, 58 cents, was touched earlier in the month.

Barley. Receipts of barley were 20,355,200 bushels, and the shipments were 3,504,000 bushels, the shipments being the least since 1903. Selling by sample and largely for local consumption, there was the usual large price difference between the choice and inferior

grades. The price of choice barley was maintained well above \$1 per bushel until the marketing of the new crop began in July, after which prices were greatly reduced. Choice barley sold at \$1.30 on January 2, soon advanced to \$1.37 and January closed at \$1.32. The course was downward in February, but there were no marked fluctuations until May, when a decline carried the price to \$1.17 at the close of that month, and to below \$1 in June. The last sales of choice barley of the old crop were made the middle of July at \$1.09, and the price of the new crop opened a few days later at 87 cents, reaching 66 cents before the close of the month. During the last half of August sales were made around 65 cents and, in September, the range was from 65 cents to 76 cents. The average price for October was 70 cents, with an improvement to 75 cents as the prevailing price the latter part of November. The market was steady, and somewhat lower, in December, closing sales being made at 71 cents.

Flour. The receipts of flour were 7,070,898 barrels, the shipments 6,268,876 barrels, and the city manufacture 1,108,000 barrels. Choice spring wheat patent flour sold at \$6 per barrel in January and as high as \$6.50 in May and June, declining, in sympathy with wheat, until \$4.90, per barrel, was the price the latter part of December.

Seeds. The receipts of timothy seed were 24,970,000 pounds, and the shipments were 25,091,000 pounds. The year was marked by sharp contrasts in prices, the old crop commanding a high figure and the new crop selling at an unusually low price. Prime timothy seed sold at \$16.25, per cental, the first two months of the year. The average price was \$15.50 during March and \$14.50 during April and the first half of May, with a decline to \$11.50 the latter part of that month, and an advance to \$12 in July. With the new crop, prices declined swiftly and steadily until \$3.90 was reached in November, and the closing price of the year was \$4.10. Receipts of clover seed were 4,593,100 pounds and the shipments were 3,869,500 pounds; the price range was from \$23.50 in February to \$20 in July, when the new crop forced the price down to \$15 in August, but with gradual reaction to \$18.75 in December. The receipts of flax seed were 2,298,500 bushels and the shipments 409,100 bushels.

Provisions and Live Stock.—The receipts of cattle were 2,652,343 head, and the shipments were 971,206 head. Extra steers sold as low as \$8.45 for the top price in February, advancing to above \$10 in August and commanding \$11.25 in December.

The receipts of hogs were 7,571,331 head and the shipments were 1,572,652 head, while the number of hogs slaughtered for the year ending March 1, 1913, was 6,275,463 head. Outside prices for hogs ranged from \$6.20 to \$6.65 per hundred pounds in January and from \$6.25 to \$6.50 in February. In March there was an advance to \$7.95 at the close and \$8 was the average price for April,

while in May there was a decline to \$7.57½ the latter part of the month; this was an average price for June, but July brought an advance from \$7.52½ to \$8.50 near the close. There was gradual price improvement in August, \$9 being paid the latter part of the month, and the price going to \$9.27½ the first part of September. The high price for October was \$9.40, but the month closed weak at \$7.90, which was also the closing price for November, although that month ruled higher, while December brought lower prices, touching \$7.30 and closing at \$7.57½.

The January market for mess pork was steady, with a range of from \$15 to \$16, there being no marked advance until the latter half of March, when the price reached \$17.12½. Speculation carried the price to \$19.62½ by April 29, and the price level was maintained above \$19 during the fore part of May, when there was a decline to \$18, with a close at \$18.50. The range during June was from \$18.37½ to \$19, and in July from \$17.37½ to \$18.62½, while \$18 was the average price for August, although the month closed at \$17.32½. A decline in September carried the price down to \$16.50, and although there was reaction up to \$17.75 the middle of October, that month closed at \$16.25. In November the price worked up to \$18 at the close, while the December market showed an opposite course, going from \$18 the 2nd to \$16 the 31st.

Transportation.—There were but few new developments in the transportation situation, but rates were slightly higher than in 1911. The average rate on wheat per bushel to New York by lake and canal was \$.0537, by lake and rail \$.0654, by all rail \$.0973. The clearings of the Board of Trade Clearing House for the year were \$70,338,859.85, and the balances \$24,687,216.

1913

On January 2 Mr. W. N. Eckhardt, the president of Pope-Eckhardt, was placed in nomination for the Presidency of the Board of Trade at a caucus of the members, but the next day Mr. Eckhardt refused to accept the nomination. Mr. Edward Andrew was then nominated for President and Mr. Albert E. Cross for Second Vice-President, both of whom were elected without opposition at the annual election held on January 6th, 901 ballots having been cast. The Directors placed in office were George B. Quinn, Caleb H. Canby, John R. Mauff, John R. Rodgers and William L. Gregson, the provision men, the "cash crowd," and the traders in barley and seeds all succeeding in electing their candidates. At the annual meeting President Andrew was installed in office, and in his address to the members on that occasion said in reference to the new building project that it was a matter for the consideration of each member after all its phases had been studied. The question of pensioning the aged employees of the Board of Trade and the fami-

lies of deceased members was referred to the Directors. On a motion of Mr. S. P. Arnot, the President was authorized to appoint a committee of five members to act as a committee on efficiency and economy, which was to be empowered to go over the books of different departments to ascertain whether economies could be effected in expenditures and where a greater degree of efficiency could be attained, the committee to be made up of members exclusive of officials of the Board. President Andrew appointed the following ex-Presidents on this committee: H. N. Sager, J. A. Bunnell, W. S. Jackson, Walter Fitch and A. S. White. As for the projected new building, the only action taken was in July, when a proposition was advanced to build two buildings on the present site of the Board of Trade, one extending along the front of the property to be the home of the Board, and the other to be leased with a final view to selling in order to free the other building from incumbrances, but so many members were loath to make a change in their arrangements that nothing was done in regard to the proposition. One of the most important and far-reaching decisions of the Supreme Court of the United States as affecting the Board of Trade was a decision which was handed down on the day of the annual election, and which detracted somewhat from the interest taken in that event. This decision forbade the cornering of interstate commodities, and in the decision the criminal proceeding against James A. Patten and others was remanded for trial. The case grew out of the cotton deal of 1910, in which Mr. Patten and others obtained control of the "futures" market on the New York exchange, and reaped profits estimated to be about \$10,000,000. The decision meant that all corners in wheat, cotton, corn, oats, lard, coal, or any other commodity were to be illegal and in violation of the Sherman anti-trust law. The Court did not say that the purchase of futures was in itself a violation of the law, but that when there was a purchase of more than the available supply, and at the same time the commodity was withheld from sale, a "corner" was constituted. The only other judicial decision of importance to the Board was one handed down by Judge Torrison of the Municipal court in November in the case of C. H. Wayne versus Wagner & Co. in favor of the latter. The case grew out of a dispute about the settlement of short September and December accounts in 1912 on last delivery days. The decision held that such contracts had to be filled on last delivery days in accordance with the common law and the rules of the Board of Trade.

Great interest was taken in the repeal of the "put" and "call" statute. The favor with which the members of the Board looked upon the repeal of this statute aroused Mr. John Hill, Jr., and he wrote an open letter attacking the proposed action. A committee was appointed to investigate this letter, and after making its report was discharged, no further action being taken by the Directors. It

was understood, however, that in a conference with Mr. Hill he was admonished to be more cautious in his statements, but he continued to openly oppose the measure up to the date of its passage, but it became a law without the Governor's signature. A month later a petition asking for the passage of this "put and call" bill by the legislature was liberally signed and sent to Springfield, and the bill was passed by the legislature on May 29. This action was hailed with general satisfaction by the members of the Board, and it was announced that the trade in "puts and calls" was to be surrounded with restrictions. A month later an amendment providing for trading in "bids" and "offers" for future acceptance was passed by the members of the Board by the overwhelming vote of 597 to 60. Near the end of September there was no "call" on grain for the first time in several years, the new rule going into effect after the decisive vote abolishing it. The abolition of the "call" rule was said to be one reason why the price of memberships jumped to \$2,700 in November and went still higher a little later, almost reaching the \$3,000 mark, but another reason for this rise in price was the fact that traders in stocks and bonds were more and more coming over to the grain trade, and were taking up memberships as fast as they were offered for sale.

The work of the railroad and warehouse commission during the year 1912 had met with the unqualified approval of Illinois shippers, and, in January, the leading shippers expressed their appreciation of the good work of the commission by adopting a resolution commending it. In the following month the Interstate Commerce Commission suspended the advanced rates on grain to Chicago from South Dakota, western Minnesota and northwestern Iowa, published recently by the railroads operating in that territory. Soon after this favorable action was taken by the commission the transportation department of the Board of Trade sent out the following: "We are advised by the Interstate Commerce Commission that it has abrogated all rulings made heretofore governing transit. This action has the effect of leaving the carriers to frame transit rules that will be practicable, and we will co-operate with the carriers to make their changed rules effective as early as possible." In March the Interstate Commerce Commission suspended the increased rates on grain from Illinois to eastern points until July 8, 1913.

In February the agitation for changes in the delivery rules culminated in two amendments being proposed and voted upon. One provided for delivery on previous contracts of grain in carlots on the last six days of the month, and was defeated by a vote of 247 to 226; the other proposal was to compel deliveries of grain and provisions in compact form as stated in the original sales, and was also defeated, 306 to 167. In March at a vote taken at the conclusion of the longest and most sensational trial in the history

of the Board of Trade, the Directors, by a unanimous vote, expelled Frank M. Bunch. He was found guilty of having taken trades for his own or his firm's account instead of executing them in the open market, and expulsion was the only penalty provided for in the rules of the Board. Mr. John Hill brought charges of bucket-shopping, reporting false or fictitious trades, and reporting sales to customers at lower prices than they were made, and after an all night session the above decision was arrived at. Mark Bates was tried on the same charges, though the men were arraigned separately, and was expelled from the Board likewise. The charitable spirit of the Board, which had so often been manifested, had another worthy opportunity to show itself when the flood occurred at Dayton, Ohio. President Andrew appointed Messrs. H. J. Patten, A. J. White, Lowell Hoit, T. E. Cunningham and Edward Skillen a committee to receive contributions to a Board of Trade flood relief fund, which aided materially in the work of relief. Another occasion in the year 1913 when the funds of the Board of Trade were used for the benefit of the general public occurred in the following month, April, the Directors voting an appropriation of \$5,000 for the use of the crop improvement committee of the Council of Grain Exchanges. Near the end of August an effort was made to get the favor of the general Board directed toward a broadening of the trading on the exchange by inaugurating trading in cotton seed oil, cash and futures, and the proposition was put up to the Directors, but nothing came of it favorable to those behind the movement. Only two more actions of importance were taken by the Board during the year, one of which was the granting of permission by the Directors to the Open Board of Trade to post quotations given out by the big board, which, owing to a disagreement, had been cut off about two years before. The Open Board agreed not to distribute continuous quotations illegally. The other action of importance taken by the Board was in December, when an amendment was passed requiring any corporation or firm doing business on the Board of Trade to have two executive officers members of the Board.

The year 1913, taken as a whole, was a prosperous one in the grain trade of Chicago and of the west. While the purely speculative trade was of moderate proportions during a large part of the year, the cash end of the business was broad and active, a vast amount of grain having been handled during the year. Crop yields in the great Mississippi valley states were far from as large as in the banner year of 1912, but wheat, corn, oats and other cereals brought remunerative returns to the farmers and dealers generally. Shippers and cash grain handlers at the big distributing centers had little reason to complain of trade conditions. During the first half of the crop year there was an active merchandising business transacted in wheat, corn and oats, but especially

in the two last. The enormous yields of corn and oats in 1912 resulted in heavy receipts and shipments, low prices for both causing consumers to take hold freely, while there was nothing in conditions early in the season to cause any holding tendency on the part of the producers. An interesting phase of the wheat situation was that conditions abroad **made exportation** from this country necessary during the early summer and fall, with the result that domestic wheat was worked on a large scale to fill the demand abroad. This demand was especially urgent during the summer months, and the large quantity exported provided an outlet for much winter wheat. The fact that winter wheat was secured without any serious crop scare, together with the big stocks of spring wheat that had accumulated, had caused a bearish sentiment to dominate the speculative market, and prices early in the season were depressed to a level permitting exportations. Prices during the greater part of the crop year were at or near an export basis, and there was no speculative wave to interfere materially with the actual merchandising of the wheat, this country entering the world's markets on a competitive basis with other countries. Our prices for wheat had already reached a price level competing with other exporting countries, and prevented the tariff change from having much effect on prices, although the fear of free wheat undoubtedly stimulated the free marketing of wheat from the farms. The Canadian wheat was not much of a factor in this market, inasmuch as Canada did not place American wheat on the free list, which was a condition precedent to the admission free of Canadian wheat. There were no large swings in prices during the year, and no spectacular speculative deals. Conditions did not favor a broad speculation, the big price actions in the market resulting usually from scares having been lacking. A steady decline in values early in the year brought prices to a comparatively low level, from which there was a gradual recovery to moderate proportions. May wheat sold as high as $98\frac{1}{4}$ cents and as low as $88\frac{1}{2}$ cents. An immense speculative trade developed in corn during the latter summer and early fall months, prices advancing rapidly as it became more and more evident that the crop shortage was to be of a calamitous extent in many sections. September corn was forced up to 76 cents, from which level there was a pronounced break, the market becoming overbought. The bull campaign in corn was the one big speculative feature of the trade of the year, it being based on the sensational crop losses as the result of drought. The abnormal price advance in corn in this country, coupled with the removal of the duty on corn by the new tariff act, brought liberal supplies of Argentine corn into America. While this corn was distributed along the Atlantic seaboard territory and from the gulf ports, its importation had a salutary effect in checking the upturn in corn prices.

Owing to the abundant crops of the preceding year, and the uniform and fairly remunerative prices which prevailed during 1913, that year was in many respects a banner one for the Board of Trade. The total receipts of grain, and of flour reduced to wheat, aggregated 383,494,000 bushels, being much the largest Chicago had ever known. The shipments were also the largest since 1898, the grand total being 274,286,000 bushels.

Wheat.—The movement of wheat was very large, the receipts, 50,372,000 bushels, having been exceeded only in 1901, while the shipments, or 45,999,000 bushels, were the largest then recorded. The price range for the year was among the smallest the wheat pit of Chicago ever knew, there being no major speculative activities, and the large crop and free movement keeping the price largely on an export basis. No. 2 red cash wheat opened at \$1.12, and by the middle of January had reached the high price for the year at \$1.15 $\frac{3}{8}$, but declined to \$1.12 by February 1. The range for May wheat during January was from 91 $\frac{1}{8}$ to 95 $\frac{3}{8}$ cents, with the closing price about 2 cents lower. During February No. 2 red cash wheat declined about 4 cents, while May wheat was steady with an average price of about 93 cents. Sales for May delivery were on a lower level during March, the low point being 88 $\frac{3}{8}$ cents, and the close being at 90 $\frac{7}{8}$ cents, spot No. 2 red wheat losing about 1 cent in price from the first to the last of the month. The average price for No. 2 red spot wheat during April was about \$1.07, and the May future made a net gain of about 2 cents. No. 2 red was quoted as high as \$1.09 $\frac{3}{8}$ on May 27, but closed weak at \$1.01, while May wheat touched 88 $\frac{3}{8}$ cents the 7th, and closed at 92 $\frac{3}{8}$ cents. June saw the last dollar wheat of the year, the price for No. 2 cash wheat going below that figure the 23d and closing at 93 cents. July wheat also closed weak, having gone from 93 $\frac{5}{8}$ cents the 16th to 89 cents at the close. The descent during July was marked and rapid, cash No. 2 red closing at 84 cents, which was also the last price for the July delivery. Prices for cash wheat improved up to 90 $\frac{1}{2}$ cents in August, but closed a cent lower, while the September delivery went from 89 $\frac{1}{4}$ cents the 4th, to 85 $\frac{1}{2}$ cents the 30th. In September No. 2 red cash wheat showed a net advance in price by the end of the month of about 5 cents, but the September delivery opened at 87 and closed at 85 cents. No. 2 red cash wheat sold as high as 96 $\frac{1}{2}$ cents at the close of October, while December wheat fluctuated from 87 $\frac{3}{8}$ cents the 1st, to 81 $\frac{3}{4}$ cents the 17th, and to 86 $\frac{3}{8}$ cents the 31st. In the Secretary's Report the official range of wheat prices for the year is given as from 80 $\frac{3}{4}$ cents in October to \$1.15 $\frac{3}{8}$ in January. According to the daily current prices, as given on other pages of the report, the low price for the year was 81 $\frac{3}{4}$ cents for December wheat as above stated. The average price for No. 2 red cash wheat was about 95 cents in November, and a fraction above 96 cents in

December, and the December delivery went from $83\frac{3}{8}$ cents November 4 to $91\frac{1}{4}$ cents December 31.

Corn.—The receipts of corn, aggregating 127,773,000 bushels, were the largest since 1900, but the shipments of 92,590,000 bushels, were less than in 1907. The price year may be divided into two periods, the first half when the large crop of 1912 depressed values, and the second half when the effect of drought upon the new crop advanced prices. These conditions made the corn pit the scene of the most active speculative trading of the year. Cash corn opened at $46\frac{1}{2}$ cents, advanced 4 cents during January, and gained another 4 cents by the end of March. The average price during April was 56 cents, with a range of but 3 cents, while there was an advance up to 60 cents the latter part of May, with a closing price of 58 cents. The high price in June was 63 cents the 16th, with the close 1 cent lower, and by the end of July fears for the new crop advanced the price to $66\frac{1}{2}$ cents. The effects of the drought were still more apparent in August, and there was a sharp advance up to $78\frac{1}{4}$ cents the middle of the month, followed by reaction to $74\frac{1}{2}$ cents at the close. The high price for September at $78\frac{1}{4}$ cents was reached the 5th, with a decline the remainder of the month, touching $71\frac{1}{4}$ cents the 27th. During these last two months trading was active, and an oversold market caused the bears much uneasiness at times. In October the market settled to $67\frac{3}{4}$ cents the 17th, but reacted to 73 cents at the close. The November range was from 71 to $74\frac{1}{4}$ cents, and the price held well during the fore part of December, with a decline to 64 cents the latter part of the month, and a sharp rally on settling day to 71 cents.

Oats.—Never before had so many oats been brought to Chicago as in 1913, the receipts aggregating 124,405,000 bushels, while the shipments were less than in the preceding year, and amounted to 98,377,000 bushels. During the first three months of the year the market was weak, the range being from $31\frac{5}{8}$ to $34\frac{3}{4}$ cents. April showed but little improvement, but in May manipulation carried the price from $35\frac{1}{2}$ cents the 3d to 43 cents at the close, and the price was fairly maintained at the higher level in June, reaching $43\frac{1}{8}$ and closing at 41 cents. The July range was from $41\frac{7}{8}$ cents the 2d to $37\frac{1}{2}$ cents the middle of the month, and to $39\frac{5}{8}$ cents at the close. During August the price averaged above 40 cents, with a high price of $42\frac{1}{8}$ cents and the close at $40\frac{7}{8}$ cents. The high price for the year, $43\frac{3}{8}$ cents, was recorded early in September, with a gradual easement during the remainder of the month, which continued through October until $36\frac{3}{8}$ cents was reached the 18th. The price during the remainder of the year averaged about 2 cents higher, reaching $40\frac{1}{8}$ cents the fore part of December and closing at $38\frac{1}{2}$ cents.

Rye. The receipts of rye were the largest since 1902, aggregating 3,075,000 bushels, with shipments of 1,677,000 bushels. The

price opened at 62½ cents for No. 2 cash rye, and was held at about 2 cents above that figure until the latter part of February, when a low price of 58 cents was reached. From this point there was a gradual advance to 63 cents, as the average price for April and May, with a decline of about 2 cents in June. July was stronger, reaching 64½ cents, and there was a sharp advance up to 70½ cents the latter part of August. In September the range was lower, the price touching 64½ cents the latter part of the month, while in October 66 cents was the average price. There was a decline to 61 cents in November, while in December 65 cents was the ruling price the greater part of the month, but with a weak close at 61 cents.

Barley. The receipts of barley were more than 3,000,000 bushels larger than in any preceding year, aggregating 31,663,000 bushels, with shipments of 7,788,000 bushels. There was little speculation, sales being by sample. The best barley sold as high as 71 cents the first part of January, and this was also the top price for February. In March the top price declined to 58 cents, although 63 cents was about the average price. The range was somewhat higher in April and May, sales being made as high as 69 cents, while the high price for June was 64 cents and the low price 56 cents. This was also about the range for July, but in August there was a sharp advance up to 77½ cents, and in September 85 cents was reached by the close of the month, which was the top price for October, with lower prices toward the close. Eighty cents was the top price in November, with a decline to 72 cents by December 1. The market ruled weak and lower the remainder of the year, and closed at 72 cents.

Flour. The receipts of flour were 10,268,000 barrels, the city manufacture 1,028,000 barrels and the shipments 6,190,000 barrels. Winter wheat patent flour sold as high as \$5 in January, with an almost steady decline to \$4.25 in October and an advance to \$4.40 by the end of the year.

Seeds. The receipts of timothy seed were 37,427,000 pounds and shipments 33,197,000 pounds. The price ranged from \$4.25 in January to \$3.70 in February, advancing to \$5.35 in June and to \$5.90 in August, with a lower range to \$5.55 as the price of prime timothy seed per cental at the close of the year. Clover seed receipts were 5,371,000 pounds and shipments 5,057,000 pounds. The price opened at \$19.75 per cental for prime seed, advanced to \$22 by April and declined sharply to \$16 in May. The low price of \$10.25 was registered in September, with improvement to \$15 at the close of the year. The trade in flax seed was light, the receipts being 2,801,000 bushels and shipments 138,000 bushels.

Provisions and Live Stock. Receipts of cattle were 2,513,074 head, and the number slaughtered, including city consumption, was 1,639,364 head, and the shipments aggregated 982,449 head. Prices

were on a high level, extra steers ranging in price from \$9 per hundred pounds in February to \$9.50 in September and closing at \$9.30, while extra steers of lighter weight brought as high as \$10.25 in December.

The receipts of hogs were the largest since 1908, aggregating 7,966,477 head. The shipments of live hogs amounted to 1,672,646 head, and the number slaughtered for the year ending March 1, 1913, was 5,827,786 head. Heavy packing hogs sold as low as \$6.95 in January, advancing to a top price of \$9.40 in March and April. The range was lower in May and June, but the top price of the year at \$9.55 was reached in July. The price was lower during the last three months, closing with the top at \$8.15. Mess pork was lowest in January at \$17.50, with an irregular advance until \$20.75 was reached as the culminating price for May pork. Higher prices prevailed in June, with gradual advance to \$22.75 before the close of July. The price remained at about this figure until the close of September, with a decline to \$20.50 in October, an advance to \$21.75 by December 1 and with the closing price for the year at \$20.50.

Transportation. Transportation rates showed a slight increase over the years immediately preceding. The rate on wheat per bushel to New York by lake and canal averaged \$.0599, by lake and rail \$.0686, and by all rail \$.0995.

1914

The year 1914 on the Chicago Board of Trade was one characterized by the making of important history. Overlying all other events and overshadowing all other influences, of course, was the start of hostilities between the warring European nations in shaping the course and prices of the market. The opening of the Panama Canal, naturally, was a notable feature of the year; reports of Hessian fly, black rust, brown leaf, green bugs and weather conditions had their effect, day by day, upon the market prices, but above and beyond all, was the situation brought about by the world conflict, with its preliminary uncertainties, its subsequent nervousness, its later demoralization (for the time being) of commerce and trade, and its final stabilization—under a firm and steady confidence—of values and prices. It was but natural that the values of foodstuffs should fluctuate at times, that prices should get for the time being beyond the control of operators, and that certain traders should show momentary panic. Still, in face of the world's greatest calamity—how great a calamity it was to become being unknown in that year—the Chicago Board of Trade remained remarkably stable, sound upon its firmly-built foundations, and definitely substantial in maintaining a market which, in spite of the unusual and theretofore unheard of conditions, held in a large degree the confidence of the public.

When the report of the assassination of the Archduke Ferdi-

nand reached this country the market was not appreciably unsettled. The traders had been more interested in the black rust reports received from Minnesota and the Dakotas; and the continued dry and hot weather in the corn belt, where predicted rains had failed to materialize, had caused somewhat of a panic among corn shorts. However, some uneasiness in the market was noted on the 25th and 26th of July, when war rumors and big export sales featured the market, and on the latter day the shorts were found in a big scramble for offerings. On the 28th Austria-Hungary formally declared war on Servia, and, amid wild scenes in the wheat pit, the most sensational advances in general market conditions in many years took place. Early reports in regard to the foreign political situation had been optimistic, and later the traders, or many of them, were caught unawares by the report of the declaration of war, a rush to buy wheat at any price resulting. On the following day the hysteria in the big pit had been dispelled by a calmer view of the situation, all grain houses clearing their trades without trouble, but a sensational advance abroad caused another wild session in the wheat trade on the 30th, when, with the bears losing courage, there was no opposition to the upward trend of prices, and December wheat sold at \$1, May at \$1.04 and September at 97 cents. The shorts, however, were well evened up on the 31st, and some who had been temporarily cramped were assisted out of their difficulties by the big houses. At the same time some uneasiness was still in the air, and a number of commission houses refused to take new business, preferring to await a general improvement of conditions. At the same time flour millers all over the country withdrew prices and decided to make no quotations until the price of wheat became more settled. On August 1 Germany declared war upon Russia and began mobilization, both France and Austria-Hungary mobilizing their troops on that date. Here was a crisis tending to affect the trade of the entire world, yet it was passed safely by the Board of Trade, and the fact that no failures resulted in the face of a situation which was bound to have its effect upon the nation's finances, commerce, industry and trade, was one which was extremely gratifying. The entrance of France and Great Britain into the great struggle had for a time a detrimental effect upon the wheat market, as fear were entertained of losing the export trade, and this was justified later in the destruction of merchant vessels by hostile warships and the closing of communications. Reports to the effect that the United States and British governments were working on plans to provide a way to export United States grain came soon, but these were not until after August 5, when the grain situation had become critical, as 12,000,000 bushels of wheat on that date were awaiting shipment at Montreal, with probably as much more at Atlantic and gulf ports. In this crisis, President Canby, of the Chicago Board of Trade, wired

Secretary of the Treasury McAdoo, at Washington, the following: "Resolved, That the Secretary of the Treasury be requested to adopt such means and methods as he may deem proper which will result in the United States Government, through the Treasury Department, taking up the bills of exchange on grain cargoes which are now loaded or in process of loading at United States ports. This is a matter of vital importance to the merchants of this country and immediate relief is necessary." By the 18th sea-board reports notified the traders that the export trade was resuming normal conditions, and from that time forward exports from the country continued to increase, reaching the high monthly mark in November, when, in grain, they totalled approximately 20,000,000 bushels, a matter of 17,000,000 bushels more than for the same month in 1913. On December 17, clearances of wheat and flour from Atlantic and gulf ports were 2,668,000 bushels, the largest single day's exports up to that time in the history of the American grain trade.

In the meantime the export trade had affected the other grains. By the middle of August the oats market had become the most active on the floor. There were almost as many traders in the small pit as in the two others combined, and this interest continued to grow until in September the traders in oats changed pits with the corn traders. Japan entered the world-struggle August 23, and it was about this time, probably because of the effect of the war, that outside buying began to cause excited flurries in all wheat markets. The outsiders were called upon to margin their trades heavily and theretofore had not been shaken out by the bear raids. On the 26th of August there was a stampede in the wheat pit, the May price of \$1.21 $\frac{3}{8}$ being reached, the highest since Patten's biggest wheat deal, which ended in 1909. The public was in full control of the wheat market, and the cash buyers were unable to stem the tide of buying. In two weeks, up to August 28, December wheat advanced 24 cents, with no one profiting except outsiders.

Upon the report that Turkey would enter the war as an ally of Germany and Austria-Hungary, grain futures reached their highest point on September 3. It was known that such a move would close the Dardanelles to the shipment of Russian wheat, and when the former country began hostilities in an attack of Russian towns on the coast of the Black Sea, October 29, this angle of the war began to shape the market. It continued to do so, to some extent, through the remainder of the year.

The opening of the great war, a world-wide calamity, had its effect upon every branch of industry, and in every human occupation conditions were disturbed. Yet, as representing one of the most important of the world's sources of supplies, the Chicago Board of Trade faced the situation in an exceptionally calm frame of mind. The close of the year 1914 found it unruffled, handling

the demands made upon it in a sane and conservative manner, and ready to meet the exigencies of the coming year prepared fully and backed by the experience which the past five months had brought. The demands upon the trade had been tremendous, and the effects upon the market remarkable. An important factor was the purchase, on two occasions, of large amounts of wheat by the Rockefeller Foundation and the Belgian Relief Association. On December 1, 780,000 bushels of this grain were bought at full prices and for prompt shipment, free of charge, to the suffering Belgians. A further purchase occurred later in the month. The market was constantly influenced by war rumors, these almost always being without any foundation. The defeat of the German army in France, in September, was considered by many traders as an indication of the shortening of the war; in the early days of November a slump in prices was caused by reports of the possibility of peace being declared between Russia and Germany; shortly thereafter an unconfirmed rumor of peace overtures by Austria-Hungary were the basis upon which wheat longs liquidated their lines; the illness of the Kaiser also had its effect; these and numerous other reports caused the market to be unsteady and nervous at times, but on each occasion matters settled, and, upon the whole, the market remained, all things considered, remarkably stable.

At the time when things looked most serious, at the close of July, it was the suggestion, from an outside source, that the Board of Trade of Chicago be temporarily closed, but this was promptly voted down by the Board of Directors, who were unanimously against such a proceeding. In this connection, President Canby stated his views as follows: "The Chicago Board of Trade, in common with all other commercial exchanges which handle the products of the farm, is one of the vital necessities of our economic system. To close the market places at the terminal centers would bring about disastrous results. The commerce of Chicago, as well as the trade and industries of the several states, is largely based on the purchasing power of the country, and if the country is deprived of a constant market every day for the surplus of our principal crops, all the trade and commerce based on the purchasing power of producers throughout the country would be seriously affected. Those who suggest that any situation or condition would be improved by closing the channels of trade would seem to be lacking in information or careless in regard to facts. The grain trade of the United States is the most competitive of any in the world. The present price of wheat in Chicago from day to day represents practically the price at the country station, plus the freight and other expenses connected with selling the same. On the basis of present quotations (about 90 cents) wheat is only 2 or 3 cents away from the average price of the past two years, based on the actual cost of production. Those who are competent

to express an opinion know that the margin of profit to the producer is very moderate and any material decline from present values would be highly detrimental to the farmers of the country. In conclusion I would repeat that there is not a single argument in favor of any interruption whatever in the function of marketing our crops; it would be disastrous for all concerned. There is not the slightest evidence to my knowledge of any combine or conspiracy to advance the price of our cereal crops, and so far as any information in my possession goes, anything abnormal in the present situation is simply due to a large number of people acting as individuals without any concert of action whatever."

The opening of the Panama Canal, on August 15, had a marked effect upon the market, as it was expected that it would mean a great reduction in rates to Europe and the eastern seaboard, particularly as American ships engaged in the coastwise trade were, under the original act, exempt from canal tolls. Later, however, Congress repealed the ruling in regard to tolls, finding it a violation of the Hay-Pauncefote Treaty of 1901, with Great Britain. In August, foreign built ships were admitted to the coastwise trade by an amendment to the Panama Canal Act. The foot and mouth disease, which was discovered in cattle in the vicinity of Niles, Michigan, in October, had an indirect effect upon the hay market, as it spread rapidly into twenty-one states and was the most serious and extensive outbreak ever known in this country. On November 7, because of its serious nature and in an effort to stamp out the disease, an embargo was placed on hay shipments from Wisconsin, Illinois, Ohio, Pennsylvania, Michigan and Indiana.

During 1914 there was much legislation started which was calculated to affect the Board of Trade of Chicago and the exchanges of other cities. In February the Committee on Agriculture, in the United States Senate, recommended the passage of the McCumber Bill, which had been before Congress since the previous year and which had been the cause of much controversy and difference of opinion. This bill proposed federal inspection and grading of all grains entering into interstate commerce, and for the appointment of civil service employes as chief grain inspectors at Chicago, St. Louis, Kansas City, Omaha, Minneapolis, New Orleans, San Francisco and other important centers of interstate trade in grain. This was introduced in the House of Representatives in an administration bill by Representative Lever, of South Carolina, but in May, when returned to the Senate, met with defeat. Another matter which came before Congress during this session was what was known as the Manahan inquiry. On February 13, in the House of Representatives, Representative Manahan of Minnesota asked for a United States inquiry into the wheat trade, hinting at a corner and calling for the Boards of Trade of Chicago, Duluth and Minneapolis to be quizzed. He charged that the business of the Chicago

Board of Trade and its operations were controlled by a few large operators, who directed the Board as an exchange and through their control of most of the large terminal elevators influenced the prices paid for wheat and subjected the Board to suit their own speculative purposes. The local traders, ridiculing the charges and stating themselves as ready to welcome an investigation, sent a committee consisting of C. H. Canby, President; J. P. Griffin, Vice-President; J. F. C. Merrill, Secretary; J. J. Stream, Director, and W. N. Eckhardt and H. S. Robbins to Washington to deny the charges of exchanges breaking the laws and to work in harmony with representatives sent from the Minneapolis Chamber of Commerce and the Duluth Board of Trade. While this committee was preparing to appear before the Rules Committee in the House of Representatives, S. H. Greeley, of Chicago, representing the Farmers' Elevator Association, alleged before the House committee of Congress, that a combination of public grain elevator owners of Chicago, in collusion with the Board of Trade, violated the Illinois laws with impunity and swindled speculators, his accusations being presented in behalf of the Manahan resolution demanding Congressional investigation. Further, he stated that the Illinois grain inspection system was incompetent and dishonest; that there were constant violations of the rule prohibiting elevator owners from dealing in grain, and that mixing grain was a common practice. It was his belief, he said, that the bucket shop gambler had a better chance than the legitimate merchandiser. In reply to these charges, the Board of Trade representatives stated that the organizations could not be involved in any grain monopoly because not engaged as organizations in commercial enterprises, but merely providing places and means of trading, while taking no part in the deals. They argued that Congress had no power to conduct the Manahan inquiry, saying that the Government had no jurisdiction over terminal elevators because they were not engaged in an interstate business. It was their further contention that the prohibition of future trading in grain was beyond the constitutional powers of Congress, asserting that future dealings were intrastate and citing opinions of the Supreme Court as proof of their assertions. They denied even the possibility of a monopoly and described the system in vogue of marketing farm produce as the best that human ingenuity had yet evolved, and that trading in futures was the backbone of the system, the method that made it possible for the grower every day to have a market for his products. This investigation was not taken up during the year, but later it was reported that the Department of Justice had had its attention attracted to the Board of Trade by reason of unprecedented operations in wheat, while Congress was also reported as watching and was framing measures to curb the Board's activities. In the meantime, June 5, the Government was reported to have

under way the investigation of wires leased by brokers, with private wire system controlled by grain and stock brokerage concerns, up for hearings in New York and Chicago. Local private wire systems were attacked by some members of the Board of Trade, and a petition was placed before the Board of Directors asking for an amendment to the rules providing for the restriction of the operations of private wire concerns to cities of at least 75,000. It was charged that the private wire systems working through the small towns and cities of the middle west were detrimental to the best interests of the grain trade and also illegal in that they greatly hampered the general public wire service for small towns and tended unduly to concentrate trade in the hands of a few firms. This proposed amendment was returned to the association in its petition form by the Board of Directors, who disapproved of it in its present reading as detrimental to the best interests of the Board of Trade, and the private wire hearing was indefinitely adjourned, July 11, and was not taken care of during the year.

Representative Rainey, June 6, on the floor of Congress, charged the corn traders on the Chicago Board of Trade with making fake deals in Argentine corn for purposes of beating down the price of the American product. He charged that while the dealers had been giving orders for purchases of 500,000 bushels and more, less than 100,000 bushels of Argentine corn ever had been delivered in Chicago, and spoke in favor of a law to prevent such practices. The leaders in the grain trade were not slow in refuting these charges and in denying faking operations. They showed, alone, that two cargoes of approximately 240,000 bushels each of Argentine corn had been bought on the basis of 66 cents, laid down at Montreal, and that much more of the product, which had been bought, had been delayed in its gathering and marketing by the heavy and continued Argentine rains. Rainey's charges no doubt had an influence in giving impetus to an anti-grain futures bill in Congress, and the Illinois Congressman also wrote to President Canby and Secretary Merrill, demanding an investigation of Argentine deals and asking for the expulsion of members if their deals were found not to have been made in good faith. In reply President Canby stated that the intimation of faking in Argentine corn did the Board of Trade a great injustice, inasmuch as the members had never made any fictitious purchases. He said it was his belief that Congressman Rainey had been misinformed, as it was well known that no American merchant ever purchased Argentine corn unless it was relatively cheaper than other grades.

The matter of grain grading came in for much discussion during 1914. On January 4 it was announced that new official corn grades were to be recognized by the United States Federal government after July 1, and in February a committee of members of the Board of Trade requested the State Utilities Commission to change

the corn grades in accordance with the new Federal inspection regulation. The grades were changed as follows: No. 1 corn, not to contain in excess of 14% moisture; No. 2 corn, not in excess of 15.5%; No. 3, not in excess of 17.5%; No. 4, not in excess of 19.5%; No. 5, not in excess of 21.5%; and No. 6, not in excess of 23%. The endorsement of these standards by the state grain inspection department made the members feel that some changes in the rules were necessary, and thereupon discussed the proposition to make No. 1 and No. 2 grades of white and yellow corn deliverable at $\frac{1}{2}$ cent premium; No. 2 mixed corn at flat contract prices, as before; No. 3 white and yellow corn at a discount of 2 cents under contract price; No. 3 mixed at $2\frac{1}{2}$ cents under contract; No. 4 grade of white and yellow to be delivered at a discount of $4\frac{1}{2}$ cents and No. 4 mixed at a 5 cent penalty. No. 4 grades, under the tentative proposition, were to be deliverable only during the months of November, December, January and February. The principal object in having a distinction of $\frac{1}{2}$ cent made in the price of white and yellow grades as compared to the mixed corn was to encourage the production and shipment of the separate grades and to avoid as much as possible the handling of mixed corn. An amendment was adopted by a majority of 290 to change the grading of Nos. 1 and 2 corn, and by 224 votes in regard to No. 3 corn. Commencing July 1 the fees for inspection of the Illinois State Grain Inspection Department, which had been formerly 35 cents per car or 1,000 bushels, were advanced to 50 cents per car or 1,000 bushels. Another matter which was taken up by Congress in its 1914 session was a grain grading bill, introduced into the House of Representatives by Congressman Moss of Indiana. This bill was approved by Secretary of Agriculture Houston, but did not come to a vote during that session. During October Secretary Merrill went to Washington, where he went into a conference with members of the Senate, to protest against a proposed tax on transactions on the grain exchanges of the country. Representing the Board of Trade, he gave it as his opinion and that of his fellow-officials and members, that the proposed tax would constitute class legislation and discriminating in effect, because it applied only to exchange transactions, leaving other persons at points where there were no exchanges free of taxes while engaged in the same business. He cited another objection, in that the tax would be collected several times on the same grain.

Litigation of the year included the striking out, by Judge K. M. Landis, in the Federal Court, of the main defensive arguments of the Board of Trade in the United States Government's suit to enjoin the association from using the "call." This was an equity proceeding, started in 1912, in which the Government charged members of the Board of Trade with a price-fixing agreement, in which a call committee set the prices for grain after the Board closed, these

remaining in force until the next day. The reply of the association to the suit was that the elevator men had a similar agreement and that they were justified in their proceeding. In August District Attorney Wilkerson was instructed by the Attorney General to proceed with the action started against the Board of Trade in the early part of 1913, under the Sherman Law, in which it was charged that "gentlemen's agreements" had been made to retain goods until means of transporting them to war markets were obtained. No definite action had been taken by the close of the year. In November, James A. Patten became the defendant in a suit, under the Sherman Law, in the United States District Court at New York, action being brought by Robert H. Thorburn of that city and Charles Waite of Chicago. The plaintiffs asked for \$300,000, contending in their bill that they had been damaged to the extent of \$100,000, in 1902, when, as members of the firm of Waite, Thorburn & Co., they were caught in a corner in oats on the Chicago Board of Trade. They stated that Patten and other defendants had bought up the entire supply of available oats and had made and maintained artificial prices. The suit had not come up for a hearing by the close of the year. An echo of the Leiter wheat deal of 1898 was heard in December, in the Federal Court, when, before Judge Humphrey, Joseph Leiter was freed of the responsibility for \$380,000 in notes held by the Peavey Grain Company. Leiter had always maintained that he had been the victim of a so-called "double cross" in this deal, and the jury took the view that the attempted wheat corner was an unlawful conspiracy and that Leiter's notes, given under those conditions, were void.

At the start of the year a number of leading Chicago packers were called upon by the Attorney General to give information showing whether they controlled the shipment of meats from South America, particularly in regard to the trade with Argentine, and their refusal to do so made it look as though federal prosecution would result. However, following an investigation which covered several months, it was found that there was no basis for the belief that a monopoly of South American trade existed, and the matter was dropped.

Bucket shop legislation of the year was confined to the campaign of Postmaster General Burleson, which was started in February, when he shut off the mail of the Central Stock and Grain Company, of Cleveland, and its manager, Parker, who had sent letters broadcast soliciting deals in grain puts and calls. Similar swindles at Chicago and elsewhere received the attention of the postoffice officials during the year. It was not Parker's first offense, as several years before he had been indicted for a swindle of the same kind, although federal proceedings had been dropped after he had been fined in a state court for conducting a bucket shop. The evidence in the 1914 case showed that he had not invested the

money received for puts and calls, but had converted it to his own use, advising the remitters that wheat or other grains had not advanced or declined above or below the put or call prices, which were arbitrarily named by him, and that therefore the money sent to him was lost. His case and those of other defendants still hung fire when the year closed.

There was hardly a ripple of excitement to feature the election of the year 1914, as there was no opposition to either Caleb H. Canby, the head of the harmony ticket, or Joseph P. Griffin, who was chosen as Second Vice-President. Of the 895 votes cast, the former received 855 and the latter 877. There was a good fight, however, for positions on the Directory. There were seven candidates for the regular term of three years, one for the two-year term and two for one year, and after some lively balloting those returned as winners were: Ralph Schuster, L. F. Gates, George T. Carhart, J. J. Fones and J. J. Stream, for three years; George E. Marcy, who had no opposition, for two years; and John Carden for one year. The new officials were installed on January 12, when, in his inaugural address, President Canby laid especial stress upon the necessity of the members of the Board of Trade working in harmony during the coming year. In regard to legislation against trading in futures, pending in Congress, he defended the system of buying and selling grain for future delivery, expressed the fear of monopolistic control if such trading should be prohibited, and declared himself hopeful that the Board of Trade would be able to demonstrate to Congressmen that the passage of such a law would be an economic blunder. He also advocated strongly the continuance of efforts directed toward securing for the Chicago grain trade equitable lake and rail rates.

Former President Edward Andrew, in his retiring speech, spoke of the great volume of business transacted under the rules of the Board of Trade during the foregoing year; and of the amendments and changes in the Illinois laws which had placed the association upon a parity with the markets of other states. He also referred to the proposed changes in grain grading, and spoke of the bucket shop evil, expressing the hope that the federal authorities would again take up the prosecution of the men engaged in illegitimate business. In conclusion, he stated: "Several measures have been introduced into the National Congress, the provisions of which, based on erroneous conceptions, are calculated to restrain the activities of this and all other exchanges in the buying and selling of commodities for future delivery. I would suggest that every member exert himself to dispel error in its relation to our business by disseminating the truth, and also urge every member to evidence his loyalty to this Association by carefully keeping his business in all particulars strictly in conformity with our rules and the laws of the commonwealth. I know that none mean to do otherwise,

but avoidance in giving offense at times when there is evidence of a disposition at legislative capitals to be hypercritical is but prudence on our part."

The report of the Board of Directors for the fiscal year ending January 5, 1914, showed receipts of \$391,137.27, in which there were several items of interest, notably the sum of \$250 secured from the sale of Tuberculosis Institute Stamps; \$3,168.25, the proceeds of the charity baseball game; and \$7,804.00 from the collection for the flood sufferers. The disbursements were \$395,085.26; and the cash on hand \$7,345.60. The bonded indebtedness of the Board of Trade was \$944,300.00, of which the Board had purchased and held for cancellation bonds to the amount of \$78,300.00 par value. The membership of the Association was placed at 1,625.

During his administration in the chief executive position, Mr. Canby gave universal satisfaction in discharging his duties, giving freely of his time, energies and abilities to the furtherance of the interests of the Board when negligence of his personal affairs entailed more than an ordinary loss, and directing the business of the Board during a most trying period in a wise, able and conservative manner. As a consequence, at the close of the year, he was again called upon to assume the arduous duties of President, and, having signified his willingness to accept these responsibilities, was unanimously nominated for the office. Lowell Holt was chosen as the nominee on the ticket for the office of Second Vice-President, also unanimously. The nomination of candidates for the Directory were made by petition, and five members presented papers signifying their intention of competing for the positions, these being H. H. Newell, John Tredwell, Adolph Kempner, R. W. McKinnon and Charles C. King.

Among the new rules governing the Board of Trade which were passed during 1914 was an amendment providing that the same conditions pertaining to expelled members applying for re-admission should obtain in the case of new applicants; under this rule three members of the directory, by voting against the applicant, were enabled to prevent his admission. The passage of another amendment, June 22, marked the end of a contest of several years to have such a rule placed upon the books. This was the proposition to make deliveries of grain in carload lots regular on contracts the last three days of the delivery month, the objection to which had always been that it was retroactive. This rule went into effect January 1, 1915. On three former occasions the proposition had come up for ballot and had been defeated, but receivers and country members of the Board of Trade who were in favor of it had been persistent in their efforts, and several grain dealers' associations had also petitioned to have it put into effect, with the result that it was finally passed and written into the rules. In July, an amendment was passed unanimously to section 16, rule

22, changing the bill of lading system, this becoming operative August 1. Under this amendment little opportunity was given for the diversion of grain to any point other than that to which it was directed. A resolution passed by the Board of Directors in August was to the effect that payment of profits by a commission house or broker to a customer on open contracts was a direct violation of paragraph F section 9 rule 14 and that such practice must be discontinued. The Directors at the same time authorized the appointment of a committee of five members of the Board of Trade by President Canby to investigate the feasibility of adopting a new system of settlement of contracts, the feeling being that the conditions as they existed were faulty in that they required probably twice as much capital as was necessary in keeping trades margined up. Those appointed for this duty were Joseph Simons, W. H. Kidston, S. P. Arnot, R. G. Chandler and J. P. Malloy. Up to the close of the year the system of making clearances had not been perfected. In September the members of the directory began contemplating a plan for changing commissions on cash grain, and on the 14th of the month, at a meeting of representatives of nearly all the receiving, elevator and shipping concerns at Chicago, at which the question of commissions was discussed, the following rates on cash grain were settled upon as being fair and equitable: Commission charges on wheat, rye and barley, 1% of sale price; with rate to members of $\frac{3}{4}$ of 1% and minimum charge to non-members of 1 cent per bushel and to members of $\frac{3}{4}$ cent per bushel. On corn, 1% of sale price to non-members and $\frac{3}{4}$ of 1% to members, the minimum charge being $\frac{3}{4}$ cent per bushel to non-members and $\frac{1}{2}$ cent per bushel to members. Oats the same, except the minimum rate to non-members, $\frac{1}{2}$ cent, and to members $\frac{3}{8}$ cent. On grain to arrive, the non-members' rate to be 1 cent per bushel on wheat and rye, the members' rate $\frac{3}{4}$ cent per bushel; corn, $\frac{3}{4}$ cent to outsiders and $\frac{1}{2}$ cent to members; oats, $\frac{1}{2}$ cent per bushel to outsiders and $\frac{3}{8}$ cent for members. The foregoing were placed in the form of an amendment and placed before the members of the Board of Trade, but the proposition met with defeat, by a vote of 398 to 285. Later, the fact that Saint Louis, Kansas City and Minneapolis had passed rules raising the commission rate on handling cash corn, overruled the objection that the raising of commission rates might drive business to other markets, and when the proposition was again brought before the members for a vote it was passed by 524 to 59, Chicago being thus put on the same basis in this direction as the other cities mentioned.

The elevators made regular for the storage of grain in 1914 were the same as those of 1913: Armour houses A, B and B Annex; Armour Elevator C, Calumet Elevator C, Chicago & St. Louis elevator and annex, National, J. Rosenbaum A and B, Rock Island A, South Chicago elevator C and Annex, and Wabash. The total

capacity of these elevators was 17,730,000 bushels. In June, the Board of Directors changed the time for trading in indemnities, shortening it for fifteen minutes, or from 1:45 to 2:00 p. m., but this change was later revoked, the hours reverting to their former period. Twice during the year committees were called upon to settle cases of defaults. The first was through W. A. Fraser & Co., 150,000 bushels short in December, 1913; corn, the case being closed by a settlement on the basis of 71 cents, the closing price of that commodity. In August a committee was appointed to fix the price on about 10,000 barrels of July pork. The settling price was fixed at \$20.07, with an added penalty of 5%, which brought the price up to about \$21.07, which was still \$2.42 under the closing price of the commodity.

The meetings of the various grain exchanges of the country were well attended by Board of Trade men from Chicago, who assisted in the work of preparing legislation and in fostering movements for the development and benefit of the trade. One of the first of these was the fifth annual meeting of the Council of Grain Exchanges of America, which was held at Chicago, January 15 and 16, and at which were present delegates from practically all the grain exchanges of importance in the country. The most important business done at this meeting included the drafting of resolutions asking that congressional investigation committees be appointed to inquire into conditions and operations of grain exchanges of the country before regulatory bills were passed; and the election of James C. Murray, of Chicago, as President of the body. This Association held its semi-annual meeting at Buffalo, June 15-16, at which Mr. Murray delivered the President's address, and J. Ralph Pickett, also of Chicago, presented the annual report. The Grain Dealers' National Association held its eighteenth annual convention at Kansas City October 12, 13 and 14, delegates from the Chicago Board of Trade being Joseph P. Griffin, H. N. Sager, C. B. Pierce, George E. Marcy and F. J. Delany. The principal business of the meeting was the indorsing the Pomerene bill of lading, which had already passed the United States Senate and was at that time pending in the House of Representatives, to create a uniform system of shippers' receipts; and the Carey bill, making telegraph and telephone companies liable to the full extent for any damages incurred as a result of delays in the transmission of messages. The Board of Trade delegates to the Twenty-first annual convention of the Illinois Grain Dealers' Association, held at Cairo, Illinois, June 2 and 3, were: F. J. Delany, H. H. Newell, Edward Hymers, P. H. Schifflin and William Simons.

The death roll among Board of Trade members during 1914 included the name of John O. Monroe, who passed away February 5, after having been a member of the Association for nearly fifty years, having joined the body June 17, 1864. James Bradley, who

had joined the Board in 1898, and had been prominent in its affairs for the past several years, died February 6. Fred Helmholtz, for many years a member, died May 26. On March 25 occurred the death of Henry C. Zeiss, for long a member of the Board and for six years one of its Directory. Charles Singer died in the city of Paris, France, June 8. He had at one time been a powerful figure upon the Board of Trade, and was the man who engineered the great Armour corner of wheat in 1878, during those days being known as one of the "Big Four," his name being mentioned in connection with those of Norman B. Ream, Nathaniel Jones and Sydney A. Kent. Walter Fitch, who joined the Association in 1898, took a prominent part in Board affairs and was President of the body in 1906, subsequently declining a renomination, in addition to taking an active participation in the work of several important committees, died July 16. William S. Warren, head of the firm of Hulburd, Warren & Chandler, former President of the Board—for three terms, 1900-1901-1902—and long an active and prominent official, who waged a valiant and unceasing fight against bucket shops and bucket shoppers during his administration, passed away August 20. Another former President passed away November 18, in the death of W. S. Jackson.

A disastrous fire in the year 1914 was that which occurred February 7, when the Minnesota Annex Elevator, on Goose Island, owned by the Armour Grain Company, was destroyed in a spectacular conflagration, the loss being in the neighborhood of \$1,000,000. In this blaze were destroyed 590,000 bushels of wheat, 310,000 bushels of oats, 95,000 bushels of corn and 5,000 bushels of rye. One of the oldest firms on the Board of Trade, W. A. Fraser & Co., suspended trade in March, filing a voluntary petition in bankruptcy. The market was not affected to any extent, and most of the concern's debts were to country clients on balances due. The firm's working capital had been tied up in operations down-State in Illinois. In June, the Peavey Grain Company paid the first \$500,000 due on notes given in 1911, which amounted to \$2,000,000, given to cover the losses in speculation suffered by its manager.

On several occasions during the year, the members of the Board of Trade were called upon to display their generosity in assisting movements of a patriotic and charitable nature. When the continued seriousness of the European War had resulted in the demoralization and close of the cotton market, the members rallied to the call of the country in the "Buy a Bale of Cotton" movement, the Board of Directors adopting the following resolution:

"Whereas, owing to the war abroad and the closing of the Cotton Exchange a serious situation has been brought about in the cotton industry; therefore, be it

"Resolved, That the Chicago Board of Trade, desiring to assist the buy-a-bale-of-cotton movement, authorizes the appointment by

the President of this Association of a committee of five, who shall arrange to buy for those desiring to do so a bale of cotton; this committee to have charge and act as trustees, holding the cotton until such time as the cotton exchanges of the country are enabled to reopen, so that ordinary facilities in the way of hedging are available, and that they may have the authority to dispose of the cotton at such a price as they consider proper, but not less than 10 cents per pound."

In November, with the authority of the Board of Directors, President Canby appointed a committee of fifteen to solicit funds for the Belgian War Fund, and the generosity of the members in their donations resulted in the raising of a large sum to contribute to the relief of the stricken people in Europe.

Grain producers in the United States had a most profitable year in 1914, the European War being the principal factor in determining prices, and in bringing vast returns to producers and to everyone connected with the business of handling grain. With a wheat crop exceeding any previous yield by 128,000,000 bushels, a fair corn crop, a large yield of oats, and good crops of other cereals, the farmers were in a splendid position to take advantage of the tremendous demand for food products. Following the outbreak of war there was great advance in wheat prices, and the outbreak of hostilities came at a time when only a small portion of the crop had been sold, and thus the producers benefited by the high prices. At the beginning of harvest, the outlook for remunerative prices was not good, as low levels were reached in June, and there was nothing in the business or industrial situation to offer hope of improvement. Just previous to the war, there was a gradual recovery, and the opening of hostilities gave the market such an upward tendency that farmers were soon selling their wheat at \$1 per bushel on the farm. The large yield and high prices induced the farmers to rush their grain to market, and the movement of grain through Chicago was by far the largest the city had ever known. The total receipts of grain and flour reduced to wheat were 416,872,500 bushels, and the shipments were 316,293,500 bushels, this being the only year in the history of the Chicago market when shipments exceeded 300,000,000 bushels.

Wheat. The receipts of wheat were almost double those of any preceding year, aggregating 99,290,000 bushels, while the shipments were proportionately large, amounting to 85,468,000 bushels. Business conditions were not good at the opening of the year, and there was not only financial stringency, but great industrial depression. These conditions were reflected in all grain markets, and especially as to the great food staple of wheat, and prices ruled low the first half of the year. May wheat sold as low as 90 $\frac{7}{8}$ cents the fore part of January, and, with a narrow range, closed the month at 93 $\frac{1}{8}$ cents. The high price in February was 95 $\frac{1}{8}$ cents,

near the close of the month, and by the close of March the price had declined to $90\frac{3}{8}$ cents. The market was lifeless during April, with a close of 92 cents, but in May the market felt the effects of manipulation, and, while wheat for July delivery did not reach 90 cents, May wheat advanced sharply, the culminating point of the May deal being at \$1, on the 28th. With the close of this manipulation the price settled to the normal basis, and there was a decline of about 10 cents from the first to the last of June, July wheat closing at $76\frac{3}{4}$ cents. The range was small, but slightly higher, during the first twenty days of July, after which there was a sharp advance, and shorts were obliged to settle at 97 cents on the 30th, with a break to 88 cents on the 31st. This was at the time of the outbreak of the great war, but the price advancement was at first checked by the almost complete break down in international exchange, which followed the opening of hostilities and stopped exports. The needs of Europe were so great, however, that the governments of the different countries were obliged at once to extend aid by guaranteeing war risks, and by making cash payments for grain, as was done by England, France, Holland, Italy, Greece, and the Scandinavian countries. England and France were the big buyers at the first of the war, and Scandinavian countries and Italy soon entered the market for immense quantities, and the business was on a cash basis. The wheat market was strengthened by the fact that Russia was practically cut off from western Europe, and that Argentine, Australia and India had but little surplus for exportation, and were further handicapped by enormous freight rates and prohibitive war risks as a result of the operations of the German navy. It was not until the latter part of August that wheat prices responded to the great impetus of the war, and September wheat passed the dollar mark on the 24th, advancing to \$1.12, which was the closing price. The September market was wildly excited, and responded to the varying news from the front. The advance from the 3d to the 4th of September was from \$1.12 to \$1.21, and by the 15th the price was $\$1.00\frac{7}{8}$. By the 21st there had been an advance to \$1.12, and by the 30th the price was back to \$1.04. With October came the certainty that the war was not an affair of weeks or even of months, and wheat prices were steadier and averaged higher, going from $\$1.05\frac{1}{4}$, the 2d, for December delivery, to $\$1.17\frac{1}{2}$, the 23rd, and closing at $\$1.15\frac{1}{2}$. The range during November was from $\$1.11\frac{3}{8}$ to $\$1.18\frac{3}{8}$, with the close at \$1.14. In December, the European demand increased from day to day, and it became apparent that there were eager buyers for every bushel of American wheat. With this impetus there was an almost steady advance from $\$1.13\frac{5}{8}$, the 1st, to $\$1.28\frac{7}{8}$, the 31st.

Corn. The corn crop, while abundant, was not so large as in some of the years immediately preceding, and the Chicago receipts aggregated 106,600,000 bushels, while the shipments were but 65,-

259,000 bushels. The conditions governing the corn market were similar to those which governed in wheat, with the exception of the fact that the removal of the tariff on corn opened the markets of this country to the cheaper product of Argentine, and despite the influence of the war, corn prices were not advanced as was the case with other cereals. The mild fall and winter also operated to reduce the consumption of corn for feeding purposes. Corn was quoted as low as 60 cents on January 7, with improvement up to 63½ cents by the last of February, with the May delivery about 4 cents higher. Toward the close of March there began an advance movement which carried the price to 70 cents, the month closing at 67 cents. The April range was from 64 cents to 69½ cents, the higher price prevailing the fore part of the month, and the close being at 65½ cents. The market was subject to a speculative movement in May, and cash corn touched 72½ cents on the 16th, and closed at 71¼ cents. Cash corn ruled at a premium over July corn during the month of June, the cash price advancing to 73½ cents, the 8th, with 68½ cents as the closing price, while July corn was high at 71¾ cents, and closed at 66½ cents. The market advanced throughout July, cash corn going from 67½ cents, the 6th, to 76 cents, the 30th, but closing weak at 72½ cents. With the outbreak of the war, prices mounted quickly from 74 cents, on August 1, to 86 cents, on the 12th, but with a decline to 80 cents the 31st. The high price for September was 83¼ cents, the 4th, with an irregular decline to 72½ cents at the close. In October the market advanced irregularly to 76 cents, and closed at 75 cents, while in November there was a further decline to 62¾ cents, the 30th. The market was stronger in December, closing with the high price for the month at 68¼ cents. There was not such a radical advance in corn prices after the beginning of the war, as the chief foreign demand centered upon wheat and oats. Harvesting weather was ideal, and the large movement to market accounted for the declining price of the later months of the year.

Oats. The main feature of the trade in oats was the enormous export business immediately following the beginning of the war. The speculative trade was almost as broad as in wheat, and there was a booming bull market in which both local and outside traders participated. The receipts at Chicago, aggregating 138,400,000 bushels, were the largest the market had known, while the shipments, of 122,756,000 bushels, were 18,000,000 bushels larger than had been before recorded. The price was low, touching 37½ cents, the first of the year, ranging no higher than 39¾ cents the first four months, and standing at 37 cents the 1st of May. The price advanced in sympathy with other speculative movements until 42½ cents was reached the 26th, but the month closed at 39 cents. During June the range was downward, with a weak close at 36⅝ cents, and the average price was still lower in July, which month closed at

34 $\frac{5}{8}$ cents. The low point of the year was reached August 3, at 33 $\frac{1}{2}$ cents, but with the opening of hostilities the price advanced steadily to 48 $\frac{3}{4}$ cents, on August 31, and to 51 $\frac{1}{2}$ cents September 5. During the remainder of September the price ranged downward, closing at 45 $\frac{1}{4}$ cents. October saw an advance to 48 $\frac{3}{4}$ cents and closed 2 cents lower, while 50 cents was the top price in November, which month closed at 48 cents. The range was small in December, but the market was stronger as the month advanced, reaching 50 cents and closing at 49 $\frac{3}{4}$ cents.

Rye. The fact that the Scandinavian countries were shut off from their normal supply of rye from Germany and Russia caused a tremendous export demand, and owing to the small amount available in this country all offerings were quickly taken. The receipts at Chicago aggregated 3,432,000 bushels, and the shipments were 2,240,000 bushels. No. 2 cash rye sold at 61 cents January 2, and it was May before the price had worked up to 65 cents. The latter part of May there was an advance movement which carried the price to 67 cents, but after the middle of June industrial conditions were such that the price receded to 58 cents at the close of the month. Still lower prices prevailed during the first days of July, 55 cents being touched the 7th, but the prospect of war advanced the price to 72 cents by the 30th. The effects of the declaration of war were very pronounced in the rye market, and cash rye went from 67 cents, the 5th of August, to \$1.01, the 27th, closing at 97 $\frac{1}{2}$ cents. The dollar mark was again reached the first week of September, but this was followed by a decline to 90 cents, and the month closed at 92 cents. After touching 88 cents the first week in October, there was a sharp advance to 96 cents near the close of that month, and in November this advance continued until \$1.08 was the prevailing price the last days of the month. This advance continued irregularly through December, closing with the highest price of the year at \$1.12 $\frac{1}{2}$.

Barley. The Pacific coast had a large crop of barley and the California crop was especially large, but the price was more than maintained by the large export demand when Russian exports were shut off by the war. The receipts at Chicago were 25,460,000 bushels, and the shipments 7,077,000 bushels. There was no trade in future deliveries and sales were by sample. The best barley sold at 72 cents January 2, reached 79 cents, and closed January at 68 cents. The February range was from 63 cents to 72 cents, and for March from 60 cents to 69 cents, while in April there was a decline until 55 $\frac{1}{2}$ cents was reached, but the month closed at 65 cents. In May the price ranged from 57 cents to 64 cents, and in June from 66 cents to 55 $\frac{1}{2}$ cents at the close. July was the month of lowest prices, and barley sold at 51 cents, with 58 cents as the high price for the month. The influence of the war was felt in August, the price reaching 79 cents near the close of that month,

followed by a decline until 70 cents was the prevailing price the latter part of September. October prices ranged from 65 cents the first part of the month to 70 cents the latter part, and 74 cents at the close. The high price in November was 78 cents, but the month closed at 70 cents, and the December market averaged about this figure, touching 67 cents, and closing at 72 cents.

Flour. The receipts of flour were 9,709,000 barrels, city manufacture amounted to 1,083,000 barrels, and the shipments to 7,443,000 barrels. Prices for flour ruled low the first seven months of the year, winter wheat patents selling at \$4.35 in January, which was the average price until July, when there was a decline to \$3.65. Advancing wheat prices caused a rise in flour to \$5.90, per barrel, in August, and the price stood above \$5 the remainder of the year, closing at \$5.45.

Seeds. The receipts of timothy seed were 40,736,000 pounds, and the shipments were 29,369,000 pounds. The price for prime timothy seed ranged from \$5, in March, to \$7.25, in December. The opening price was \$5.55, and there was but small range until the latter part of July, when there was an advance to \$6.75. The price was again below \$6 in October and November, with an advance to the high price of the year in December. The receipts of clover seed were 9,601,000 pounds, and the shipments 8,861,000 pounds. Opening at \$15, the price declined to \$12.50 in April, and stood at about \$13.50 until the latter part of July, when there was a sharp advance and the war boom carried the price to \$18.50 in August. There was reaction to \$14.75 in October, followed by an advance to \$15.85 at the end of the year. Receipts of flax seed were 1,148,000 bushels, and shipments 31,000 bushels.

Provisions and Live Stock. 1914 was a year of high prices in the live stock trade, but the volume of business was lighter than in 1913, and the trade was unsatisfactory to commission men. The receipts of cattle were 2,237,881 head, and the shipments 807,111 head, while the number of cattle slaughtered was 1,520,440 head. Beef cattle values opened at 45 cents per hundred pounds higher than in 1913, and sold higher practically throughout the year, at one time exceeding the values of 1913 by \$1.25 per hundred pounds. The average price for all the beef steers marketed during 1914 was the highest then known to the trade. Sales were made in the open market during December at \$13 per hundred, the highest price paid in the open market at Chicago up to that time. These cattle were fed for the fat stock show, however, and would not have been on the open market had not the exposition been abandoned following the breaking out of the foot and mouth disease. The top price for extra steers for January was \$9.50, with but little change until July, when the price went to \$10, and ruled above \$11 in September and October, somewhat lower in November, and as high as \$11.40 for strictly market cattle in December.

The receipts of hogs were 6,935,138 head, and the shipments were 1,290,712 head, while the number slaughtered for the year ending March 1, 1914, was 6,152,780 head. Receipts of hogs were more than a million less than in 1913, and the range of prices was higher. The outside price for heavy packing hogs was \$8.60 in January, \$9 in March, \$8.50 in June, and reached \$10 in August. During the latter part of October and November the price ruled under \$8, and \$7.75 was the high price for December, with the close at \$7.35. Cash mess pork sold at \$20.25 on January 5, and the month closed at \$22.25. There was a decline to \$21.25 in February, and to \$20.75 in March, while in April the price fell to \$19.35. The high price in May was \$20.25, and the low price \$19.25, while there was improvement in June up to \$21.35 at the close. This advance became more marked in July, the price going to \$23.50, the 31st, and to \$24.50 the first week of August, but with a decline to \$21.75 at the close. The range was downward in September, reaching \$18.50, and losing another \$2 during the course of October, with but slight reaction in November. The range was small in December, and the closing price was \$17.

Transportation. Rates of transportation underwent no violent changes during the year, the rate on wheat per bushel to New York averaging by lake and canal \$.0531, by lake and rail \$.0654, by all rail \$.1020. During the first six months foreign freight rates were quite low as compared with previous years, shortly after the beginning of hostilities, however, the tremendous demand for tonnage forced rates to high levels, making a statement of freight rates impossible.

1915

Time alone gives the proper perspective to history by fixing the relative importance of men and events, and while the last years have been the most important in the history of our country and of the world, and, consequently, of the Board of Trade of Chicago, it is impossible to relate their story with the judgment or precision which can be brought to bear upon the more crystalized events of earlier years. For this reason, and because each man must have his personal version of the immediate events in which he has been a participant, the attempt is made here only to give a meager outline of the work of the Board of Trade during the most recent years. The great European War, with its yet unknown effects upon the destiny of mankind, has been the controlling factor in National and business life, and every victory or reverse that befell any of the vast contending armies, and every move in the field of diplomacy, have been reflected at the great nerve center of the world's food supply, known as the Board of Trade of Chicago. With each succeeding month the problem of feeding the peoples of the world loomed with more and more importance, until Chicago became the

scene of a titanic struggle between the representatives of the nations of the earth, with their ill-fed, hungry millions, each grasping eagerly for every kernel of wheat and every pound of meat which America might produce. That the Board of Trade met these new and unprecedented conditions with so little hysteria, and with so many evidences of sound judgment and exalted patriotism forms one of the brightest chapters in its history.

The year 1915 opened after five months of the great war had elapsed and when there was still but little idea as to the vastness of the struggle, its far-reaching effects, or the possibility of the United States maintaining other than a neutral attitude. Prices both for produce and provisions were high and there soon came that insistence for the impossible repeal of the law of supply and demand which has come whenever abnormal conditions have arisen since the history of the world began. Even the lowest grades of wheat were salable at unheard of prices, and early in the year the great foreign demand caused wheat to soar to \$1.34 $\frac{3}{4}$ per bushel, while rye reached new high records.

The administration of Caleb H. Canby had given great satisfaction to the members of the Board and there was no opposition to his re-election. There was a spirited contest between the friends of Joseph Simon and Lowell Hoit for the Second Vice-Presidency, and the usual large field of candidates for the Directorate, at the annual election. Mr. Simon was elected by 18 majority over Mr. Hoit, and the Directors elected were R. W. McKinnon, Adolph Kempner, C. G. King, John Tredwell and H. E. Newell. As there were no absorbing issues before the Board, save matters of business, the annual meeting was perfunctory in character and but poorly attended. President Canby gave a brief address, and for the first time, the report of the Directors was not read. As printed, later, this report showed the Board to be in excellent financial condition. The bonded indebtedness had been reduced to \$857,200, with a corresponding reduction in interest charges. At the beginning of 1914 the cash on hand amounted to \$7,345.60. The receipts for the year aggregated \$412,186.94, including \$134,000 received from rentals, \$121,000 from annual assessments, \$4,262 collected as contributions for Belgian relief and for the Tuberculosis Institute and \$92,000 from the Inspection and Quotations departments. The expenditures amounted to \$363,535.05, including the purchase of Board of Trade bonds of the face value of \$8,800, and there remained a balance on hand in general and special funds of \$55,997.49. The total membership was 1,625, at the beginning of 1915, and the pro rata assessment was fixed at \$75. The clearings for the year 1914 were shown to be \$73,899,998, with balances of \$26,145,425, both items being largely in excess of 1913. The report of the Transportation Committee was of special interest as showing the efforts being made to prevent what was said to be a determined and concerted move-

ment on the part of the railroads to increase their revenue by cutting off many of the privileges which shippers had formerly enjoyed, such as allowance of free time for loading and unloading freight, storing freight, furnishing and transporting dunnage, re-consigning freight, transit privileges and "spotting" cars without charge. Nineteen hundred and fourteen was the first year under the new law creating the Public Utilities Commission to take the place of the old Railroad and Warehouse Commission, and the working out of the new system was watched with much interest. The Interstate Commerce Commission permitted a general increase of 5 per cent in freight rates to become effective in January, 1915, but the efforts of the Board of Trade prevented a like raise in rates on shipments to Chicago originating in Illinois. The expenses of the Transportation Committee, under the new management of Mr. J. S. Brown, were \$15,092, during 1914, and it was shown that there had been productive activity relative to switching charges and different rates affecting the Chicago market. The Legal Advice Committee, of which Joseph P. Griffin was chairman, also presented an interesting report, reviewing the decisions which had worked to place the Board of Trade in still stronger position to defend its rights, and in this connection it would be well to review the work of the legal department of the Board as a whole.

It was inevitable that the existence and the growth of business of the Board of Trade should give rise to many new legal questions for the courts to settle. This, and the constant recurrence of legal questions, has made it necessary for the Board to have a regular attorney, whom its officers, committees and department heads might consult whenever a legal question arose. Such an attorney, under its rules, is elected every year by the incoming Board of Directors. The following persons have acted in that capacity for the periods mentioned:

Judge Beckwith, from May 29, 1883, to January 1, 1886; Judge Smith, from January 19, 1886, to January 28, 1890; A. W. Green, from January 28, 1890, to October 25, 1898; Henry S. Robbins, from October 25, 1898, to date.

One of the first, and most important, legal questions involving the Board was as to its right to discipline its members, and how far, if at all, that right can be controlled, or is subject to revision, by the courts. Its charter conferred on the Board the right to suspend and expel such persons as it may see fit in manner to be prescribed by the rules, regulations and by-laws thereof. The rules enacted under this charter power confer on the Board of Directors a disciplinary power over members for any violation of the rules, or any misconduct of a member. The procedure for this is that upon a complaint to the Board of Directors signed by one complaining of the misconduct of another member, and notice to the offending member, a hearing is had before the Directors, where both the parties may

present evidence and make their argument, and thereafter the Board of Directors decide by vote whether the member has been guilty of misconduct, and if so, whether he should be suspended or expelled, some rules, however, prescribing expulsion as the only punishment. In order to expel a member twelve affirmative votes out of the eighteen Directors must be secured.

The first important legal question affecting the Board raised in the courts, related to these disciplinary proceedings. Individual members who were threatened with discipline appealed to the courts on different grounds to enjoin the Board from proceeding to a trial; in other cases members who were suspended or expelled applied to the courts to restore them to membership; thus seeking to have the courts review, as upon appeal, the decisions of the Board of Directors in these disciplinary cases. This raised very important questions for the Exchange; for if the courts were going to review and reverse decisions of the Board of Directors, the disciplinary power of the Board—and its usefulness as a Board—would be much impaired, and would indirectly take from the Board the right to determine who should be and remain its members. The Supreme Court of Illinois has always, when this question has been presented to it, taken a broad and wholesome view, and realized how important it was, in the maintenance of the high character of membership in the Exchange, that it should have a free hand in ridding its membership of unworthy members.

This court, as a result of many suits, has adopted the view of the Board of Trade, and has established as the settled law of the State, that if a disciplinary case is conducted in accordance with the rules of the Board—that is, if a proper complaint is filed, a notice given to the offending member, and he is accorded an opportunity to be heard—he must accept as final the decision of the Board, and the courts will not interfere, either to prevent his being expelled or to restore him to membership after he has been suspended or expelled.

The result of these decisions is that for a number of years no member who has been disciplined, or has been threatened with disciplinary proceedings, has resorted to the courts to secure interference with the exercise by the Board of its disciplinary power.

Another litigation involved the right of owners of public grain elevators to buy grain and mix it with the grain of their depositors. Prior to about the year 1885 the proprietors of public grain elevators in Chicago conducted only the business of public warehouses. After that year the ownership of the public elevators was changed, and the new owners added to their business of public warehouses that of grain dealers in the Chicago market. This practice afforded the grain dealers what, if exercised, was deemed by the Board to put other grain dealers at a disadvantage in competition. Inspection of grain, made, as it is, by so many different State officials, cannot be

precisely accurate. One carload may inspect up to the very top of the grade, while another car may be barely sufficient in quality to get into the grade. Public warehousemen, who were grain dealers, were thus in a position, if they chose to take advantage of it, to carry the grain of the high quality of the grade into one bin, and the grain of the low quality of the grade into another bin, and to deliver from the bin of the lower quality upon warehouse receipts held by others, thus retaining for their own receipts the grain of the better quality. In 1895, the Board of Trade, deeming this practice unfair and prejudicial to the grain trade of Chicago, laid the matter before the Governor and Attorney General of the State, with the result that the Attorney General authorized Mr. Henry S. Robbins, the attorney selected therefor by the Board of Trade, to file in the Chicago courts informations in the name of the Attorney General against all the public grain mixing warehouses in Chicago. The cases were bitterly contested by all the public warehousemen, but the trial court (Judge Tuley) adopted the view of the Board of Trade and enjoined all the proprietors of public warehouses from storing their own grain in their own elevators and there mixing it with that of others. The elevator proprietors appealed to the Supreme Court, but were there beaten. Subsequently they applied to the Legislature to sanction what the courts had thus enjoined, and such an Act was passed. The Attorney General, however, at the instance of the Board, and acting through the attorney of the Board, instituted a contempt proceeding against one of the elevator proprietors, and in this proceeding, as well as upon a second appeal to the Supreme Court, it was held that the enabling statute was unconstitutional. Thus it has become the law of Illinois—which cannot be changed even by the Legislature—that one engaged in operating a public grain mixing warehouse may not there mix grain owned by him with grain owned by those to whom he has issued warehouse receipts.

Another important litigation of the Board involved the question how far the courts would interfere with the margin system of the Board in case of "corners." The rules of the Board provide for a margin system, under which any member having a contract for future delivery with another member may call on that member to deposit with the Secretary of the Board, or with certain Chicago banks approved for that purpose, a deposit by way of security or protection on the trade and authorizing the further call of margins when the first deposit has, through the course of the market, become insufficient. In 1901 the price of oats in Chicago for some reason became on the last day of May much higher than the price in other markets, and a number of members claimed that this was due to the existence of manipulation, and applied to a Chicago court to enjoin other members from taking down margins deposited upon certain contracts for the delivery of oats in May, upon the ground that

a corner had been created. The margin rule of the Board provided for an arbitration by a committee whenever such a question arose, but these members were unwilling to submit their controversies to such a committee, and in lieu thereof appealed directly to the court for injunctions to prevent the paying over of margins. In the lower court the complaining members won and secured their injunctions, but the Supreme Court of the State held that the right to determine these questions was, under the rules of the Board, vested exclusively in the Arbitration Committee provided by the rules, and as a result of that decision, reversed the lower court, thus again evidencing the judgment of the Supreme Court that the Board of Trade should be allowed to settle the controversies among its members relating to Board of Trade transactions in accordance with its own rules and through the arbitration tribunals they provide.

Another important litigation in which the Board has been involved, resulted from its passage of a rule prescribing minimum commission rates, and providing for the expulsion of any member who should violate this rule by taking less than the prescribed commission. A member did violate this rule, and, being expelled therefor, applied to the courts to restore him to membership upon the ground that the rule was in restraint of trade, and free competition; but the Circuit Court at Chicago upheld the rule, and this was affirmed in the Appellate Court at Chicago. Since that decision there has been no cutting of commission rates, and this has resulted in a marked increase in the value of memberships since the commission rule has been in force.

Another, and by far the most important, litigation in which the Board has been involved arose out of its efforts to suppress bucket shops, or at least to keep them from using the quotations of the Board. The nature, extent and success of that litigation are thus accurately summarized in a report of the Board of Directors to the members in 1910:

"Ten years ago the first of last August, this Association started its present crusade against bucket shops, and this seems an opportune time to review the results of these efforts.

"The bucket shop seems to have first appeared shortly after 1880, when the ticker began to be generally used for the prompt distribution of market quotations. This Board as early as 1883 attempted to prevent the use by bucket shops of its quotations, but its efforts at that time were rendered nugatory by some adverse decisions of the Illinois courts.

"Then for two years, beginning in 1892, the Association withdrew its quotations from the large telegraph companies with a view of forcing them to withhold its quotations from bucket shops. This was also unsuccessful.

"Attempts to curb this evil were then made through the enforcement of the criminal laws, but no lasting results were thus obtained.

"In 1900 the bucket shops had become very numerous. In Chicago alone there were then twenty-seven using our quotations."

In that year, despite its previous failures, this Board, at the suggestion of its attorney, embarked upon a new plan to deprive law a property right in our quotations and securing the protection the bucket shops of its quotations. This consisted in establishing in thereof from purloiners through writs of injunction. It also contemplated making the quotations—which were then given away—a source of substantial revenue.

At that time the Western Union and Postal Telegraph Companies were under licenses from this Board collecting the quotations upon our exchange floor, and there were then in force four injunctions which prevented the Board from ousting these telegraph companies. As soon as our plan was disclosed, three more like injunctions were added. By July 1, 1900, we had succeeded in dissolving these, and in dispossessing the telegraph companies, and were, through our own employes, collecting the quotations. Contracts denying the quotations to bucket shops were then demanded by the Board from the telegraph companies. The two larger companies refused to sign such contract, and on August 1, 1900, ceased to distribute the quotations. Finding, however, that this Board was in earnest, they finally did so, and on April 15, 1901, resumed the distribution of our quotations, and thereafter gave them only to such applicants as this Board, after investigation, found not to be bucket shops.

The bucket shops, not being able to obtain them from the telegraph companies, then began stealing the quotations, and thereby an illicit trade therein arose.

To stop this the Board commenced numerous suits in the Federal courts of the Central West. In resisting these suits the bucket shops not only denied the existence of any property right in the quotations and the right of the courts to protect it by injunction, but attacked the legality of the transactions, out of which the quotations arose. This gave rise, especially upon the last question, to a marked conflict of decisions by the different Federal courts.

Thereupon the United States Supreme Court ordered two of these cases before it for review. Its decision in May, 1905, was a sweeping and far-reaching one in our favor. It is reported under the title of Board of Trade vs. Christie, in 198 U. S., 236. It established not only the legality of our future or time-trading, our clearing house, and our system of settlement by off-set or "ringing," but also decided that our quotations were a species of property which should be protected by injunctions. It also affirmed the legality of our contracts with the telegraph companies respecting the quotations, which had been attacked as illegal restraints upon trade.

This litigation comprised twelve suits by bucket shops against our Board or the telegraph companies distributing our quotations, and forty suits brought by our Board against purloiners of our quotations. This litigation has been in twenty-seven different courts and in twenty cities in eleven different states.

All of these cases have been finally disposed of except four which are still pending. In none of them has the Board lost. The cases still pending will ultimately be decided in favor of the Board.

In these cases permanent injunctions have been issued in favor of the Board against 248 persons, and temporary injunctions, in the cases still pending, against 25 persons, restraining them, either as principal or as agent, or as an officer of any corporation, from obtaining or using our quotations or any of them, or having a telegraph or other wire running into his or its office over which our quotations are passing, and from aiding or abetting, directly or indirectly, any other person in so doing, unless the person thus enjoined, or his principal or corporation, shall have first lawfully acquired the quotations in the manner provided by our contract with the telegraph companies distributing them.

Our legal expenses in this litigation, including court costs, stenographers, printing, etc., fees of our regular attorney, and of sundry lawyers necessarily employed as local counsel in other cities, for these ten years have aggregated \$116,538.24, or an average of \$11,653.82 per year.

The total revenue of the Board of Trade from its quotations since April 14, 1901 (including \$16,803 still in the hands of the telegraph companies), aggregates \$382,852.00. Our revenue from the quotations at the present time is about \$38,000.00 per year.

Thus the moneys realized during these ten years from the quotations, less all legal expenses incurred in preventing their use by bucket shops, was \$266,314.00. This is \$103,943.00 more than the entire cost for these ten years of maintaining the Market Report Department, whose functions have been, not only to supervise the distribution of quotations and gather the evidence for the bucket shop litigation, but also to provide a bureau of investigation, to facilitate the exercise of the disciplinary powers of the Board, to resist threatened adverse legislation, to gather information respecting applicants for membership, etc.

As a result of this litigation, we are now in a position to obtain, at comparatively small expense, injunctions against any one found to be using our quotations without our approval. In other words, the plan inaugurated by the Board ten years ago has received the judicial sanction of the highest court in the land, and has been demonstrated to be a practical one to control our quotations, as well as to derive a large revenue therefrom.

Through these efforts all the large bucket shops systems in the West have either been driven out of business or been forced

to confine their trading to such as is based upon stock and cotton quotations. There are now no bucket shops of any size using our quotations.

We believe also that our militant attitude has materially aided in creating in the public mind a proper conception of the evils of these institutions. Since 1906 eight states have passed more or less drastic criminal statutes against bucket shops. The Congress has also passed a drastic criminal statute for the District of Columbia.

Another result of our litigation has been a clearer public conception of the difference between bucket shops and commercial exchanges, and a better appreciation of the great aid which the latter render to commerce and in the economical marketing of the products of the farm. These as well as the legality of our present methods of making and settling trades are emphasized by the important decision of the Supreme Court of the United States already referred to.

There is now less hostility to exchanges in the public mind. Legislators have been less antagonistic. In short, we feel that despite the heavy expense it has entailed, our campaign against bucket shops has been a pronounced success.

During the last year the Attorney General of the United States, Mr. Wickersham, has been conducting a vigorous prosecution of bucket shops, and this has resulted in the closing of a large number of bucket shops operating on stock and cotton quotations throughout the East and South; also one such in Chicago. This will render the future work of this Board in safeguarding its quotations much easier.

In the prosecutions of the Government referred to in this report, the Attorney General of the United States appointed the attorney of the Board, Mr. Robbins, special assistant to the Attorney General and placed him in charge of these criminal prosecutions, in all of which the bucket shop men under indictment were found guilty and punished.

The decision of the United States Supreme Court referred to in this report is the case of Board of Trade vs. Christie, 198 U. S., 236. The effect of this decision has been far-reaching, not only in its effect upon the bucket shop situation, but it has led all the courts to take a saner view as to the legality of future trading upon the grain exchanges. Before that decision the courts were generally disposed to determine the legality of the trading by the percentage of the deliveries therein, and to hold that when the percentage was small, the trading was necessarily in the nature of gambling. This test, while having some semblance of merit as respects individuals, was erroneous when applied to the entire volume of trading on an exchange, as it ignored the large volume of such trading which is in the nature of hedging or insurance

against price fluctuation. The Supreme Court in the Christie case recognized the validity of such hedging and expressly held that the trading on this Board was not to be held in the nature of gambling merely because the percentage of actual deliveries was small.

But the effect of that decision upon the bucket shop situation was still more far-reaching, as it made successful the Board's crusade against bucket shops. At the present writing there are practically no bucket shops in the United States using the grain quotations as a basis of their bets. But the effect of this successful litigation was still more far-reaching; for the plan of restricted distribution, which the Board had devised and the courts had thus sanctioned, was adopted by the New York Cotton Exchange and more recently by the New York Stock Exchange. Thus, upon the initiative, and as a result of extended litigation by, the Chicago Board of Trade, an effective plan for handling the bucket shop situation has been found, and is now in use by the three primary exchanges, these being the only ones whose quotations are available to bucket shops. The Chicago Board of Trade has aided and co-operated with these other exchanges in the litigation in which they became involved with the bucket shops, the attorney of the Chicago Board acting as counsel for these other exchanges in most of this litigation.

The litigation of the Board during the attorneyship of Mr. Robbins was thus summarized in the report of the Board of Directors to the members of the Board in 1914:

"The Board at this time is unusually free from pending litigation. It is also to be congratulated upon the almost uniform success which it has had in its extended and important litigation of recent years.

"Your committee annexes to its report a summary of all litigated cases (conducted by our present attorney) to which our Board was either a party, or which involved legal principles affecting the Board.

"Of these cases sixty were won and only six lost. Fifty-seven decisions in these cases appear in the permanent law reports.

Among the important legal principles established by these cases are:

"That the Board of Trade may establish and enforce minimum commission rates.

"The legality of the margin system and the compulsory arbitration it exacts respecting disputes arising out of 'corners,' and that the courts are without jurisdiction in such cases.

"That the Board of Trade has a property right in its quotations which it may protect by injunction against purloiners, and that posting them upon blackboards in brokers' offices does not impair this right; that bucket shops may be denied the quotations, and that the Federal courts have jurisdiction in such cases.

"That the Board's contract with the telegraph companies re-

specting the distribution of quotations does not violate the Sherman anti-trust act.

"That public (Class A) grain elevators in Illinois may not store their own grain and mix it with that of their deposits; that a statute authorizing such mixing of grain violates the Illinois constitution.

"That the bulk of future trading upon the Board (including the ringing, margin, and delivery systems) is not gambling, but legitimate trading, and that there is no warrant in law for the popular idea (theretofore accepted by some courts) that, because the percentage of actual deliveries is small, the volume of speculative trading on exchanges is to be regarded as mere gambling.

"These decisions also broaden the disciplinary power of the Board and establish a rule that, if the procedure fixed by the rules is adhered to, the courts are without power to review, or interfere with, the decision of the Board of Directors expelling or suspending a member."

During January, 1915, the provision trade was greatly demoralized for many causes. A Government investigation was instituted on account of charges that unsanitary conditions prevailed in some of the smaller packing houses, and the live stock trade was greatly injured by the prevalence of the hoof and mouth disease which caused the Buffalo stock yards to be quarantined against any cattle from outside the State of New York, and prompted Federal and legislative inquiries. Later in the month the movement of cattle through the Chicago stock yards was stopped until they had been thoroughly disinfected, and Governor Dunne prohibited all shipments of grain, hay or straw from fourteen counties in Illinois. The State and National embargoes on live stock shipments reduced the business of the Chicago stock yards to about one-fourth of normal, and the fact that while provisions and cereals were high, the prices of cattle and hogs were low gave rise to Congressional debate. What equally interested the provision trade was the increasing severity with which the British Government enforced its "Orders in Council" against American shippers. As all efforts on the part of the State Department were unavailing to secure a modification of this policy of seizing cargoes consigned to neutral countries, the leading packers sought to follow the example of the manufacturers of rubber and to come to some understanding with Great Britain which should allow the freer shipment of their products. For this purpose, it was announced that Armour & Co. were about to send an attorney to London and it was hinted that, unless concessions were made, American packers might retaliate by placing an embargo of their own on shipments to England. The United States Department of State, while holding that the burden of proof was upon the captors to show that goods consigned "To order" to a neutral country were intended for the use of belligerents, which was the opposite of the British policy, offered no relief to the packers,

and they were obliged to make their fight alone. Mr. Urion represented the packers in this mission to London, and the situation was greatly aggravated, in March, when the British seized the cargo of the *Vitalia*, comprising nearly \$1,000,000 worth of provisions, consigned to a neutral port. At this time Great Britain was holding American meat shipments to the value of about \$8,000,000, and although the *Vitalia* was released, the State Department of this Government pronounced the policy of the Allies as an unwarranted peril to American trade. Soon after this Secretary Lansing protested against the English order in council stopping all shipping to Germany and insisted that Great Britain had no right to interfere with shipments to neutral countries. The Allies refused to make any concessions in this regard, although admitting that the blockade, as maintained by them was not recognized by international law, while Germany offered to restrict the use of mines and to adopt the established rules of visit and search by submarines, if Great Britain would stop the practice of using neutral flags to deceive. A new protest was immediately framed by America insisting that the blockade by the Allies must be a real, not a paper, one, and urging that the seizure by the Allies of non-contraband goods proceeding to or from Germany through neutral territory was unwarranted, that the area of blockade, described as "European waters and the Mediterranean Sea" was too indefinite, and that the announced policy of the Allies to punish, later, any ships which escaped their cordon, was unjustifiable. In May, as the above representations had had no effect and ship seizures continued, the State Department issued a statement to the effect that the United States could "no longer tolerate the high-handed disregard of American sovereignty on the high seas and the arbitrary interference with neutral commerce." The packers asked the further co-operation of the State Department to secure some modification of the British policy, but asserted that no reprisals were contemplated. Later it was stated that it was hoped some understanding with Great Britain could be effected, and it was rumored, but denied, that Armour had consented to act as a purchasing agent for the British Government. By September the situation, regarding provisions, had grown so acute that the packers once more laid their case before the State Department, stating that meats to the value of \$15,000,000 were being held by Great Britain, and Secretary Lansing was asked to defy England and insist that the burden of proof as to the hostile destination of goods rested with the captor, not the shipper. Soon after this the British commission then in the United States for the purpose of negotiating a loan, visited Chicago and conferred with representatives of the packing interests and it was understood that at this time the packers were able to secure non-interference with their shipments upon agreeing to abide by regulations prescribed by Great Britain.

The grain markets were also largely affected by the restraints upon international trade and the difficulty of handling grain in foreign ports restricted exportations and caused a decline in wheat prices early in January, at which time Armour and Patten became heavy buyers. Within a few days, however, came the rumor that the United States might place an embargo on grain shipments, and this caused European buyers to enter the market eagerly and regardless of price, and led also to the extension of the hours of privilege trading. Another result of this fevered buying was the announcement that United States attorneys were, on complaint of the bakers, to investigate the alleged "market plot" by which wheat values had been advanced. Many thought the law of supply and demand still operative, and proof of this seemed to be offered in the slump in wheat which followed the launching of the Allies' expedition against Constantinople and for the opening of the Dardanelles. The prospect that Italy would desert its former alliance and enter the war in behalf of the Allies was also a depressing factor, as it was thought that this would hasten the opening of commerce, via Constantinople, and place the vast wheat supplies of Russia at the command of the Allies. A. L. Hopkins, on behalf of the Federal Government, began his investigation as to wheat prices, the middle of January, announcing that the various Boards of Trade of the country would be under investigation, in spite of the great decline which followed the fear that the Dardanelles would soon be opened. President Canby denied that the Board of Trade was responsible for the high price of wheat, laying the blame largely upon the farmers, who, he said, were holding their wheat for higher prices, and also upon the rival bidding by representatives of the Allies. President Wilson ordered an inquiry, first to ascertain if there were violations of the anti-trust law, and, second, to ascertain the result of the war upon prices, and many felt that an embargo upon grain shipments was necessary. The old suit against the Call Committee, charging that it fixed the price of grain, was revived and J. A. Patten and A. J. Lichtern were among the witnesses called. President Canby, Secretary Merrill and George E. Marcy were also called and President Canby testified that members were suspended for violating the "Call" rule, while Mr. Marcy testified that the "Grain to Arrive" Committee followed the "Call" Committee and was for the same purpose. Mr. Patten in his testimony defended the buying and storing of grain, and stated that the rule, which had been abandoned in 1913, did not affect prices. E. G. Dunn, of Mason City, Iowa, testified that the "Call" rule had benefited the farmers by preventing unfair competition. The District Attorney ordered the books of several leading grain concerns to be brought before the Grand Jury. President Wilson did much to allay the disquiet by his speech before the National Chamber of Commerce, showing his realization of the real causes of the higher

prices, and Commissioner Dillon, of the New York State Department of Food Reports, stated that investigations into the high prices for grains showed the cause to have been the unusual foreign demand, while President Canby testified before the New York commission to like effect. The investigation by the Department of Justice at the direction of President Wilson practically ended when the prosecutor in charge reported, in April, that he had found no evidence sufficient to prove that a corner had been built up either in wheat or other foodstuffs.

While these investigations were going on the market responded, as usual, to various influences. The belief that the Dardanelles would quickly be opened was dispelled by the vigorous defense made by the Turks and the active buying by foreign representatives caused a sharp advance in wheat prices by the middle of January and an upturn in corn, as many left the erratic wheat pit for the more dependable corn market. The bears had a brief inning, when the market was found to be overbought, but their triumph was brief, and soon the bakers were talking of a 10-cent loaf, and wheat soared again, catching many short sellers, among whom it was alleged was the Armour Grain Company, which had been a large seller, but which now turned to the buying side. The report that Germany had commandeered all the wheat of that country and the immense demand from other countries soon forced wheat prices to new high levels, outside buying increased, and the purchase of 1,000,000 bushels of wheat by the Italian Government caused a wild market, early in February, which carried the price of May wheat up to \$1.66, with a range of nearly 10 cents in a single day. These advancing and excited markets continued during February, until near the end of the month, prospects of the success of the Allies in opening the Dardanelles caused a sharp reaction. It was believed at the time that it was but a matter of days before the Allies had wrested the control of the Bosphorus from the Turks, and this, with favorable weather conditions, ended the bull campaign, while rumors of a speedy peace caused a slump of 7 cents in the price of wheat in a market which for the number of quotations was said to exceed anything for a number of years. The development of the crisis with Mexico and renewed foreign buying caused a complete reversal of market conditions and by March 9, May wheat had advanced $19\frac{1}{4}$ cents in four days and the situation was again a tense one. One must have lived during those days, have been a participant in the activities of the Exchange to appreciate how the market fluctuated wildly from day to day. Today the purchase of 4,000,000 bushels of oats by France causes wild excitement in the oats pit, tomorrow the sinking of three battleships by Turkish guns causes sharp advance in wheat, while later in the day the report that Italy is about to enter the war depresses the price. Peace rumors and Russian victories bear the market and success of

the Teutonic arms encourages those who have pinned their faith to higher prices. Added to these market influences, in May, came the government report of prospects for large crops, while the unpardonable sinking of the *Lusitania* almost stopped exports for the time and united to depress prices. All through May these lightning changes prevailed in the grain markets. Reports of insect ravages "bulled," victories of the Allies at the Dardanelles "beared," as did also the entrance of Italy into the vortex of war. The depressing condition predominated during May and June, and the July markets were alternately raised by heavy buying by the Allies and reports of damage by rust, or depressed by reports of large crops and decreases in export demand. The great Eastland disaster, in July, almost caused a cessation of business of all kinds in Chicago, and the ever-generous Board of Trade at once contributed more than \$12,000 for the relief of the victims' families. Damage by rust was the strongest single factor toward the close of July and in August, although the Argentine situation was bad, the activity of German submarines and the tremendous drop in the rates of foreign exchange by which the English pound fell to \$4.55 $\frac{1}{4}$, 31 $\frac{3}{4}$ cents below normal, caused a stoppage of exports and the first suggestion of a great loan to Great Britain. Looking backwards, it is surprising that September wheat should have fallen as it did to 91 $\frac{3}{8}$ cents, early in September, but within a short time the arrangement by which American bankers were to loan large sums to the Allies to be expended in the purchase of munitions and foodstuffs caused a spectacular advance in wheat, although the Government report indicated large crops of wheat and corn and a phenomenal yield of oats. At this time Armour was a heavy seller of wheat, while Patten, Friedman and Cutten led the bulls. So good an authority as Julius Barnes, of Duluth, stated that it would be impossible to sell the surplus wheat abroad, and there were others who believed wheat prices had reached their maximum. This feeling and the discussion by Canadians of the advisability of removing their tariff on wheat, which would automatically do away with the American tariff on that cereal when imported from Canada, built up a large short interest which raised the question as to the acceptance for contract delivery of what was known as velvet chaff No. 1 wheat. The shorts, one of whom was the Armour Grain Company, said to have been short some 5,000,000 bushels, wanted this grade deliverable on contract and the longs strenuously objected, so that the question was brought before the Directors. This wheat graded No. 1, but with considerable dirt, or dockage, which the longs wanted removed before delivery, and as the end of September was near and time was of great value in making September deliveries, the shorts preferred to make delivery first and to clean the wheat afterwards, if necessary. The Directors decided that this velvet chaff wheat, dockage included, was deliverable on contract. Despite this deci-

sion, a concern to which 10,000 bushels of this wheat was delivered was notified that it would be given receipts for cleaned wheat and there was question as to the legality of the first receipts on September contracts including dockage, while the Armour Grain Company put its machinery to work cleaning from 10,000 to 15,000 bushels per hour, and went on the market as a buyer of September and a seller of December wheat. Report of successes by the Allies at the Dardanelles was a bear factor at the close of September and it was thought the month would pass without great excitement, but on the last day buying by shorts forced the price from \$1.03 $\frac{3}{4}$ to \$1.15 $\frac{1}{4}$. A factor in the oats market at this time, also, was the decision by the Government that the sale of damaged or inferior oats, bleached or otherwise treated to conceal the inferior condition, or having weight added by means of water, was in violation of the Pure Food law, although sound oats which had been treated might be shipped if marked "Treated with Sulphur Dioxide."

The live stock trade also continued to suffer on account of the ravages of the hoof and mouth disease and Pennsylvania placed an embargo on all cattle shipments. During October, while there was a frost which did some damage to corn, it became apparent that the crops of both wheat and corn had been enormous and by November it was estimated that the value of the crop would exceed the great sum of \$5,500,000,000. While this large production had a tendency to depress prices an opposing factor was the success of the loan made to the allies, in spite of opposition which led one Chicago bank to post, for a short time, the notice "No Alien Loan," and the opening of negotiations for a second and even larger loan, thus assuring the free purchase of grain by foreign agents. Disturbing factors were found in the passage of the so-called "Uniform Sales" act, which required that all orders for sales should be made in writing, and in the action of the Public Utilities Commission, which refused to accept the suggestions of the Board of Trade as to desired changes in grain grades, particularly in reference to velvet chaff wheat. In regard to the Uniform Sales law, the attorney for the Board gave it as his opinion that market orders to brokers were valid if clearing house slips were endorsed in writing saying trades were accepted and that country orders must be confirmed in writing. Later Mr. Robbins also decided that confirmation slips were sufficient if properly signed. While wheat for December delivery was held above \$1, during November, the seriousness of the situation as to the world's food supply does not seem to have been fully realized until the Canadian Government suddenly took action to commandeer all Nos. 1, 2 and 3 northern wheat at the head of the Great Lakes, or eastward, at a price of \$1.04 per bushel. This affected about 20,000,000 bushels of wheat and caused a tremendous market sensation. The Winnipeg Exchange was for a time completely demoralized by this action, although it was stated that it

would continue to deal in all but November deliveries. The Canadian seizure of wheat also seriously affected the interests of many American dealers who had bought wheat in Winnipeg, some as high as \$1.06, as against sales in Chicago, and who were now unable to secure deliveries. Many thought the action arbitrary and unnecessary, but President Canby saw the brighter side and said that if England controlled the wheat of Canada, other nations would be forced to buy in the American market, and he predicted higher prices. In this he was right, for it had become apparent that the campaign against Constantinople, begun with such high hopes and so often heralded as a brilliant success, was in fact a very gloomy failure, and that there was little hope that the Russian markets would be opened to western Europe, and the increased buying for export caused the second great advance movement of the year by which Patten and other longs were large gainers, when, on the 27th of December, they sold large quantities of wheat at \$1.28 $\frac{1}{4}$ which had cost them in the neighborhood of \$1.04 the first of the month.

With the approach of the close of the year there was active interest in the politics of the Board, and this was intensified when it became known that J. A. Patten, the great speculator, would be pitted against Joseph P. Griffin, one of the strong men of the "cash" trade, for the Presidency. Both sides thoroughly organized for the contest and there was also sharp rivalry between Paul Tietgens and John R. Mauff for the Second Vice-Presidency.

The price of memberships has always been a fair barometer as to the prosperity and volume of business of the Board of Trade, and in 1915 sales were made at \$2,700 in January, at \$3,100 in February, with a decline to \$2,900 in March. The price was still lower during the summer months, but by November the high price of the year was reached at \$3,162.

In the size of the total crops raised, in the value to the farmers of the products harvested, in the extraordinary weather conditions which prevailed, in the abnormal developments of the export trade induced by the war, 1915 was one of the most remarkable in the history of the American grain trade. The total yield of the principal crops surpassed all previous records, and their total value reached the enormous sum of \$5,280,000,000. New records were established in the production of wheat, barley, and rye, and the corn crop was the third largest in the country's history, and it alone was valued at \$1,756,000,000. The totals would have been much larger had it not been for the abnormally wet weather which prevailed during June, July and August, and the frosts in September, which damaged the corn crop severely. While foreign demand continued very large, buying was done in a more systematic manner; private speculation having been largely suppressed, and the purchasing done by Government representatives of the foreign powers. One factor in main-

taining prices at a high level was the lack of ocean carriers. Many ships were sunk, the great merchant marine of Germany was driven from the seas, while a large number of steamers were requisitioned for the transportation service of the Allies. As a result, ocean lines advanced their rates until they were by far the highest the trade had known. The rate for carrying a bushel of wheat from this country to the west coast of Europe reached 50 cents a bushel, and was higher to Mediterranean ports, while from Argentine the rate was 75 cents per bushel. Speculative activities on the Board of Trade were without special features, although there was tremendous activity, especially in wheat, during the early part of the year. The high price for May wheat was reached in February, when it touched \$1.67. From that time on there was a diminishing volume of speculation and an irregular lowering of prices. It became apparent that Europe would have enough wheat to supply its needs, and with the fear of actual scarcity removed, there were less violent fluctuations in the market. Foreign buyers were more assured of future supplies when it became apparent that this country, Canada, Argentine, and Australia would have good crops, and as a result foreigners were more circumspect in their purchases, and the speculative excitement died down. The September developments were the most sensational of the year, and were the result of unusual market developments rather than of manipulation.

Wheat. The receipts of wheat were 70,704,000 bushels, and the shipments were 55,576,000 bushels, the movement being much less than in 1914, but larger than in any other previous year of the Board's history. War prices prevailed throughout the year, and May wheat, which opened at \$1.29 $\frac{7}{8}$, advanced to \$1.52 by the end of January, with cash wheat still higher. There was a whirlwind of buying the first days of February, and by the 5th the top price of \$1.67 was reached for May wheat, with a decline to \$1.46 by the 26th. The March range was from \$1.35 $\frac{3}{4}$, the 5th, to \$1.60, the 16th, with the closing price at \$1.54 $\frac{1}{2}$. Prices ranged higher in April, reaching \$1.65 $\frac{1}{2}$, and closing 2 cents lower. The high price for May, at \$1.64, was recorded the first of the month, and by the last market day the price had declined to \$1.37. In June, cash wheat ranged from \$1.11 for No. 2 red to \$1.49 for No. 1 northern, the higher prices prevailing the first of the month, while the July wheat future went from \$1.24 $\frac{3}{4}$ the 1st, to \$1 the 22d, closing at \$1.06 $\frac{7}{8}$. In July, wheat for the current delivery reached \$1.18, but closed at \$1.07 $\frac{1}{2}$, and in August wheat for September delivery went below \$1 for the first time in a year, going from \$1.12 the 12th, to 92 $\frac{7}{8}$ cents the 31st. Cash wheat, however, ranged well above \$1 throughout the month. September was a month of great speculative activity, and September wheat advanced, irregularly, from 91 $\frac{3}{8}$ cents the 7th, to a strong and exciting close at \$1.15 $\frac{1}{4}$, with cash wheat at a premium until the final day. The October range, for December

wheat, was from $94\frac{7}{8}$ cents the 1st, to $\$1.09\frac{1}{2}$ the 14th, but with a subsequent decline which carried the price to 97 cents, with $\$1.03$ as the closing price. The November market was strong and steady at prices above $\$1$, but the range was the smallest for any month in the year, being from $\$1.00\frac{5}{8}$ to $\$1.07$. A strong advance movement was witnessed in December, and the market, which opened at $\$1.04\frac{1}{2}$, reached $\$1.28\frac{3}{4}$ the 27th, and closed at $\$1.27\frac{1}{4}$.

Corn. The trade in corn was not spectacular, that market following the course of wheat to a large extent, and declining when wheat prices fell. The exports were large during the early months, but stocks were ample, preventing any great advance in prices. The receipts of corn were 95,357,000 bushels, and the shipments were 73,667,000 bushels. Cash corn opened at $68\frac{1}{2}$ cents per bushel, and followed the upward course of wheat until 78 cents was reached the first half of February. Before the close of February the price had declined to $68\frac{1}{2}$ cents for cash corn, and in March 75 cents was the high price, and the month closed at 72 cents. The 78-cent point was the prevailing market price for the latter part of April, with the market touching 79 cents, while in May there was a decline to the closing price of $75\frac{3}{4}$ cents. Corn prices were lower the first half of June, reaching $71\frac{1}{4}$ cents, but closing 4 cents higher. Uncertainty as to the new crop caused an almost steady advance, in July, until 82 cents was reached on the 24th. While there was a decline to 80 cents at the end of July, the general advance tendency continued, touching $82\frac{1}{4}$ cents, the high price of the year, early in August. The price was well maintained during the greater part of this month, but there was a sharp break to $75\frac{1}{4}$ cents, at the close. Prices declined during September, being high at 78 cents the 2nd, and low at $65\frac{1}{4}$ cents the 29th. Cash corn went below 60 cents for the first time of the year on October 4, touching $59\frac{3}{4}$ cents, with reaction to 67 cents the middle of the month, and the closing price being $63\frac{3}{4}$ cents. The November range was from $61\frac{1}{2}$ cents to $68\frac{1}{2}$ cents, with the high price at the close. The price average was above 70 cents in December and the year closed at $74\frac{1}{2}$ cents.

Oats. The receipts of oats were large, aggregating 133,475,000 bushels, while the shipments were almost on a par with those of the preceding year, amounting to 122,469,000 bushels. There was a good demand both for domestic consumption and for export, and while Canada raised a record crop of oats, the marketing of them was retarded owing to the strenuous efforts to move wheat. Speculation in oats culminated in July and during the remainder of the year prices followed those of other markets, speculation being restricted by knowledge that the new crop would break all records. Cash oats sold in January at 49 cents, the 5th, but the tonic of war caused an advance to $58\frac{5}{8}$ cents by the close of the month. Prices ranged still higher the fore part of February, touching 60 cents, but there was a sharp decline to 53 cents the last of the

month, with reaction in March up to $60\frac{1}{8}$ cents the 17th, with the close at $56\frac{1}{2}$ cents. The April market was of small range, closing at $54\frac{3}{4}$ cents, and this decline continued until $50\frac{1}{2}$ cents was reached by the end of May and $46\frac{3}{4}$ cents the latter part of June. The month of June ended with an advance to $48\frac{3}{4}$ cents, and, in July, speculation carried the price to $59\frac{1}{2}$ cents at the close. The last of the old crop sold as high as 60 cents, the first week in August, with final sales at 50 cents, the 17th. September oats ranged, however, from $42\frac{7}{8}$ cents the 4th, to $35\frac{3}{8}$ cents the 31st. There was an advance up to 39 cents the latter part of September, and in October 41 cents was reached for December oats, while at the close of November there was a sharp upturn, after temporary depression, to $41\frac{1}{2}$ cents. The average price for December was about 42 cents, with 44 cents as the high price and the close $\frac{3}{8}$ cent lower.

Rye. There was a war market for rye, as the closing of Russia as a source of supply created a large demand, particularly in Scandinavian countries. The receipts of rye were the largest since 1898, aggregating 4,648,000 bushels, with shipments of 3,993,000 bushels. No. 2 cash rye sold at $\$1.11\frac{1}{2}$ on January 2, and advanced to $\$1.26\frac{1}{2}$ the 30th, while the February range was from $\$1.31$, the 5th, to $\$1.15$, the 27th. The range for March was small, and $\$1.17$ was the prevailing price in April, with but slight improvement in May or June. The price fell below $\$1$ the fore part of July and the month closed at $\$1.02$, with a slightly higher range during the major part of August and a sharp break to $94\frac{1}{2}$ cents the 31st. It was not until September 30 that the price again reached $\$1$, and while in October there was an advance to $\$1.07$, the month closed at $\$1.03$, with a lower range in November, which carried the price down to 94 cents the 29th. There was some improvement in December, but the price did not again reach $\$1$ and the close was at $98\frac{1}{2}$ cents.

Barley. Barley receipts were 26,167,000 bushels, and shipments were 8,852,000 bushels, the shipments being the largest since 1896. Cash barley sold by sample at $63@72$ cents per bushel on January 2, the outside price advancing to 87 cents by the 29th. Ninety cents was paid the 1st of February, with a decline to 78 cents by the end of the month, this being also the closing price for March, and the average price for April and May. Decline during June carried the price down to 70 cents at the close, while July prices showed improvement up to $78\frac{1}{2}$ cents, with $75\frac{1}{2}$ cents as a closing price. Although 83 cents was paid the first week in August, the price reached much lower levels, touching 57 cents the 26th. September prices were below 60 cents, the month opening and closing at 57 cents, with but little improvement in October, and an advance movement in November which carried the price to 74 cents. December opened at 68 cents and closed at 75 cents.

Flour. The receipts of flour were 9,063,000 barrels, the shipments 7,674,000 barrels, and the city manufacture 1,155,000 barrels.

Flour prices were affected by the high range for wheat and choice spring wheat patent flour sold at \$7 per barrel in January, advanced to \$8.30 in May, declined to \$5.90 in September, and reacted to \$6.55 in December.

Seeds. The trade in flax seed was not an appreciable factor in Board of Trade transactions, the receipts being 1,292,000 bushels, and the shipments but 33,000 bushels. Receipts of timothy seed were 36,815,000 pounds, and shipments aggregated 31,662,000 pounds. The price of \$8, per cental, for prime timothy seed was paid in January, with decline to \$6.50 in May, while shorts were forced to settle at \$10 the last of July. After a decline to \$7.25 in August, the price advanced to \$9.50 in September, touched \$8.20 in December and closed at \$9. The receipts of clover seed were 12,803,000 pounds and shipments amounted to 8,931,000 pounds. Prime clover seed sold as high as \$16, per cental, in January, and declined until \$13.50 was the prevailing price from May until August. Weather conditions affecting the crop caused higher prices during the fall months, \$21.25 being paid in October, and the year closing at \$20.75.

Provisions and Live Stock. The year 1915 was a profitable one for all connected with the meat producing industries. The receipts of cattle at Chicago aggregated 2,262,108 head, while shipments of live cattle were restricted to 381,034 head, the lowest number in the history of the Board of Trade for a great many years. The number of cattle slaughtered, for the season ending March 1, 1915, was 1,442,870 head, and prices were highly remunerative, heavy steers bringing a top price of \$9.65, per hundred, in January, selling as low as \$8.35 in April, and ranging above \$10 the remainder of the year, with a top price of \$11.50 in December, paid for cattle fed for the International Stock Show and sold on the open market.

The receipts of hogs were more than 1,000,000 head in excess of the receipts of 1914, aggregating 8,084,392 head, while the shipments numbered 1,121,274 head, and, for the year ending March 1, 1915, the number slaughtered was 6,079,473 head. Prices ranged lower for live hogs than in 1914. The top price for January 2 was \$7.40 per hundred pounds, but this price was not maintained and the market was generally under \$7 until April, during which month there was an advance to \$7.90 at the close. The outside price averaged about \$7.80 during May and June, and reached \$8.15 in July, although the average was below \$8. There was price improvement in August which continued up to \$8.50 in September, and to \$9 in October. With the later fall months prices declined, reaching \$6.70 as the outside price the middle of November, and \$6.50 the latter part of December, with \$7.10 as the top of the market December 31.

The prices for mess pork were highest the fore part of the year, the January range being from \$17.95 to \$19.15 per barrel. In Feb-

ruary the price went from \$19.50 the 3rd to \$16.87½ the 27th, and in March the range was a little above \$17. The April market advanced from \$16.75 the 1st to \$17.62½ the 29th, and continued to advance until \$18 was reached the latter part of May. In June the range was from \$18 the 3rd, to \$16.60 the 26th, and in July there was a sharp break, the price reaching \$13.12½ the 28th. During August the price ranged between \$13.25 and \$14.05, and in September there was a decline to \$12 by the 9th, but with reaction to \$13.50 the 29th. The advance held until \$15.25 was reached the middle of October, but the month closed \$1 lower. November witnessed an advance to \$16.50 on the 29th, and in December the market ruled still higher, touching \$17.50 and closing at \$17.

Transportation. Lake freight rates increased sharply in 1915 and ocean rates more than doubled those of ante-war years; while, owing to chaotic conditions, there were no established rates to many points. The average rate on wheat per bushel to New York, by lake and canal, exclusive of Buffalo charges, was \$.0606, by lake and rail, \$.0747, by all rail, \$.1063.

1916

Contrary to expectations, December, 1915, closed without a squeeze in wheat, and 1916 opened with slightly easier markets. It was the longs and not the shorts who liquidated and it was stated that one reason was that the soft winter wheat, which was graded as No. 2, was not wanted, while another depressing factor was that the risk of ocean traffic was such that, for export, the cost of freight equaled the cost of the grain. The main market influences were, however, the general course of the war, the congestion at the seaboard, which, in turn, tied up rail traffic, and the growing acuteness of the Mexican situation. These conditions were such at the beginning of the year that with almost every commodity dealt in by the Board of Trade, the low price, for January, was recorded the first days of the month.

The preceding year had been, in spite of British seizures and the ravages of the foot and mouth disease, a very prosperous one for the live stock and packing industries, and one after another of the great packing concerns published reports of large earnings until Morris & Co. capped the climax with a statement of earnings amounting to 77.37 per cent on the capital invested. At the stock yards, also, the activity had been the greatest on record. During December the receipts of hogs amounted to 1,169,500 head, and for the year the report showed that 14,006,800 head of live stock had been handled and that the value of these animals exceeded \$380,000,000. Since their establishment, in 1865, the Union Stock Yards had received a grand total of 541,032,929 head of live stock of all kinds, worth not less than \$10,500,000,000, on the hoof. There was every

indication, moreover, that the new year would be still more prosperous for all concerned in animal industry.

As had been predicted, the Board of Trade election developed one of the closest and most interesting contests in the Board's history. Mr. Patten, who had led the bulls in so many market frays led the speculative element as a presidential candidate, and members living in New York, Kansas City, Minneapolis and other cities responded to the call and came to Chicago to vote. On the other hand the dealers in actual grain, the "cash" men, rallied behind their popular leader, Joseph P. Griffin, whose services as Director and Second and First Vice-President had fitted him for the task of directing the destinies of the Board during the critical year to come. The project for the erection of a new Exchange building, which Mr. Griffin vigorously championed, was an election issue, and the result of the balloting showed 577 votes for Griffin to 542 votes for Patten. For Second Vice-President John R. Mauff received 607 votes to 504 cast for Paul Tietgens, and the Directors elected were Charles P. Randall, George E. Marcy, Louis C. Brosseau, Theo. E. Cunningham and W. H. Perrine.

At the annual meeting the affairs of the Association were shown to be in better condition than ever before. The cash on hand had increased to \$85,187.23. Board of Trade bonds of the par value of \$13,800 had been purchased during the preceding year, so that the bonded indebtedness, exclusive of bonds, held uncanceled by the Board, amounted to but \$843,400, which was very much less than the value of the real estate, the rentals from which aggregated \$138,758. The receipts for the year 1915 aggregated \$596,050.83, and in addition to the rentals included \$121,725 from assessments, \$267,000 from the Inspection, Quotations and Weighing departments, and more than \$13,000 raised for charitable purposes. The expenditures aggregated \$566,861.09, and among the extraordinary items were \$1,000 for building plans, \$985 for the Fort Sheridan training camp, and \$12,259 for the relief of victims of the Eastland disaster.

The transportation committee was unable to report great progress in the efforts to prevent the general increase in transportation charges, and the Panama Canal Act, under which the Inter-State Commerce Commission had ordered the railroads to cease operating boat lines on the great lakes, had served to greatly lessen the carrying capacity of the lake fleet. Under this order nearly one-third of the fleet was sold, and, as private owners had not offered vessels, it was feared that there would be a serious shortage in lake transportation facilities.

As has been noted, one of the issues of the campaign was the new building project, and in this connection the Real Estate committee, to which had been added Charles B. Pierce, Frank B. Rice and J. H. Jones, as a building committee, reported that plans for a

monumental structure to contain enough rentable area to make the investment pay, without losing the identity of the Board of Trade, had been considered, but that it was thought best not to proceed with the work immediately. It had been found that the building projected into the streets surrounding, and the committee estimated that to comply with the demands of the authorities to correct these lines, would cost about \$100,000 and that to put the old building in first-class condition would cost in the neighborhood of \$250,000 and this out-lay was not considered justifiable. In conformity with this report and with his stated policy as a candidate for the Presidency, President Griffin soon appointed a Building Committee, consisting of B. A. Eckhart, J. A. Patten, George M. Reynolds, E. A. Nickels and Joseph Simons to continue planning for this important undertaking.

Submarine activities in the Mediterranean affected the markets early in January, and there was a swift advance in wheat prices, owing to the confidence by outside longs who held for higher prices, and increased buying by foreign agents. The reported death of the German Emperor caused prices to decline, but this was soon proven untrue and a reaction to higher levels followed. The bears made a determined stand against the rising market and in this they had the help of the rail situation, as there was an embargo on grain shipments to Baltimore and it was proposed to extend it to Gulf ports. Cutten and Patten led the buying and the increasing probability of war with Mexico and the fact that the Baltimore embargo was lifted operated to advance prices, until the high point for May wheat was reached on the 26th at \$1.38 $\frac{7}{8}$. Foreign buyers believed this the time to sell, hoping to replace their purchases at a lower price and their sales caused a speedy decline of seven cents per bushel by the end of the month.

In February, the buyers for the Allies formed a closer union and combined for united action. They had offices in the New York Produce Exchange, shared by representatives of England, France and Italy, and the financing was done by London, while the English commission was to furnish ships. These steps lessened the competition among foreign buyers and operated, as they desired, to depress prices, until Patten and other longs decided that it was the part of wisdom to sell before the price got lower. There was some recovery near the close of February, but the report of Russian victories in the Carpathians was a bear influence and May wheat declined 21 cents in seven market days, touching \$1.08 by the end of the month. Other cereals joined in this decline, oats losing ten cents during the course of the month, but the market for provisions was well sustained with a higher tendency. During this month the Board was interested in the petition to amend Section 8, of Rule 4, relative to matching orders, but this was disapproved, unanimously, by the Directors.

Another matter of interest was the appointment of a committee to solicit funds for the relief of flood sufferers in Arkansas.

Bearish influences prevailed in the wheat pit the first half of March although other markets were well sustained. These factors were the growing possibility of a general strike on the part of railroad employees and the congested condition of the railways, generally, it being said that there were 100,000 loaded cars on storage tracks, between Chicago and New York. These influences were counter-balanced by unfavorable weather and soil conditions and by the fact that Germany stated that its life was at stake, owing to the attempt on the part of the Allies to starve its people by preventing imports, and that it could not modify the submarine campaign which it had planned in retaliation. With these opposing conditions it is little wonder that the wheat market opened and closed March at almost the same point, the Mexican situation having, seemingly, little market effect. During the month of March, an amendment increasing the commission rate on trades in corn, in less than 5,000 bushel lots, was carried and it was proposed to extend the increase to similar trades in wheat and oats. The Directors disapproved of a petition to allow members living more than 50 miles from Chicago, to vote on changes in the rules, by mail, and there was considerable dissent to the rule, adopted by the Directors, providing that no order should be accepted from an employee without the written consent of the employer. This was done to prevent irregular trading, but it was urged that it was an infringement on the rights of members and an illegal restraint of trade, and the Directors decided to put it to a vote of the membership, together with the proposal to put brokers again on a strictly brokerage basis, although this latter proposition was disapproved by the Directors, in April.

The April market situation was in many respects a repetition of that of March. The fortunes of war alternately depressed or advanced prices, while hopes of peace lowered values and fears of continued war enhanced them. The rail situation improved during the month and the Grand Trunk was able to raise its embargo on shipments to the east, but the crop prospects continued poor and alarming reports as to ravages by green bugs were circulated. Cereals, for May delivery, stood at almost the same prices at the opening and closing of April, but provisions showed a steady increase in price. One feature of the month was the election of Herbert T. Robson, to membership as the accredited buyer for the Allies. With May there came continued reports of crop damage and these were of such a sensational character that it was felt that they were not justified and President Griffin announced that an effort would be made to check up the reports of the "crop experts" and to inflict discipline if it was found that false statements had been made. The German government presented a pacific note to the

United States concerning submarine warfare, and it was felt that all danger of a crisis with that nation was passed, although the American state department took exception to the German attitude in a number of respects. The progress of the futile Mexican campaign had but little market effect, but the Irish rebellion, early in the month lessened confidence in the ultimate victory of the Allies and was a bull factor. That the Pure Food law was not to be trifled with, was brought home by the refusal of 12 cars of oats, during this month, as they did not grade "Standard," on account of treatment by the sulphur process, and another matter of interest to traders in oats was the posting of a rule to reduce the penalty on No. 3 white oats, from five to three cents. Towards the close of the month, the Directors also took action declaring as "regular" some 600,000 bushels of grain stored in the private elevator, Calumet C., 400,000 bushels in the Rialto elevator and 600,000 bushels stored in the Keystone elevator. It was also announced that grain in cars on bill of consignment to elevators, would be accepted the same as warehouse receipts. With the latter part of May, all cereal prices declined, corn going below 70 cents, and oats below 40 cents, for the first time in the year, but provisions still ranged high. Better crop conditions, the failure of the German attack upon Verdun and the Mexican situation were the bear influences which predominated the markets during June, causing July wheat to go below the Dollar mark, but with an advance in corn, and the provision market ruling strong and higher. The only official acts of especial note in June, were the changes adopted in the regulation of the trade in timothy and other grass seeds, and the posting of an amendment for a rule providing that trades made one day, that could not be checked at the close of business the following day, should be closed out.

July, 1916, will long be remembered as one of the hottest months Chicago has ever known, the city, and the whole country as well, fairly sweltered during all the mid-summer weeks. The number of deaths from heat, rose to eighteen in one day, in Chicago, and there were hundreds of cases of heat prostration. Added to these tropical weather conditions was the fever of rapidly advancing markets and the excitement of many great world events intimately affecting the well being of America. The Government report showed a diminished wheat yield, as compared with 1915, but an increased yield of corn. The wheat crop was estimated at 759,000,000 bushels, however, and the report did not advance wheat prices to any marked extent. Continued reports of serious damage by black rust in North Dakota were effective in booming wheat prices and as these reports persisted, were contradicted, affirmed and re-affirmed, it was felt that some official action was necessary to protect traders against the circulation of untrue reports and a petition was circulated asking for an investigation, on the ground that it was too early for rust to appear in North Dakota fields and that the

reports must be untrue or greatly exaggerated. The market committee made an investigation and reported that some of the statements had been exaggerated, but that they were in the main true became apparent near the close of July and they were the most potent factor in the market which advanced the price of wheat more than twenty cents during the course of the month.

Higher prices for provisions ruled through July, as in all preceding months of the year, and this led to much dissatisfaction on the part of the consuming public, it being held that the price of the meat product was out of proportion to the prices for cattle and hogs. The Agricultural department attributed the high cost of meats to the decrease in live stock, but consumers and cattle raisers asked a federal inquiry which the packers opposed. This agitation served to check prices for provisions, and mess pork, lard and ribs closed July at the lowest prices for the month. Of great importance to the general market situation was the conference of the Allied nations at which it was decided that a trade war should be carried on against Germany after the close of the war of arms, treating the Germans as "enemy subjects," and that the Allies should remain united and favor each other in future trade relations. This was generally interpreted as unfavorable to the interests of the United States, which under the terms of the agreement, would not be treated as a favored nation. Following this, Great Britain issued a trade edict, blacklisting American firms suspected of having trade relations with Teutonic nations and this called forth a sharp note of protest on the part of the American State Department, and a demand, in Germany, for the unrestricted use of their formidable submarine weapon. The British maintained the fairness of their position, both as to the "blacklist" and as to mail seizures, and America was unable to secure any relief. The shaping of these big events resulted in making all markets, especially that for wheat, very nervous, and near the close of July, the threatening railroad strike situation also operated to cause a decided reduction in produce prices.

The real boom in prices began with August, the Government report confirmed the reports of damage to the wheat crop and later news from Canada and the Northwest, strengthened, rather than weakened, the belief that there would be a considerable shortage in wheat. Foreign buyers became more active and cash wheat advanced to higher prices than had been known for many years. The advance was general and included practically every commodity traded in upon the Board of Trade, while hogs passed \$11, making a record unknown since the days of the Civil War. It was not until near the close of August that there was even a temporary setback, on the strength of the more critical railroad strike situation and the entrance of Roumania into the war on the side of the Allies, as it was believed that country would be able to turn the tide of war against

the Teutons. The range for September wheat, during August was $34\frac{1}{8}$ cents, and the greatest range for a single day was nine cents, while fluctuations of from six to eight cents, in a day, were frequent. Fear that shipments could not be made on account of a strike restricted buying, the last of the month, but the same condition operated to force prices for cattle and hogs to new high levels.

The September market was filled with excitement and new high levels were attained in almost every department of the Board's activities. With the exception of a few episodes where corners had temporarily affected the market, no such prices had been paid for wheat since 1869, while corn, at 91 cents, was a price which had been reached but once since 1870, and that during the May corner of 1892. The price range, for wheat, was, however, but half that of the month of August, and fluctuations were smaller for provisions as well. The averting of a railroad strike by yielding to the demands of the employees through the passage of the Adamson law, early in September, advanced prices, while the entrance of Roumania into the war and reports of Allied victories had the contrary effect. The continued, and growing, car shortage rendered the market more and more uncertain and unsatisfactory, while the Government report that the crop of spring wheat would not be more than one-half the crop of 1915, was the largest single bull factor. The Public Utilities Commission proposed an investigation of the car shortage problem, and the National government interested itself in the international market situation which grew so acute that it was proposed the United States join with Sweden to protest against the seizure of mails and ships by Great Britain. Later, England prohibited shipments from the United States to neutral countries and the London Chamber of Commerce advised a trade break with the United States by the abrogation of the "favored nation" clause in the treaty with this country. The concessions made by Germany as to submarine warfare made it possible for grain to be exported to England with comparative safety and there was a decline in ocean freight rates and, towards the close of the month, continued reports of Allied victories, together with the belief that the Dardanelles would soon be opened for Russian exports, forced prices down. The high prices caused the usual recriminations against dealers in grain and President Griffin answered the charges of manipulation made in New York, by pointing out the great wheat shortage, both in the United States and Canada, and the unprecedented demand from all quarters of the globe, as sufficient causes for high prices. It was during this month that the first concerted move was made on the part of bakers to do away with the "nickel loaf," and the six cent loaf made its appearance. The latter part of September the Board voted on three amendments to the rules. The proposal to raise the membership fee to \$25,000 was carried by a vote of 382 to 43. The amendment fixing

the membership transfer fee at \$250, except that no fee was to be charged when the membership of a deceased member was transferred, also prevailed as did that permitting a division of commissions on business turned over for execution by other members.

The close of September was without the great excitement which many had anticipated and there were heavy sales by longs. The withdrawal of the United States troops from Mexico had little market effect, but the reports of shortage in the crops of Argentine caused prices to advance until rumors of peace caused a decline. Early in October, came the sensational raid by a German submarine off the coast of the United States. This terrorized all shipping from American ports and for several days there was a total cessation of exports. This caused heavy selling and a sharp market break which was only checked by much more serious reports as to the failure of the crops of Argentine.

The course of the United States as a neutral nation was becoming more and more difficult to maintain, as this attitude was not appreciated by any of the contending powers. The German raid off the American coast, renewed the strained relations with that country and increased ocean insurance 100 per cent, while the Allies insisted upon their right to seize American mails, the French government proposed steps to curb American commerce and Greece appealed to this country to free her from the coercion of the fighting nations. The combined effect of all these conditions was to increase prices, and there was a wildly excited market which forced prices to the highest levels for the year. Before the close of the month No. 1 Northern cash wheat had reached \$2.02, September wheat reached \$1.92 $\frac{3}{8}$, and May (1917) wheat touched \$1.88 $\frac{1}{2}$. Corn reached \$1.11, the highest point since the Civil War days and lard went to \$17 per hundred pounds. Mr. Patten was interviewed and gave it as his opinion that there was no manipulation in grain, but that much higher prices could be expected in the spring, and this interview, in itself, had the effect to further increase prices. The general belief was, however, that prices had reached their maximum, and there were large realizing sales, near the close of October and during the first week of November, which caused a severe break in wheat, which was reflected in corn and oats. The market was also handicapped by the difficulty in obtaining insurance on the high-priced grain in store. The re-election of President Wilson had little effect upon the markets, but the compelling factors were the certainty of crop shortage in Argentine, the growing car famine which caused federal officials to institute an investigation into the situation, and the increasing talk of an embargo on grain exports in order to reduce the price to American consumers. Fear of such action impelled foreign buyers to buy wheat regardless of cost and wheat prices ranged very high the first half of November with coarse grains and provisions also on high levels. President Wilson

declared against a grain embargo, reports from Argentine grew more and more sensational and the tide of war in Roumania turned in favor of the Central powers with the result that it was acknowledged that the end of the war was no nearer on account of the entrance of Roumania into the contest, but that it had, on the contrary, opened up large resources in grain and oil to the German armies. The conditions served to maintain the high prices until well towards the close of November, when Germany, took advantage of its Roumanian victories to make overtures for peace. This talk of peace together with the car shortage which was making shipments of grain daily more difficult, and the reported sinking of more merchant ships off the coast of the United States caused a tremendous slump in wheat prices and sharp declines in corn and oats. Wheat which had sold for \$1.86 the 22nd, was offered at \$1.60 the 28th, but on the last day of the month there was something of a rally. At this time the Board membership passed upon a number of important amendments to the rules. The proposal to increase the amount of insurance which might be carried on grain, from 85 per cent of the value, to as much as might be obtained, was defeated by a vote of 301 to 257. The proposal to impose an annual license fee of \$25 on non-member solicitors was also lost. The rule making contract grades the same in quality and grade as defined by the State Grain Inspection department prevailed, and the proposal to increase the charge for quotations, from \$2 per month to \$15 per month, to outside points, and to \$7.50 per month within the city, carried by a majority of two votes.

It is impossible to give an idea of market conditions in December, 1916, without reference to the great world events which shaped these conditions. The great war was the one stupendous fact which faced mankind and the markets, like all else, responded to changes in the fortunes of the adversaries. There were, of course, local influences at work, but these also grew out of war conditions. While the submarine warfare was restricted by Germany along the lines laid down in the Emperor's note to the United States, it was daily becoming more efficient and a deadlier menace to the Allies and especially to Great Britain. It was not until this month of December that the British became fully aroused to the U-boat peril and the fact that the losses were cumulative in effect and were seriously interfering with the receipt both of munitions and foodstuffs. Not only were the losses severe, but many ships were restrained from entering the danger zones, and the vast loans made in the United States for the purpose of buying munitions and food had occasioned orders which would have produced congestion in ocean traffic even in times of tranquillity. Another factor was that the Allies had drawn largely upon their merchant marine for transport service, thus taking many ships from the carrying trade. The result was that the eastern terminals of American railroads were choked with

huge quantities of goods awaiting passage. Warehouses and elevators were soon filled to overflowing and it then became impossible to unload cars, and yards and sidings for many miles were filled with loaded cars. The transportation of munitions and manufactured articles, which commanded the highest freight rates had been given preference by the transportation companies, so that, in December, the country found itself faced by an actual famine in the eastern states because of almost total lack of cars. This reacted upon market conditions, almost stopped trading in cash grain and served to lower prices. The domestic situation was also disturbed by the second threat of a railroad strike if the provisions of the Adamson law were not put into effect by January 1 regardless of the fact that the question of the constitutionality of the law was pending before the Supreme court of the United States. As both sides of this controversy were stoutly maintained and as there were frequent pronouncements by the railways and by their employees that there would be no yielding, no man knew but that after the opening of the New Year there would be no means of getting grain to market. The provision trade was also influenced by the fact that federal authorities had undertaken another investigation of the high cost of meats, and packers were subpoenaed to bring their books into court to prove that they were not conspiring to restrain trade. The cattle trade had been demoralized all through the year to some extent by the prevalence of the foot and mouth disease and as late as November an embargo was placed at the Union Stock Yards against all cattle from west of the Missouri River.

While all these things helped to shape the erratic markets of the month, the overshadowing feature was the war. As the submarine peril threatened the Allies' shipping, more and more, a new complication arose in the arming of merchant ships, ostensibly for defense only, and the determination of the status of such ships in American ports. Pending the ruling which permitted foreign ships, armed for defense, to have free access to our ports, there was a further restriction in ocean traffic. There was a cabinet crisis in Great Britain early in December, which seemed to augur a more vigorous policy and the prolongation of the war, and this, together with the President's message opposing an embargo on grain exports, and large foreign buying caused advancing markets. Persistent rumors that Germany was about to extend its U-boat campaign and to throw off all restrictions as to submarine warfare, with the report that the United States was framing a sharp protest against submarine activities which had already taken place, had a contrary market effect for it was believed by many that the relations between this country and Germany were near the breaking point. It was at this time, when the Teutonic armies had captured Bucharest and had overrun the greater part of Roumania, that the German Emperor took occasion to make overtures for peace. This peace

move took the markets by surprise and there was a panic of selling, wheat breaking more than 11 cents and all other cereals showing corresponding losses. The cold reception with which the German proposals were met by the Allies caused a reaction, but the New York stock market suffered one of the greatest panics in its history, and by the middle of December wheat had fallen $42\frac{1}{4}$ cents from the high point in November. The statement by the French that the German peace proposals were "poison," and the speech by the English Premier Lloyd-George, to the effect that the war must go on, reinstated prices to a large extent, in spite of the bearish effect of the German proposals for general disarmament, a league to enforce peace and mutual reparation for the ravages of war. A few days later President Wilson asked all the warring powers to formulate peace terms and Secretary Lansing made the statement that the action of America was taken through the fear that the United States might become involved in war. This move for peace and its interpretation by the Secretary of State, was the signal for the greatest panic the New York Stock Exchange had known since 1901 and this was reflected in the wheat market, the range for December 21, for May wheat, being from \$1.55 to $\$1.63\frac{3}{4}$. Later it became apparent that there was no prospect for an early peace and the year closed with higher prices for all commodities.

Near the close of December the members of the Board voted upon several proposed amendments, and one, changing the commission for job lot trades to \$1 per 1,000 bushels, when for the personal account of members, carried by a vote of 252 to 235, while an amendment for an increase in storage rates was defeated. The administration of President Griffin had given such satisfaction that no candidate was proposed against him, and John J. Stream was proposed as a candidate for Second Vice-President.

The resignation of Charles P. Randall, as a Director, left a vacancy to be filled at the coming election and the Directors chosen, in January, 1917, were John J. Bagley, to fill vacancy, and W. S. Day, James J. Fones, William E. Hudson, William H. Martin and Herbert J. Blum. The new Directors wisely decided to continue the services of the efficient men then at the head of the work of the Association and J. C. F. Merrill was reelected Secretary, Ernest A. Hamill, Treasurer; Samuel Powell, Clearing House Manager; Henry S. Robbins, Counsel, and Walter S. Blowney, Assistant Secretary.

Other officers of the Board, now serving, are Harry Boore, Inspector and Registrar of Provisions; John T. Canvin, Inspector of Flour; Henry Ulrich, Chief Grain Inspector and Inspector and Registrar of Flaxseed; Henry R. Whiteside, Inspector of Hay, and H. A. Foss, Weigher and Custodian. The Committee of Arbitration is composed of the following members, E. H. Bingham, F. G. Winter, J. F. Lamy, H. S. Carroll, A. D. Pacaud, E. M. Combs, R. H.

Kidston, C. W. K. Hvale, J. G. McCarthy and H. C. Gifford, and the members of the Committee of Appeals are as follows: Edward Andrew, E. J. Garneau, C. H. Canby, E. Schifflin, W. B. Page, D. I. Van Ness, C. S. Beach, E. F. Chapin, F. D. Stevers and K. P. Edwards.

According to the balance sheet submitted with the Directors' Report, covering the year 1916, the total assets of the Board of Trade amounted to \$2,739,151.70, with net assets, after deducting all indebtedness and reserve for depreciation, of \$1,852,543.60. The cash on hand, January 8, 1917, was \$134,081.91 and the Board was operated, during the year 1916, at a profit of \$48,055.83, these figures showing the Board to be in a high state of prosperity and under most efficient management. The clearings were also far in excess of those of any previous year, the total being \$206,167,579 with balances of \$70,261,226.01. The great volume of business transacted by the Board may also be judged from the following figures for 1916, number of cars sampled, 136,646; cargoes sampled, 18,576,000 bushels; cars weighed, 354,714, grain weighed (estimated), 542,267,292 bushels; grain weighed, to and from boats, 35,365,466 bushels; seed weighed, 22,729 bags; grain registered, 165,038,091 bushels.

The year 1916 was in all respects the greatest in the history of the produce and provision trades. The clearings of the Board of Trade Clearing House reached the enormous aggregate of \$206,167,579, with balances amounting to \$70,261,226, as compared with clearances of \$118,417,845, and balances of \$41,123,008, in 1915. The total receipts of grain, and flour reduced to wheat, aggregated 420,780,000 bushels, being the largest in the history of the Board. It was a banner year for receipts not only of oats and barley but much above the average for receipts of other cereals. The receipts of hogs were also the largest on record, while the receipts of such commodities as butter, wool, and lumber were the largest Chicago had ever known. Prices especially during the latter part of the year were the highest since the years immediately succeeding the Civil War. The great European War not only created a tremendous foreign demand for food stuffs but largely increased the domestic demand by the great stimulus given to manufacturing industries. The great advance in prices came the latter half of the year, when the course of the war indicated a prolonged struggle and it became apparent that the countries of Europe must depend almost wholly upon America for their food supplies and that they faced famine without them. The increased activity on the part of German submarines and sea raiders, also operated to destroy vast quantities of grain, thus constantly decreasing the visible supply, while indications that the United States might become involved in war also served to increase values. While there was a great buying movement, especially during the last half of the year, owing to the above

outlined causes, the buying was general and largely for consumptive purposes and there was nothing which might be classed as market manipulation.

Wheat. The receipts of wheat were 74,944,000 bushels, being larger than for any other year save 1914. The shipments aggregated 61,187,000 bushels and were likewise larger than for any other year save 1914. May wheat opened at \$1.22½. The advance culminating for January at \$1.38⅞, and the price at the close of the month was \$1.31⅞. In February the range for May wheat was from \$1.36 the 2nd, to \$1.08 the 29th. The range during March was not great, being from \$1.05⅞, to \$1.16¼ for May. May wheat advanced to \$1.21½ the 5th of April, but the close was 8 cents lower, and in May there was further decline, until the closing price of \$1.04 was reached. Cash wheat was well maintained above \$1 during June, but the July delivery went to 99½ cents June 24, and closed at \$1.01. From this time there was a consistent advance, with \$1.22½ as the top price for July, and \$1.54¼ as the top price, for the September delivery, in August, with No. 1 Northern, spot, 10 cents higher. The unprecedented advance continued until \$1.57⅞ was reached September 29, this being followed by reaction to \$1.54¼ for December wheat, October 2, when there came a new advancing wave which culminated at \$1.95¾ for May wheat on November 13. This was the high price for a future delivery during the year, but on October 30, No. 1 Northern, cash wheat, sold as high as \$2.02, the maximum price for any grade of wheat during the year. The high price for the December delivery was also reached on November 13 at \$1.92¼, and there was a sharp decline to \$1.60 by the 28th. In December the price of December wheat was high on the 1st, at \$1.71⅞, declined to \$1.42½ the 15th, and advanced to \$1.68 the 30th, at which time No. 1 Northern was selling at \$1.87, and May wheat at \$1.75¼.

Corn. The receipts of corn aggregated 102,376,000 bushels and the shipments were 61,782,000 bushels. Cash corn was quoted at 73¼ cents on January 3, and advanced to 79½ cents by the 29th, declining until 71½ cents was reached February 29, and 70 cents March 24. There was a reaction to 78½ cents by the close of March, and the average price for April was 77 cents, with a decline in May to 69 cents at the close. Improvement was made in June, that month closing at 78 cents and continued wet weather forced the price up to 84¼ cents by July 22, and this advance continued through August as high as 88½ cents, and a top price of 90 cents September 8. The price was lower but well sustained during September, and in October, enthusiastic buying carried the price to the maximum figure of the year at \$1.11 on October 28, the close being at \$1.05, with December corn about 20 cents lower. The high price for November was \$1.10 the 13th, but on the 20th, the price fell below \$1 and the close was at 90 cents, but one cent higher than for

December corn. The December range was from 88 cents the 2nd, to 96 cents the 7th, with a reaction to 93½ cents the 30th.

Oats. The receipts of oats were largely in excess of those for any other year, reaching the tremendous aggregate of 161,244,000 bushels, this being the largest quantity of any one cereal ever received in Chicago in a single year and comprising about two-fifths of the total grain receipts of the city for 1916. The shipments were not as large as in 1914 or 1915, and aggregated 116,875,000 bushels. The extraordinary demand operated to maintain the price level which would have been very low under normal conditions. Cash oats sold at 43¼ cents January 3, and advanced to 51 cents by January 25. In February the price declined from 50¼ cents the middle of the month to 41¾ cents at the close, and in March there was an irregular advance to 47 cents the 31st. April prices averaged about two cents lower, and in May the price went from 49¼ the first part of the month, to 39½ cents at the close, which was also the average price for June, and the closing price for July. Oats advanced in August in sympathy with other cereals, reaching 47 cents and closing at 44 cents, with the higher range well maintained during September, the high price of that month being 47⅞ cents, with the close but a fraction lower. October was another boom month and cash oats advanced to 53¾ cents. Fifty-seven cents was the high price for November with a decline to 51½ cents the 28th. The range was lower during December, going from 54 cents the 6th, to 46¾ cents the 16th, and closing at 51⅝ cents.

Rye. The receipts of rye were the largest for an even quarter of a century, aggregating 5,601,000 bushels, with shipments of 4,436,000 bushels. No. 2 cash rye opened at 97 cents, and advanced before the close of January to \$1.04¾, which was the high price for the first seven months of the year. During February there was a decline from \$1.03 the 2nd, to 90 cents at the close, while in March the price strengthened up to 96 cents the 30th. The range for April, May, and June, was from 94 to 99½ cents, and the latter part of July the price again went above \$1. The great advance movement in August carried the price of rye from \$1 the 1st, to \$1.26½ the 26th, and September opened at \$1.15 and closed at \$1.24½. Rye joined other cereals in the big October advance and the price went from \$1.24 the 1st, to \$1.41 the 31st, continuing on the up grade until \$1.53 was reached the latter part of November. The market was much easier in December declining to \$1.30 and closing at \$1.36, making the average price for the year the highest on record.

Barley. The receipts of barley were nearly 3,000,000 bushels larger than Chicago had ever known in any one year of its prior history, aggregating 34,526,000 bushels, and the shipments were also the largest amounting to 11,416,000 bushels. There was no trade for future delivery and the price was steady the first seven months of the year, the top price for choice barley in January being

82 cents per bushel, and in July 79 cents. With August came higher prices, \$1.15 being reached, while the September range was from \$1.06 to \$1.17. This advance became still more marked the latter part of October, when the market went to \$1.26, and in November and December the top prices were recorded at \$1.28, the year closing 8 cents lower.

Flour. The receipts of flour were 9,353,000 barrels and the quantity manufactured in the city was 1,235,000 barrels, this being one of the record years for the Chicago mills. The shipments aggregated 8,332,000 barrels. Flour prices were high; choice spring wheat patents selling at \$7.50, per barrel, in January, declining to \$6.30 in June, advancing to \$8.30 in August, to \$9.30 in October and to \$10.30 in November, with a decline to \$9.60 at the close of the year.

Seeds. The receipts of timothy seed were 34,582,000 pounds and shipments, 36,249,000 pounds. The price ranged high until the harvesting of the new crop; opening in January at \$9, per cental, for prime timothy seed, declining to \$8.50, during the spring months and advancing to \$9.25 in June. In August the price declined from \$8.50 to \$4.40, with later reaction to \$5.50, and with \$5.75 as the prevailing price in December. The receipts of clover seed were 9,873,000 pounds, and the shipments were 9,055,000 pounds. The price range was from \$22 in March, to \$14 in June and July, with better prices the latter part of the year, touching \$18 in November and closing at \$17.90. Chicago had long ceased to be a large market for flax seed, the receipts going direct to the crushing mills. The receipts for the year were 1,225,000 bushels and the shipments 27,000 bushels.

Provisions and Live Stock. The receipts of cattle were the largest since 1911, aggregating 2,730,176 head. The shipments of live cattle were 701,672, and the number slaughtered for the year ending March 1, 1916, was 1,962,048 head. The price range was still higher than in 1915, and extra steers sold as high as \$9.85, per hundred pounds, in January, advancing to \$10 in March and April, and the price standing above \$11 until November, when there was a further advance to \$12.25, and to \$12.60 in December.

The receipts of hogs were the largest in the history of Chicago's packing industry, aggregating 9,528,267 head, the high prices attracting all the available animals from the farms. The shipments aggregated 1,404,727 head, and the number slaughtered, for the year ending March 1, 1916, was 7,256,936 head. Opening with \$6.95 as the top price there was an advance to \$8.10 by the end of January and to \$8.90 at the close of February. The price went above \$10 on six days of March, but the price averaged below that figure for the month, while in April the range of top prices was from \$9.55 to \$10. In May the price ranged from \$9.85 to \$10.35, and in June from \$9.35 to \$10.15. July prices were at or above \$10, reaching \$10.25 as

the high point, and in August the range was from \$9.95 the 2nd, to \$11.55 the 31st. Hogs sold well above \$11, during September, reaching \$11.60, but closing at \$10.50. With October there was further decline to \$9.60, but with a reaction up to \$10.55. The market ruled somewhat lower in November, with \$10.35 as the top price, and in December there was a gradual strengthening, from \$10 the 1st, to \$10.80 the 28th. Mess pork opened at \$18.85, and advanced to \$20.45, the latter part of January, and to \$21 the middle of February. The price declined until the end of this month, but during the first half of March there was a sharp advance to \$23.25, and this continued, irregularly, until \$24.50 was reached, May 1. The price then declined to \$20.75, June 6, but that month closed at \$25.75. A price of \$27.50 was reached July 28, but the month closed \$1.50 lower. During August, September, and October, there was an irregular advance, up to \$29.50, October 25, which was also the closing price for November and the prevailing price in December, although the year closed at \$29.

Transportation. Lake freights underwent another violent advance in 1916, the average rate on wheat per bushel to New York via lake and canal being \$.0802, via lake and rail, for export \$.0913, and via all rail, for export \$.0822, and for domestic traffic \$.1008. Ocean freight rates were lower on grain and much higher on provisions and sacked flour than in 1915; the rate on provisions being as high as \$1.77½ per hundred pounds from Chicago to Liverpool.

1917

It had been the intention to close this history with the end of the year 1916, but the events of 1917 have been so momentous that at least a meagre outline of them is herewith included. The markets of January 2, 1917, closed with prices, for May delivery, as follows: Wheat, \$1.80¼; corn, 95 cents; oats, 55⅜ cents. While it was recognized on all sides that the relations between the United States and Germany were in a very strained condition, the thought of an early peace was the predominating one during January. It was expected that the various combatants would wish to strengthen their positions by assertions as to the favorable situation of their arms and their willingness to fight to a finish, but it was the hope of all that sober second thought would prompt efforts to secure peace, once the door had been opened, and it was felt that any discussion of peace terms, no matter how warlike, indicated a drift towards final settlement. It was this feeling which kept the markets on what may be termed a "normal war basis" during the first days of January, and which prompted President Wilson to issue his second note urging the combatants to at least make a specific statement of the terms upon which they would be willing to enter upon peace negotiations. The heavy buying both for domestic and foreign consumption kept cash grains at a premium and

strengthened prices for future deliveries, but there were no violent advances and the market situation was depressed by the continued threat of a strike by railroad employees and the car famine which was being more and more felt. By the middle of January the Allies had definitely and positively stated their refusal to entertain any peace proposal short of the utter conquest of the Teutonic nations, and it was apparent that the war must continue. German submarine activities increased, and while there was rigid denial on the part of Germany that the pledge to the United States had been violated, there was increasing irritation in this country over the continued losses of American lives and American property. With the rejection of peace overtures, prices of cereals advanced until the closing prices for January 18 were: May wheat, \$1.90 $\frac{1}{8}$; May corn, \$1.02 $\frac{1}{2}$; May oats, 59 $\frac{1}{8}$ cents. This was the crest of the January market, and in spite of the fact that the German Emperor declared, the latter part of January, for "Peace by the sword," and of repeated rumors that unrestricted submarine warfare would soon begin, prices eased greatly up to the close of January, and the last quotations for the month, for the May deliveries, were: Wheat, \$1.71 $\frac{1}{4}$; corn, 99 $\frac{3}{8}$ cents; oats, 55 $\frac{3}{8}$ cents. The sharpest advances were made in live stock, and hogs reached \$11.70, then the highest price for fifty years, while steers sold up to \$11.85. The general activities of the Board were normal and usual attention was given to affairs of internal economy.

With the opening of February the world faced new conditions when the Kaiser announced that Germany had been forced "to do away with the restrictions which have been imposed upon her fighting means on the sea." This meant unrestricted and ruthless submarine warfare and a withdrawal of all former pledges made to the United States. In this proclamation the danger zones were prescribed, and it was stated that the United States' intercourse with England must be restricted to one passenger ship a week, via Falmouth, while all other ships must take the risk of destruction. The immediate effect of the proclamation was the complete demoralization of American shipping. The port of New York was closed, there was a panic on the Stock Exchange and, in Chicago, the apparent inability to export grain caused sharp declines in all markets. May wheat closed at \$1.61, on February 2, while corn fell to 96 $\frac{7}{8}$ cents and oats to 52 $\frac{3}{8}$ cents. President Wilson promptly replied with an ultimatum, that any carrying out of the German threat would be considered as an act of war, and the American people suddenly realized that war was about to become for them also a stern reality. American business soon righted itself, however, shipping was resumed, although some lines refused to allow their ships to leave port until they were permitted to arm for defense against submarines, and there was still hope on the part of many, especially when Germany made peaceful over-

tures through the Swiss minister, that war might be averted. Wheat prices, during February, averaged at least ten cents lower than in January, although the closing price, \$1.81 $\frac{3}{8}$, was ten cents higher than the January close. Corn and oats each advanced five cents during the month of February, but prices for hogs mounted rapidly, passing the \$12 mark before the middle of the month and reaching \$13 by the 24th. One great factor, however, in keeping prices on a lower level was the paralysis of the cash grain trade on account of the great and increasing shortage of freight cars. Lord Furness and Hon. Mr. Guthrie, representing the Allies, were guests of the Board of Trade, early in February, and they declared that ships were available, but that exports were stopped by the impossibility of getting grain to the seaboard. By the middle of the month it was stated that the car shortage kept the elevators full, while the people of New England suffered for supplies; and eastern lines, such as the New York Central and the Grand Trunk, placed an embargo on shipments until the situation could be relieved. It was at this time that President Griffin telegraphed eastern railroad officials imploring them to rush cars for the grain trade. He also made a statement to the effect that the equipment for carrying grain was but twenty-five per cent of normal, that Chicago elevators held 30,000,000 bushels, of grain, and country elevators from 50,000,000 to 75,000,000 bushels more, awaiting shipment and that these conditions were in great part responsible for the high cost of living about which complaint was general. It was reported that many factories would be obliged to close unless the car famine was relieved, and the railroads were said to be endeavoring to rush supplies of coal and food. The condition soon grew to be the worst the United States has ever known, and there were food riots in New York and Philadelphia, and Chicago did not escape these demonstrations entirely. The Government, through the Interstate Commerce Commission, endeavored to help the situation and ordered a certain number of cars furnished daily for transportation of grain from Minneapolis, whereupon President Griffin wired his protest against the discrimination against Chicago, which was 400 miles nearer the eastern cities threatened with famine. He stated that all he had been able to obtain was the promise of investigation, while Chicago needed 20,000 cars, and had been able to get almost none for three months. The Baltimore & Ohio closed to freight shipments, and it was reported that the Corn Products Refining Company was about to close for lack of cars. As February progressed there was but little improvement, although it was reported that the New York Central Railroad had 775 empty cars headed for Chicago, but the situation in New York was evidenced by the bread riots, the Waldorf Hotel being the center of attack. On February 25, eight elevators, five of them "regular" on the Board of Trade, were forced to suspend business, as they

were filled to their capacity of 10,700,000 bushels, and could make no shipments. President Griffin was most active in his efforts for relief, and in an interview he stated that there were 7,105 cars of grain and at least 2,500 cars of flour on which the time of shipment was due or overdue—some since September. He said he had tried at first to deal with the railroads, then with the Interstate Commerce Commission and that he proposed going to the higher authorities as a last resort.

The first of February, Federal Judge Evans made an important decision relative to the application of the stamp tax on grain transactions under the law of 1914, which had been repealed in 1916. It was the belief of the members of the Board of Trade, based upon the advice of counsel, that this tax rightfully applied only to the ultimate sales of a day and not to transfers. Judge Evans decided that the tax must be paid on all sales, and as the sum involved was large an appeal was taken and is still pending.

President Wilson announced early in February that the withdrawal of the order for unrestricted submarine warfare must precede any further negotiations with Germany, Count von Bernstorff was given his papers, Minister Gerard was withdrawn from Berlin and it was apparent that a state of actual war would soon exist. Near the close of February, the sinking of the passenger liner *Laconia* furnished the overt act for which the President waited before taking further action and, with the first of March, came the sensational disclosures that Germany had sought alliance with Mexico and Japan in case of war with the United States, and it was apparent that Germany expected war and was prepared to accept it rather than to forego its submarine activities. March was, therefore, a month of feverish hesitation upon the brink of war, and it is not to be wondered that, in the face of inevitable conflict and with the menace of increased submarine destruction to shipping, markets were excited and active. This was felt more in corn than in wheat, however; while prices for cattle and hogs advanced to unheard of heights. May wheat closed, on March 1, at \$1.82 $\frac{7}{8}$, reached \$1.90 $\frac{3}{4}$ on the day of the reinauguration of President Wilson, declined to \$1.77 when the threat of a general railroad strike again imperilled commerce, the middle of the month, and advanced until \$1.98 $\frac{1}{8}$ was the closing price of March 29, cash grain at all times commanding a large premium. Corn showed an almost steady advance, the closing price, March 1, being \$1.02 $\frac{1}{2}$ for May, and the closing price, March 31, being \$1.18 $\frac{3}{4}$. Oats increased five cents in value during the course of the month, mess pork went as high as \$34.65, while hogs sold at \$14.60 the 6th, at \$15.10 the 10th, and cattle reached new high levels the 26th, with steers at \$12.95.

There was no improvement in the car situation and, indeed, the blockade was increased by the strike which seemed inevitable about the middle of March. President Griffin, together with Vice-

President J. J. Stream, W. N. Eckhardt, E. F. Rosenbaum, E. D. McDougal, H. S. Robbins, John S. Brown, manager of the transportation department of the Board of Trade, and James C. Jeffery, went to Washington to confer with the Interstate Commerce Commission, but the strike situation interfered with all attempts to solve the car shortage question, and the committee was forced to return without any definite promise of immediate relief. The decision of the Supreme Court, upholding the validity of the Adamson law, ended the fear of a strike, tended to clear the car shortage situation, and acted as a bull factor in the grain markets.

The course of the markets was affected by many influences. A nation-wide campaign was inaugurated urging larger production of all foodstuffs. There was a "garden crusade"; boys were given school credits if they would work on farms and the utmost publicity was given the need of the world for every pound of foodstuffs which could be raised. While this resulted later in greatly increased acreage of coarse grains, and the promise of the greatest production the country has ever known, its first effects were to frighten the timid over the possibility of a food shortage and still higher prices and to increase hoarding of supplies by individual consumers and producers and purchasing by foreign agents, thus becoming a strong factor in advancing prices. It was announced that Great Britain had arranged to buy the entire Canadian wheat crop of 1917, and Paris admitted a cereal shortage which only the United States could supply.

The sentiment for war grew rapidly, especially in the east. President Wilson called an extra session of Congress, prepared a war resolution and called out the National Guard, while recruiting was active throughout the country. The actual declaration, that a state of war existed, did not come until April 6, but that it did in fact exist was acknowledged, and acted upon, many days before that time by the people at large. It was when the extra session of Congress convened that May wheat first passed the \$2 mark, and a few days later hogs touched \$16 for the first time.

The upward tendency of the markets, made inevitable by the declaration of a state of war, was increased by the government report, made public April 8, that the winter wheat crop would be about 50,000,000 bushels less than in 1916. Efforts were made to check the rising tide of buying by demanding large margins on all speculative transactions and it was at this time that the Armour Grain Company announced its withdrawal from the speculative grain trade except to execute commissions for others. Mr. Armour also urged meatless days, control of foodstuffs prices and a titanic effort to increase production, and it was soon after this that the leading packers visited Washington in regard to price control of their products and offered their plants to the service of the government. By the middle of April Congress had acted, appropriating

billions of dollars for war purposes, and the knowledge that this huge sum would be expended largely by the United States and the Allies for munitions and food caused wildly advancing markets. Closing prices April 2 for May deliveries were as follows: Wheat, \$1.99 $\frac{5}{8}$; corn, \$1.22 $\frac{1}{8}$; oats, 64 cents; mess pork, \$34.75. Mess pork closed at \$37.40 by April 9, and on the 16th closing prices for cereals were: Wheat, \$2.36; corn, \$1.42 $\frac{5}{8}$; oats, 67 $\frac{1}{8}$ cents, and while news of the free admission of Canadian wheat caused a break in prices the 17th, the upward march was soon resumed, the excitement growing greater near the end of the month, until closing prices of April were for May deliveries: Wheat, \$2.71; corn, \$1.49 $\frac{7}{8}$; oats, 68 $\frac{3}{8}$; mess pork, \$38.22 $\frac{1}{2}$. On April 21 the situation had become so tense that the Directors met to consider the establishment of a marginal price on wheat, the first time this power had been invoked since the Patten oats corner in 1902. As a result of this meeting marginal prices were fixed for July wheat at \$1.85 and for September wheat at \$1.65. The Directors also issued a statement to the effect that the action was taken "to protect traders against the unusual fluctuations due to war, crop conditions, political developments or inadequate transportation facilities." It was explained that this applied only to margins on contracts and was not an attempt to fix a price for wheat. The opening of navigation, April 22, relieved the car shortage, with the initial shipment of some 17,000,000 bushels of grain, but a disturbing market factor was the difficulty in securing sufficient insurance on the high-priced grain in store. The Illinois Insurance Commissioner met with members of the Board and a committee of three members of the Warehouse Committee of the Board of Trade, three members of the Underwriters' Association, three representatives of the insurance companies and one representative of the state insurance department was appointed to solve this problem. Cash grain was at a premium all through April, and near the close of the month cash wheat passed the \$3 mark, No. 2 red selling on the 27th for \$3.04. It was at this time that the Winnipeg Exchange took measures to curb trading in wheat and oats futures, although this action did not quiet the market for, as there was no short selling, buyers were obliged to bid up to buy actual grain and there were violent fluctuations.

With May, the full knowledge of the foreign situation came to the American people. The Allies declared that they would need not less than 6,000,000 bushels of wheat per week, and asked first for food, second for ships and third for money, acknowledging that their affairs were at a crisis and the help of America in all ways was vitally necessary. The submarine campaign was an increasing menace, hundreds of ships having been sunk with cargoes of foodstuffs which could never be replaced, decreasing the world's supply by millions of bushels.

During these weeks the whole country was ablaze with patriotism, and in this the Board of Trade fully shared. President Griffin, Secretary Merrill and Vice-President John R. Mauff represented the Chicago Board of Trade at the Council of Grain Exchanges at Washington, and that body, of which Mr. Mauff was President, appointed a committee of seven, one of whom was Robert McDougal, of Chicago, to co-operate with the National Defense Committee in the matter of food control. It was at this time that Canada and the United States agreed upon a tentative plan to control the American wheat supply, and the Lever Food Control bill, now pending before Congress, was introduced.

By May 9, the continued buying of large quantities of grain by foreign buyers, the prospect of the need of immense stores of grain and provisions by the proposed American army, the increasing toll taken by submarines, the report that but a small percentage of the 1916 crop remained and the further statement by the government of a great loss in wheat acreage, caused a nation wide buying movement both of produce and provisions. Men who had sold short with the expectation of lower prices were also eager buyers in order to fill their contracts with as little loss as possible, and there were few realizing sales, for all felt that the highest prices had not been reached. These conditions produced a wildly excited market, with higher prices than America had ever known before. This was especially marked in the wheat pit, and May wheat closed at \$3.11 the 9th, at \$3.15 the 10th and on the 11th touched \$3.25 and closed at \$3.18; while for cash wheat on the 11th No. 2 red, sold as high as \$3.40 and No. 1 northern at the same price, and on the 12th the highest known price was reached when No. 2 hard winter wheat sold at \$3.43 per bushel. The report that the Directors might take action to limit trading caused a decline from the top price, which was the highest ever paid for wheat in an open market for future delivery. President Griffin was confined to his home by illness, but the other officers of the association, after consultation with A. G. Anderson, chairman of the Royal Food Commission of England, and Federal agents, met and took action to stop trading in wheat for May delivery. From his sick bed President Griffin signed the official notice, appointed a committee, consisting of J. A. Patten, A. Stamford White and Hiram N. Sager, to fix a settling price, and issued the following statement:

"At a special meeting of the Board of Directors of the Chicago Board of Trade, held today, it was decided to discontinue trading in May wheat. It was further determined that all existing contracts should be adjudicated either by the delivery of the property, or at the settling price to be determined by the special committee, to be appointed by the President, and to be approved by the Board of Directors at a special meeting to be held tomorrow.

"This action is without precedent in the history of this Exchange, although other exchanges in this country, Canada and Europe have in the past taken similar action.

"The Board of Directors were prompted in reaching their conclusions by what they deemed to be their patriotic duty to the country in this hour of national stress.

"It must be understood that the Board of Trade is neither a buyer or a seller, it is merely the market place—the greatest market place on earth—where meet daily the millions of producers and consumers throughout this country; in fact throughout the world.

"I should like to emphasize that speculation has nothing whatever to do with the act of the Directors today, nor is speculation in any sense responsible for the high prices prevailing for May wheat, or the cash article. Generally speaking the speculator is not interested in May wheat, his operations being confined to the future. It may be safely stated that practically the entire interest in May wheat is restricted to farmers, grain dealers, millers and foreign governments.

"The recent hysteria over the food situation has caused a stampede by consumers in every direction, and, while it is regrettable, it is nevertheless a fact that even the leading governments of Europe seem to have become fearful as to their future requirements.

"The largest buyers of wheat for present and future delivery at this time in the Chicago market are the governments of Europe, not speculators.

"We are but a market place, and so long as there is no restriction, such as has been adopted today, there is no limit to the amount of wheat these governments might purchase. Therefore the action of the Board of Directors does not interfere with the freedom of contract on the part of either the individual or governments, but compels those requiring wheat for immediate consumption to make purchase from farmers and grain dealers, rather than through the medium of contracts for future delivery on the floor of the Exchange."

The pit was thrown into turmoil when the action of the Directors was announced and May wheat broke badly, but soon rallied to \$3.18, which was the price later decided upon by the special committee as the settling price for May contracts. The resolutions as adopted by the Directors read as follows:

"The price, when so established by the committee, shall be the basis upon which shall be settled all contracts for May delivery open at the close of business May 11, 1917, during the month of May, or shall be performed by the delivery of wheat during the month of May, or shall be settled by the agreement of the parties. Every seller not notifying his purchaser, in writing, before 1:15 p. m. May 16, 1917, of his intent to settle his May, 1917, contracts upon the basis of the price thus fixed, shall be deemed to have elected to deliver the property, and in case of his failure to deliver, settlement shall be made at the price fixed, plus the penalty provided in Rule 23."

The St. Louis and Kansas City Exchanges immediately followed the example set by Chicago, and trade in wheat was restricted to the July and September deliveries. President Griffin stated that there was plenty of wheat, but too much hysteria, and that he

was in favor of Federal food control, if in the right hands. A call was issued for delegates from the exchanges at St. Louis, Kansas City, Duluth and Minneapolis and other cities to meet in Chicago for concerted action and, pending this action, it was ordered that there should be no new buying of July or September wheat. Trade in indemnities for July and September deliveries was prohibited and a committee, consisting of C. B. Pierce, H. B. Jackson and H. N. Sager, fixed \$1.61½ as the selling price for May corn and 73½ cents for May oats. It was further ordered that members of the clearing house must report all trades in wheat to the Secretary, and maximum wheat prices were fixed for July delivery at \$2.75 and for September delivery at \$2.45. Soon trade in May corn and oats was discontinued, but no restrictions were placed upon trades in corn and oats, for July and September deliveries, and there was no limit on short sales of wheat, except the establishment of maximum prices. The immediate result was not a great decline in prices, for cash wheat sold as high as \$3.15 on May 15, but there was little trading in wheat, although oats were active. A special committee was also sent to Washington to act with the committee of the Council of Grain Exchanges to co-operate with the National Defense Board. The delegates from the principal grain exchanges of the country met at Chicago and ratified the work of the Board of Trade, agreeing to put the provisions in effect at other exchanges and issuing a statement attributing the high prices to the sub-normal production of the previous year and the unfavorable crop forecast, to the breakdown of transportation, to the abnormal demand and to the efforts by the government to increase production, which had been taken as a sign of approaching famine. This statement was signed by delegates from Chicago, St. Louis, Toledo, Kansas City, Duluth and Minneapolis. This statement was borne out by the report of government investigators, who placed the blame for high prices upon the extensive buying by Great Britain and other Allied nations and asked that their representatives sell the contracts for wheat for future delivery held by them. The government further proposed to limit exports of grain to the neutral countries of Sweden, Norway, Denmark, Holland, Spain and Switzerland. The Allies agreed to sell their futures and to co-operate with the Federal government for food control, and President Wilson announced that he would appoint H. C. Hoover as food controller should the bill providing for that office be passed by Congress.

These drastic acts on the part of the Directors and the prospect of government control had the desired effect in depressing prices the latter part of May. On the 12th July wheat stood at \$2.75, corn at \$1.61½ cents and oats at 73½ cents. On the 17th the closing prices were: Wheat, \$2.19; corn, \$1.50; oats, 64¾ cents, and by the 29th the closing prices had declined to \$2.03 for wheat,

\$1.40 for corn and 57 $\frac{5}{8}$ cents for oats, while mess pork was quoted at \$37.85 for July.

On May 22, the Board of Trade passed an amendment to its rules making its contract grades of wheat conform to the Government standards, the amendment to be effective July 1 as to winter wheat and on August 1 as to spring wheat, and on the succeeding day the Directors passed the following regulation as to trades in December wheat: "Firms having open trades in December wheat will be permitted to close them by the committee in charge, but permission must first be obtained from the committee. Under restrictions new trades are not permissible on the buying side, and the only trade permissible is the closing out of old trades in July and September and short sales of those two deliveries." This action, closing December deals in wheat, together with reports of largely increased acreage, aided in the price decline, although cash grain was at a large premium, and live stock remained high, steers selling at \$13.65, a new high record, on the 23rd, and No. 2 mixed corn at \$1.75.

In this connection it will be interesting to note the eras of high and low prices for grain, as given on other pages of this work. There was a time of much depression in the prices of cereals in the early '40's, and, in 1842, spring wheat, on the Chicago market, was quoted as low as 35 cents and winter wheat at 42 cents, while corn sold at 12 cents per bushel, pork at \$5.00 per barrel, with \$2.75 as the price of a barrel of the best flour. In 1851, still lower prices for wheat were reached, spring wheat selling in Chicago as low as 27 cents, in October, and the last quotations of the year being 31@35 cents. As a result of the Crimean war prices were comparatively high in 1855, spring wheat reaching \$1.75 and winter wheat \$2.00 per bushel. Just before the civil war prices were again on a low level, and the use of "wild-cat" state bank currency made even the low prices of still less value to the producers. In 1857, spring wheat sold as low as 53 cents, and corn at 36 cents per bushel, and, in 1861, while wheat was higher, the low price being 55 cents, corn, of which there was a large crop, sold at 20 cents, and oats as low as 12 $\frac{1}{2}$ cents per bushel. Prices were nominally high during the later years of the civil war, but this was more apparent than real on account of the depreciated currency. After the war, currency approached more nearly to the gold standard, and there was an era of high prices as the country adjusted itself to the new conditions coincident with the exploitation of the great West. High prices for wheat were \$2.85 in 1867, \$2.20 in 1868, and \$2.47 in 1869, these being the highest prices up to 1917. During the almost 50 years from 1869 to 1917, wheat touched \$2.00 but twice, once at the close of the Hutchinson corner in September wheat in 1888, and again during the fall of 1916. The highest point of the Leiter corner in 1898 was \$1.85, and the Patten manipulation carried the price to

\$1.60 in 1909. One of the greatest and longest periods of depression in wheat prices was from 1893 to 1896. During these years, the high price was 94 $\frac{3}{8}$ cents and the low price, 48 $\frac{7}{8}$ cents. During the last half century, corn has been above \$1.00 in five different years, viz., 1867, 1868, 1892, 1916, and 1917, while in 1896 it reached its lowest level at 19 $\frac{1}{2}$ cents. Oats have never sold as high as \$1.00 per bushel in the Chicago market, the record price being 90 cents, in 1867. In the famous July oats deal of 1902, as in the July deal of 1878, the price was above 70 cents per bushel, but these prices prevailed but a very brief time. The lowest price for oats since the civil war was 14 $\frac{3}{4}$ cents, paid in 1896.

It will thus be seen that the Board of Trade bravely met the unprecedented conditions presented by the war, and it will be well, indeed, if all others sacrifice their personal interests as promptly and as patriotically as did the members of the Chicago Board of Trade, and the other great grain markets of the country. At this writing the food control bill is before Congress; urged by many as of vital necessity for the protection of the people and the successful prosecution of the war, and opposed by others who believe the powers granted are excessive and that control should be extended to cotton and other necessities as well as to food and fuel supplies. What the future has in store lies in the "lap of the gods," but the Board of Trade of Chicago can at least feel that it has played its part manfully and patriotically, and that no act of its has stood in the way of National victory.

To anyone who is acquainted with the Board of Trade of Chicago or who has followed the pages of this history no defense of the Association is necessary. It stands today not only as the world's greatest open market place, but as an institution whose ideals of commercial honor are of the highest type known to the business world. In no other place are men put more upon honor than in the transactions of the Board of Trade. In the pits a word, a nod, a gesture, are as binding as the most closely drawn legal instrument. The Board has made mistakes in the past, and has been liable to all the errors of human frailty banded together, in the first place, solely for business gain. But the record of each year is filled with the efforts to impose higher standards of integrity, to discipline offenders and root out all but the best and most honorable methods. Thus gradually there has grown an institution with wonderful "esprit du corps," with traditions worth preserving, with a history of which to be proud and with standards of commercial honor unrivalled in all the world. Neither have these rules been framed solely for the purpose of protecting members in their dealings with each other or with the public. The interests of the farmer, of the grain dealer and of the consumer have been as jealously guarded. Evidence of this is found in the splendid fight made against the bucket shop swindlers, in the repeated disciplinary

acts when members failed in their duty to clients, in the insistence upon honest weights and in the struggle to place the inspection department under civil service and to have it maintained upon the highest level of efficiency and honesty.

Whenever prices have been too low to suit producers, or too high to please consumers, there has been clamor against the open market afforded by the Board of Trade. But these have been paralleled by the equal outcry against the closed markets for live stock, made possible by the perishable nature of the trade. Those conversant with market history in the grain trade know, however, that prices have followed the irrevocable law of supply and demand, and that the successful manipulations have generally been those conducted by men who were wise enough to study conditions and thus to forecast the course of future events. Not only this, but the very "corners" about which complaint has been loudest in the past, and which are almost impossible under the present rules of the Board, have not been unmixed evils. Time and again the grain bins of the country have been swept clean and producers have benefited by high prices, and this same grain has been marketed later by the manipulators at greatly reduced prices, benefiting consumers, and the only loss falling upon speculators on the wrong side of the market. Again, in times of either high or low prices, people forget that profits are to be gained on both sides of the market, and that the free and open struggle between the opposing forces of buyers and sellers is the best possible factor in establishing an equitable price. There must be a seller for every buyer, a bear for every bull, and so long as these conditions exist the law of supply and demand cannot long be contravened by any man or set of men, and the open market affords the greatest assurance of justice both to producer and consumer. The only alternative is absolute governmental control of prices, which the necessities of war may compel, and, if they do, it can only be hoped that the people will yield as cheerful and patriotic compliance and co-operation as has the Board of Trade of the City of Chicago. Again, not all the corners which interfered with the natural course of trade were at the outset deliberate attempts at extortion. Most of the provision corners were of this character; while on the other hand many of the corners in grain were what are known to the trade as "natural" corners. During recent years, an improved moral tone has set the seal of disapproval upon these attempts forcibly to interrupt the produce business of the country, and since 1909 no such effort has been made.

Judging from its past and from its present strong financial and business condition, the Board of Trade has nothing to fear from the future, and after the storm and stress of war have passed and America has come forth victorious and the nations of the earth have been redeemed to freedom, it will stand supreme throughout the world in its sphere of commercial activity. That it is now in the hands of wise and patriotic men is proven by its record.

APPENDIX A

The site of Marquette's cabin was agreed upon in 1905 by a committee of the Chicago Historical Society, under the guidance of the late Mr. Ossian Guthrie, an intelligent and devoted student of our local antiquities. The investigations resulted in confirming the opinion of Mr. Guthrie, namely, that Marquette's winter cabin was situated on the north bank of the South Branch of the Chicago River at the point where now it is intersected by Robey Street, south of Blue Island Avenue, and from which, at the present time, can be seen, by looking westward, the entrance to the great drainage canal. (Chicago, Its History and Its Builders, by J. S. Currey, vol. I, page 14.)

On the 28th of September, 1907, through the efforts of Miss Valentine Smith, City Archivist and corresponding member of the Chicago and Illinois Historical Societies, and by the generosity of Mr. Cameron L. Willey, there was erected under the auspices of the State of Illinois, the City of Chicago, and the Association of Commerce, a mahogany cross of heroic size on a concrete base, upon the site of Marquette's cabin. To the disgrace of the City this cross was destroyed by some vandal in August, 1914, but Mr. Willey, the original donor, has caused a new one to be erected in its stead at the request of Miss Smith, and which was dedicated with appropriate ceremony, being still the only memorial to these first explorers throughout the States bordering on the Mississippi River through which they passed in 1673.

The bronze tablet affixed to the concrete base in which the cross is set, bears the following inscription:

"In memory of Father Marquette, S. J., and Louis Joliet, of New France (Canada), first white explorers of the Mississippi and Illinois rivers and Lake Michigan, 1673, navigating 2,500 miles, in canoes, in 120 days." In crossing the site of Chicago Joliet recommended it for its natural advantages, as a place of first settlement, and suggested a lake to the gulf waterway (see "Jesuit Relations," Vol. 58, p. 110), by cutting a canal through the "portage" west of here, where begins the Chicago Drainage and Ship Canal. Work on this canal was begun September 3, 1892, and received the first waters of Lake Michigan January 2, 1900.

This remarkable prophecy made 234 years ago, is now being fulfilled. This end of Robey Street is the historic "high grounds" where Marquette spent the winter of 1674-5.

"To do and suffer everything for so glorious an undertaking."
—Marquette's Journal.

"Erected Saturday, September 28, 1907, by city of Chicago and Chicago Association of Commerce."

APPENDIX B

"The Pottawattomie Indians occupied in modern times a large portion of the northeast section of Illinois. They were a branch of the great Chippeway Nation, and were also connected with the ancient Miamis. They extended their hunting and fishing almost the whole length of the Illinois River. But toward Chicago was their main residence. Branches of this nation extended to Wisconsin, Michigan and Indiana. They were the largest nation of the West in modern times, and figured ferociously in the wars against the whites."

The Miamis inhabited the northeastern section of the present State of Illinois, but their country mostly lay east of that. The Piankeshaws inhabited the country on both sides of the Wabash toward its mouth, and between the sources of the Kaskaskia and Saline rivers to the Ohio (Pioneer History of Illinois, John Reynolds, p. 19).

APPENDIX C

Hurlbut's Chicago Antiquities, p. 277.

"The last of the wild bears."

The last wild bear killed in Chicago, and the first also, as far as we know (for we remember no other told of in white or red men's chronicles), was the one shot in the autumn (October 6) of the year 1834.

We may state, that his bearship was roused to a consciousness of personal identity by the fact that he was encountered by Sam George, the baker, who happened to be rambling through the thicket, or woods, in the neighborhood of Randolph Street, somewhere between La Salle Street and the river.

APPENDIX D

Chronological table of important events prepared for this history by Miss Valentine Smith, late Archivist of the City of Chicago.

1492—Discovery of America by Columbus.

1493—Bull of Pope Alexander VI, dividing the New World between Spain and Portugal.

1494—Treaty of Tordesillas between Spain and Portugal.

1497—John Cabot discovers the continent of North America.

1498 to 1517?—Sebastian Cabot explores Atlantic coast of the United States.

1512—Ponce de Leon lands at St. Augustine.

1521—Cortez conquers Mexico.

1534-5—Jacques Cartier reaches Hochelaga, Canada.

1541—Hernando de Soto discovers the Mississippi.

1565—Spaniards build a fort at St. Augustine.

1572—Massacre of the Huguenots in France.

1584—Raleigh's expedition discovers Virginia.

- 1588—Destruction of the Spanish Armada.
1607—English settlement of Jamestown, Virginia.
1608—French settlement of Quebec.
1613 or 1614—Dutch settlement of New York.
1615—Champlain explores Lake Huron.
1620—Settlement of Massachusetts by English Puritans.
1634-5—Jean Nicolle visits Wisconsin.
1639-43—First written free constitution in the world, among American Colonies.
1642—Montreal founded.
1669—La Salle discovers the Ohio River.
1671—France takes formal possession of the Northwest.
1673—Joliet and Marquette explore the Mississippi River and return to Green Bay by way of the Illinois River and Lake Michigan, visiting Chicago en route.
1674-5—Marquette spends the winter of 1674-5 on the "Portage River" at Chicago.
1675—King Philip's War; Death of Marquette near Ludington, Mich.; Marquette founded the "Immaculate Conception of the Blessed Virgin" Mission at Old Kaskaskia.
1677—Fr. Allouez succeeds Fr. Marquette in charge of the mission at Old Kaskaskia.
1679—Le Griffon, the first vessel built on the Upper Lakes, was launched on Lake Erie. Her capacity was 45 tons.
1680—La Salle reaches the Illinois River, via the St. Joseph and Kankakee rivers. Fort Crevecoeur built and destroyed. Illinois Indians almost annihilated by the Iroquois. Tonty and his followers retreat to Green Bay, by way of the Chicago Portage.
1681—William Penn receives grant of Pennsylvania; La Salle and Tonty visited Chicago, en route to the Mississippi River.
1682—Philadelphia founded.
1682—La Salle and Tonty erected cross at the delta of the Mississippi River and took possession in the name of King Louis XIV; Illinois, a district of the French province of Louisiana; Fort St. Louis erected at Starved Rock, Ill.
1684-5—French establish a fort at Chicago, garrisoned by 60 soldiers under command of M. de la Durantye. Location of fort undoubtedly "at mouth of the Chicago River where a fort formerly stood" (see Treaty of Greenville and other earlier records).
1688—English Revolution; Flight of James II; Fr. James Gravier succeeds Fr. Allouez as missionary to Illinois Indians.
1689—Tyranny of Andros in New England.
1692—Naval battle of La Hogue; first baptism recorded March 20, 1692, of Pierre Acou, at Church of the Immaculate Conception at Kaskaskia.
1693—First transfer of real estate in Illinois. Francais de la Forrest conveys to Michael Accault (Acou) about two-thirds of present State of Illinois.

1696—Fr. Pinet establishes Mission of "The Guardian Angel" at Chicago.

1699—Colonization of Louisiana; Mission of "The Holy Family" established at Cahokia.

1701—Detroit founded by Cadillac.

1702—Fort of the Assumption (or Fort Massac) established.

1704—Battle of Blenheim.

1712—New and larger church built at Cahokia.

1716—John Law promotes his "Mississippi" scheme. French fort at Cahokia built. It was called Old Cahokia during the American period. Court House now preserved on "Wooded Island," Jackson Park, Chicago.

1717—Illinois annexed to French Province of Louisiana, headquarters at New Orleans, when Company of the West assumed control.

1718—Fort Chartres begun.

1720—Fort Chartres finished.

1733—Settlement of Georgia.

1755—Braddock's defeat.

1759—Victory of Wolfe at Quebec—English conquest of Canada.

1762—Spain purchases Louisiana from France.

1763—Treaty of Paris. France cedes to England, all her possessions in America east of the Mississippi River; Pontiac's conspiracy.

1764—City of St. Louis founded.

1765—American Colonies oppose the Stamp Act; British take possession of Illinois at Fort Chartres; Pilette de Sainte Ange and wife supposed to have arrived in Chicago about 1765.

1772—Fort Chartres abandoned.

1773—Boston "Tea Party."

1774—First Continental Congress met in Philadelphia.

1775—Battles of Lexington and Bunker Hill.

1776—Declaration of American Independence.

1777—Defeat and surrender of Burgoyne at Saratoga.

1778—Massacre at Wyoming, Pennsylvania; George Rogers Clark captures Kaskaskia of the "Illinois Country"; Governor Patrick Henry sends the French of Illinois the laws of the Virginia Bill of Rights; first election of magistrates in Illinois for the court at Cahokia; Illinois constituted a county of Virginia.

1779—John Paul Jones wins first great victory of the American navy; Col. John Todd arrives at Kaskaskia as Chief Magistrate of the "County" of Illinois.

1781—Surrender of Cornwallis at Yorktown.

1782—End of American Revolution.

1783—Treaty of Paris, acknowledging independence of the United States.

1784—Virginia cedes Illinois to the United States.

1785—Congress directs the survey of all lands in the Northwest Territory purchased from the Indians.

1787—Congress prohibits forever slavery in the Northwest Territory.

1789—Inauguration of George Washington, first President of the United States; Gen. Arthur St. Clair appointed Governor of the Northwest Territory.

1790—Organization of St. Clair County; a court established at Cahokia and justices appointed for each village; Jean Baptiste Point du Sable, Chicago's first permanent resident, may have been here some years prior to 1790.

1793-4—Reign of Terror in France; invention of the Cotton Gin and enormous growth of cotton planting.

1796—Nicholas Jarrot built first brick mansion in Illinois of bricks brought by flat boat from Pittsburgh.

1800—Spain retroceded Louisiana to France; Congress created Indiana Territory with Vincennes, as its capital.

1803—United States purchases Louisiana from France; Fort Dearborn established at Chicago.

1804—Lewis and Clark Expedition; John Kinzie and family arrive in Chicago. They were the first family of white people.

1807—First practical steamboat.

1809—Congress creates Territory of Illinois with capital at Kaskaskia.

1812—War with Great Britain; Hull surrenders Detroit; battle and massacre at Fort Dearborn.

1813—Perry's victory on Lake Erie.

1815—Battle of Waterloo; Battle of New Orleans and end of War of 1812.

1818—Illinois admitted to the Union with Kaskaskia as its capital.

1820—Missouri Compromise; capital of Illinois removed to Vandalia.

1821—Florida acquired and occupied by the United States.

1823—Monroe Doctrine proclaimed by the United States.

1825—Opening of Erie Canal; Gen. La Fayette visited the Illinois towns and St. Louis.

1831—Cook County established.

1832—Black Hawk War.

1833—Village of Chicago incorporated.

1835—Branch of State Bank established at Chicago.

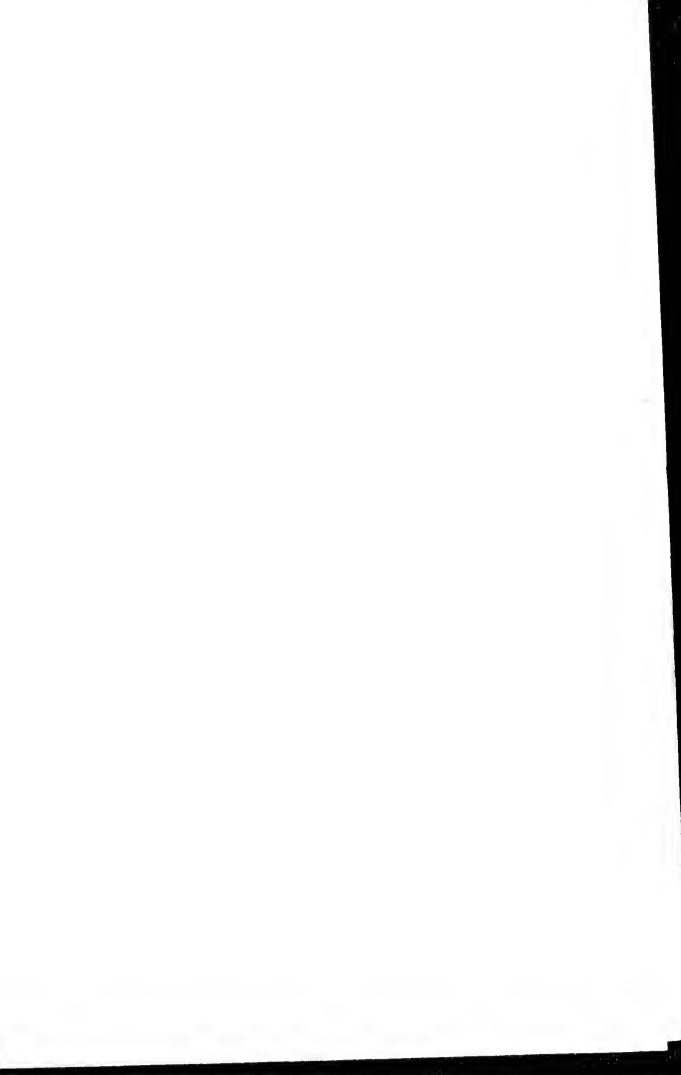
1837—Financial panic; City of Chicago incorporated.

1844—Invention of magnetic telegraph.

1846—Repeal of English Corn laws; American occupation of California; Mexican War.

1848—Opening of Illinois and Michigan Canal; opening of first ten miles of railroad out of Chicago, a part of the Galena and Chicago Union Railway; organization of the Chicago Board of Trade.





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