

The Panic of 1907: A Human-Caused Crisis, or a Thunderstorm?

A Comparison Between *The New York Times* and *Wall Street Journal's* Coverage of the United States' First Modern Panic

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The Knickerbocker Trust Co.'s headquarters on 34th Street and 5th Avenue, New York City. 1910.

Before the Panic of 1907 seized the United States' financial markets, the Knickerbocker Trust Company's headquarters in midtown Manhattan stood as sedately as a Roman temple. Though completed only three years earlier, the building exuded a sense of seemingly lasting grandeur.¹ Four Corinthian columns stood in front, and customers would wait inside at chairs with writing desks, surrounded by walls of white Norwegian marble, bronze detailing, and mahogany.² It seemed as though nothing could shake the 23-year-old trust company, one of the largest banks in the country. However, when a growing crowd of depositors lined up outside the bronze doors to reclaim their deposits on the morning of Tuesday, October 22, 1907, the foundations began to crumble. After doling out \$8 million to depositors at its four New York offices, the Knickerbocker Trust Company suspended its payments and shuts its doors two and half hours before the end of business hours.³ It would not reopen until March 1908.⁴

For those who glimpsed the front pages of *The Wall Street Journal* or *New York Times* on the morning of October 22, 1907, it may have seemed as though there was little reason to panic. Both their front pages trumpeted that the New York Clearing House had the situation under control and that New York's financial sector was sound. However, only *The New York Times* discussed the Knickerbocker Trust's troubles at all. While it is difficult to draw broad conclusions about the two newspapers' coverage of the Panic of 1907 from one incident alone, their divergent coverage on that day raises a number of

¹ Robert Bruner and Sean Carr, *The Panic of 1907: Lessons Learned from the Market's Perfect Storm* (Hoboken, NJ: John Wiley and Sons, 2007), 66.

² Ibid., 66.

³ Ibid., 80.

⁴ Elmus Wicker, *Banking Panics of the Gilded Age* (New York: Cambridge University Press, 2000), 92.

questions. Did both newspapers treat Wall Street favorably? Was the *Times* more critical of banking circles during the panic than the *Journal*? How did two newspapers explain the cause of the panic? Did the Panic of 1907 appear in their news pages as a thunderstorm outside human control, or as a human-induced crisis? The picture is not as clear as it may seem.

Once the Knickerbocker Trust—the United States’ second largest trust company—had suspended its operations, a crisis in confidence ensued, and the panic spread throughout the financial system.⁵ Several other banks suffered from bank runs and failed.⁶ J.P. Morgan himself, Wall Street’s largest titan, had to step in with his own money and encourage other bankers to help save the New York Stock Exchange from collapse. The United States had already been headed toward an economic downturn due to a severe credit shortage, a long-term dip in the stock market, variable gold supplies from London, and deflation of the dollar.⁷ In such a fragile financial environment, the banking crisis of October 1907 sent shockwaves throughout the economy. After the full panic had run its course, commodity prices had fallen 21 percent, the dollar volume of bankruptcies had spiked by 47 percent, and unemployment had risen from 2.8 to 8 percent.⁸ Ultimately, the Panic of 1907—one of the most severe financial crises in the United States’ history—led to increased financial regulation by the government and the creation of the Federal Reserve System in 1913.

⁵ Hugh Rockoff, *The Cambridge Economic History of the United States*, Vol. 2, ed. Stanley Engerman and Robert Gallman (Cambridge: Cambridge University Press, 2000), 672.

⁶ Robert Bruner and Sean Carr, *The Panic of 1907: Lessons Learned from the Market’s Perfect Storm*, (Hoboken, NJ: John Wiley and Sons, 2007), 101.

⁷ Ibid., 14-20.

⁸ Ibid., 141-142.

The Bank of Commerce had announced on Monday, October 14, 1907, that it would stop clearing the Knickerbocker Trust's checks, after the revelation that the Knickerbocker Trust's president, Charles T. Barney, had been associated with two prominent but unsavory Wall Street bankers—Charles W. Morse and F. Augustus Heinze—in various financial schemes. Subsequently, all other national banks refused to cash the Knickerbocker Trust's checks, for fear that the Knickerbocker Trust would not be able to honor those checks for payment.⁹ Heinze and Morse's most recent scheme—an attempted corner of the stock of the United Copper Company, initiated by Otto Heinze, Augustus' brother—had already sent stocks tumbling on Tuesday, October 15, in a downward spiral that would continue for weeks and signal the beginning of the panic.¹⁰ On Sunday, the New York Clearing House had decided to take its most drastic measure to date: it ordered the immediate elimination of Augustus Heinze and Charles Morse from all banking interests in New York City.¹¹ Barney was forced to resign from the Knickerbocker Trust as well as the National Bank of Commerce,¹² according to the board's official statement, “because of his connection with Mr. Morse and the Morse companies.”¹³ It is in the context of this tumult that the Knickerbocker Trust—the U.S.' second-largest trust company—suffered from a crippling bank run the following day, with repercussions that would send the United States economy into a financial crisis.

⁹ Robert Bruner and Sean Carr, *The Panic of 1907: Lessons Learned from the Market's Perfect Storm*, (Hoboken, NJ: John Wiley and Sons, 2007), 83.

¹⁰ Ibid., 47.

¹¹ Ibid., 62.

¹² Elmus Wicker, *Banking Panics of the Gilded Age* (New York: Cambridge University Press, 2000), 91.

¹³ “Knickerbocker Will Be Aided,” *The New York Times*, October 22, 1907, 1.

Meanwhile, on October 22—the day of the Knickerbocker's fateful bank run—*The Wall Street Journal* and *New York Times* exuded confidence in the business world. “The [New York] Clearing House has the banking situation so well in hand that no doubt is entertained of its ability to do all that is necessary,” *The Wall Street Journal* proclaimed on its front page.¹⁴ “It has already given a superb demonstration of its power.” “Stocks show the best performance in weeks,” declared the sub-headline of an article on stock performance: “Action of the Bankers Clearing House Restores Confidence.”¹⁵ *The New York Times* also wrote glowingly about the markets. “Brokers came downtown yesterday morning feeling decidedly cheerful and in some cases extremely optimistic with regard to the market,” the reporter wrote in the lead paragraph.¹⁶ He then took special aim at the “skeptical souls” who assumed that the Clearing House’s \$2 million in aid to national banks was only “day by day.” He argued that the Clearing House was obligated to continue providing aid and that it would not pull its money at such a critical time. In the face of bank runs over the past few days, the New York Clearing House had decided to extend \$2 million in aid to two troubled banks: the Mercantile National Bank, which Augustus Heinze headed as president, and the New Amsterdam National Bank, which Charles Morse had also been involved in.

In the midst of their shared optimism, only one of the two newspapers mentioned the Knickerbocker Trust’s troubles on October 22, 1907. While *The New York Times*’ front page covered Charles Barney’s resignation as president of the Knickerbocker Trust Company and the refusal of the National Bank of Commerce to clear for

¹⁴ “Clearing House Has Banking Situation Here Well At Hand,” *The Wall Street Journal*, October 22, 1907, 1.

¹⁵ “Features of the Market,” *The Wall Street Journal*, October 22, 1907, 4.

¹⁶ “Topics in Wall Street,” *The New York Times*, October 22, 1907, 13.

Knickerbocker—which would ultimately lead to the Panic of 1907—*The Wall Street Journal* did not mention the Knickerbocker Trust or Charles Barney once. The public had already found out by October 21 that Barney was an associate of Morse and Heinze and may have been involved in their schemes, and they would soon discover that the Heinzes had approached Barney for help with their attempted corner of the copper market—which he ultimately gave.¹⁷ However, the *Journal* refused to acknowledge this news. Instead, their most pertinent front-page headline was outdated—“Clearing House Has Banking Situation Here Well At Hand”—leading to an article that failed to mention that the Clearing House would no longer aid the Knickerbocker Trust. The *Times* reporter for their front-page story, on the other hand, waited outside J. P. Morgan’s apartment until the 2 a.m. conclusion of a meeting between top trust company and bank officers and Morgan and his own trading partners. He reported on their ultimate decision: that Barney would resign as president, and the Knickerbocker would have to clear its own deals, but Morgan would help fund the Knickerbocker to stay afloat.¹⁸ (The next day, Morgan and his lieutenants decided that it would be useless to help the Knickerbocker Trust after all, since they determined it to be insolvent.¹⁹)

The New York Times reporter’s determination to get the scoop mimicked the ambitions of the *Times*’ own publisher. When Adolph S. Ochs, an ambitious small-town newspaper publisher from Knoxville, Tennessee (See Picture 1.), purchased *The New York Times* in 1896, during the height of yellow journalism, he sought to initiate a new

¹⁷ Robert Bruner and Sean Carr, *The Panic of 1907: Lessons Learned from the Market’s Perfect Storm* (Hoboken, NJ: John Wiley and Sons, 2007), 64.

¹⁸ “Knickerbocker Will Be Aided,” *The New York Times*, October 22, 1907, 1.

¹⁹ Robert Bruner and Sean Carr, *The Panic of 1907: Lessons Learned from the Market’s Perfect Storm* (Hoboken, NJ: John Wiley and Sons, 2007), 84.

era of rigorous, impartial reporting across the country. However, he became indebted to more powerful interests in the process. Ochs bought the bankrupt newspaper with “only borrowed backing” for \$75,000²⁰ and expanded the *Times*’ operations by borrowing more. By the time he had bought the *Times*—which had been “beyond his means” in the first place—“he was by every accounting standard a bankrupt.”²¹ Ochs was then forced to beseech his creditors for mercy. According to former *New York Times* reporter Harrison Salisbury, who chronicles the *Times*’ early history in his book *Without Fear or Favor*, exactly half of Ochs’ correspondence was devoted to writing excuses to his creditors.²²

Ochs found the solution to his fiscal problems in a loan: a \$250,000 mortgage from Equitable Life Assurance Society, which gave Equitable indirect ownership of *The New York Times*’ control stock.²³ He borrowed another \$2.5 million from creditors including Equitable to build an impressive tower in Longacre Square, which he pressured New York City into renaming Times Square in the newspaper’s honor (See Picture 2).²⁴ While still unable to repay the construction loan, he had to borrow more money to buy new machinery and expand the *Times*’ operations further.²⁵ When Equitable came under government investigation, *The New York Times* covered the scandal thoroughly, but Ochs feared the possibility that a Hearst or Pulitzer-owned newspaper could uncover the *Times*’ financial obligations to the insurance company. Although *The New York Times*’ reporting about the Equitable scandal did not reveal favoritism, *Times* editorials were sympathetic to

²⁰ Meyer Berger, *The Story of The New York Times, 1851-1951* (New York: Simon and Schuster, 1951), 105.

²¹ Harrison Salisbury, *Without Fear or Favor* (New York: Times Books, 1980), 100.

²² Ibid., 101.

²³ Ibid., 102-103.

²⁴ Gay Talese, *The Kingdom and the Power*, 2nd ed (New York: The World Publishing Company, 1969), 165.

²⁵ Ibid., 165.

Equitable's problems.²⁶ In order to avoid scandal, Ochs approached Marcellus Hartley Dodge, who agreed to take ownership of the Equitable loan in 1905 and loaned *The New York Times* a total of \$300,000.²⁷ It was not until 1916—twenty years after Ochs had first purchased *The Times*—that Ochs fully owned the control stock of *The New York Times*.²⁸ According to Salisbury, the late *New York Times* reporter, Ochs had been operating on borrowed money from the very beginning, and “[h]e felt comfortable that way.” “Nothing more typified *The Times* in the Ochs era than these private, confidential and long-enduring arrangements among friends,” Salisbury writes.²⁹

Ochs quickly became part of the establishment and was proud of that fact.³⁰ He valued his relations with the Wall Street investors who had helped him purchase *The New York Times*—including the elder J. P. Morgan.³¹ He also relished being the “confidant” of presidents and secretaries of state and having quiet entree to Whitehall or 10 Downing Street.³² While Ochs said he did not admire the New Deal, he counted Herbert Hoover as a friend and admired Calvin Coolidge.³³ Although he was a Democrat by default since he had been raised in the South, he supported gold and fiscal conservatism rather than free silver.³⁴ Over time, the *Times* started to reflect his political leanings. *New York Times* historian Elmer Davis, who was also a *Times* journalist, noted that the *Times* was an “independent Democratic newspaper” that admired Teddy Roosevelt, but not William Jennings Bryan.³⁵ Conspiracy theories about the *Times* abounded for years: some people whispered

²⁶ Harrison Salisbury, *Without Fear or Favor* (New York: Times Books, 1980), 105.

²⁷ Ibid., 105.

²⁸ Ibid., 106.

²⁹ Ibid., 106.

³⁰ Ibid., 26.

³¹ Ibid., 27.

³² Ibid., 26-27.

³³ Ibid., 30.

³⁴ Ibid., 26.

³⁵ Elmer Davis, *History of The New York Times* (New York: Press of J. J. Little and Ives Co., 1921), 248.

that J.P. Morgan was the *Times*' true owner,³⁶ that other financiers and politicians were the newspaper's secret masters, or that "the paper was dominated by its bondholders as a group."³⁷ Davis refuted these claims as unfounded. However, as the *Times* grew wealthier as circulation and advertising revenue started to flourish, some outside observers became more suspicious about the *Times*' financial backing.³⁸

Ochs did not hide the fact that he wanted to reach out to businessmen as an audience when he took over the *Times*.³⁹ Raising the quality and scope of the *Times*' business coverage quickly became one of his main goals. He demanded consistent coverage of financial news market reports and real-estate transactions, among other activities that publications previously had considered too boring to warrant an article.⁴⁰ According to former *New York Times* reporter Meyer Berger, Ochs' managing editor, Henry Loewenthal, "injected new life into his Wall Street reporters, goading them to greater output."⁴¹ Carr Van Anda, who took over as managing editor in 1904, also excelled in spearheading finance coverage during his tenure.⁴² While general news reporters at the *Times* and other newspapers assumed that Ochs' drive for business news would make the *Times* duller and less appealing, to their astonishment, Ochs was able to bring in thousands of "new, substantial readers and a brisk flow of advertising."⁴³ Berger claimed that other New York

³⁶ Harrison Salisbury, *Without Fear or Favor* (New York: Times Books, 1980), 27.

³⁷ Elmer Davis, *History of The New York Times* (New York: Press of J. J. Little and Ives Co., 1921), 190.

³⁸ *Ibid.*, 245.

³⁹ Gay Talese, *The Kingdom and the Power*, 2nd ed (New York: The World Publishing Company, 1969), 162.

⁴⁰ *Ibid.*, 162.

⁴¹ Meyer Berger, *The Story of The New York Times, 1851-1951* (New York: Simon and Schuster, 1951), 109.

⁴² Gay Talese, *The Kingdom and the Power*, 2nd ed. (New York: The World Publishing Company, 1969), 164-165.

⁴³ Meyer Berger, *The Story of The New York Times, 1851-1951* (New York: Simon and Schuster, 1951), 109.

publications did not take any serious measures to compete with the *Times* in business and financial coverage. Thus, the *Times* soon earned a second name: the “‘Business Bible.’”⁴⁴

Amidst this success, Ochs found that his intent to make the *Times* the paper of record for the establishment often presented difficulties for his stated mission to deliver the news impartially.⁴⁵ He believed in editorial independence, but not crusades that would alienate the elite. He did not wish to set the *Times* against the establishment—it had been difficult for him, as a Southern Jew, to become part of the establishment in the first place.⁴⁶ Just as he did not wish to jeopardize his own place in the elite, according to Salisbury, “he did not propose to jeopardize the economic health of *The New York Times* with unconventional attitudes.”⁴⁷ Nonetheless, he sought to counteract the sensationalism of yellow journalism during that time not only to make the *Times* the paper of record, but also ostensibly for more ethical reasons. In his mission statement, he declared in 1896 that he wanted a paper that would “‘give the news, all the news, in concise and attractive form, in language that is parliamentary in good society, and give it as early, if not earlier, than it can be learned through any other reliable medium; to give the news impartially, without fear or favor, regardless of any party, sect, or interest involved.’”⁴⁸ While his reference to “good society” indicated that he wished for the *Times* to a moderate paper read by the elite, his mission statement is an ode to freedom from all bias. This desire for impartiality stems back to the newspaper’s original prospectus from 1851, which included the declaration that the *Times* “‘is not established for the advancement of any party, sect or person.’”⁴⁹ Ochs also took pride in the *Times*’ unadorned content, preferring a bland editorial page to any

⁴⁴ Meyer Berger, *The Story of The New York Times, 1851-1951* (New York: Simon and Schuster, 1951), 109.

⁴⁵ Harrison Salisbury, *Without Fear or Favor* (New York: Times Books, 1980), 28.

⁴⁶ *Ibid.*, 28.

⁴⁷ *Ibid.*, 28.

⁴⁸ Gay Talese, *The Kingdom and the Power*, 2nd ed. (New York: The World Publishing Company, 1969), 162.

⁴⁹ Elmer Davis, *History of The New York Times* (New York: Press of J. J. Little and Ives Co., 1921), 18.

shrill or strong statements.⁵⁰ He believed in the value of communicating facts without any interest in mind, and that is what he sought to achieve as he revolutionized *The New York Times*.

While Ochs had to reconcile his mission to deliver the news impartially with his desire to remain within the establishment that he had labored to join, Clarence W. Barron—who purchased Dow Jones and Company in 1903 and served as *The Wall Street Journal*'s publisher during the Panic of 1907—reveled in his longtime position in the Northeastern elite (See Picture 3). During his tenure as publisher, he moved between three patrician residences: a suite at the Waldorf-Astoria in New York, a home in Boston, and a baronial mansion in Cohasset, Massachusetts, where he went fishing, led the yacht club,⁵¹ and kept eighteen telephones.⁵² An excessive eater, he would consume stewed fruit, juice, oatmeal, ham and eggs, fish, beefsteak, fried potatoes, hot rolls, butter, and coffee with cream for breakfast.⁵³ Barron reportedly dictated memos to his secretaries almost incessantly, no matter where he was or what time it was. A coterie of male secretaries followed him around, jotting down his ideas and commentary.⁵⁴ Barron would sometimes send over 100 memos to editors every day and still write several news articles and editorials himself.⁵⁵ He ruled over Dow Jones and Company like a king.

Barron believed fiercely in the unbridled free market and was not afraid to use the *Journal* as a platform to defend it. Over time, both Barron and the *Journal* grew increasingly defensive about unregulated business practices. “He [Barron] bullishy asserted that the grand tycoons of his era were performing divine work,” writes Francis

⁵⁰ Harrison Salisbury, *Without Fear or Favor* (New York: Times Books, 1980), 26.

⁵¹ Winthrop and Frances Neilson, *What's News—Dow Jones* (Radnor, Pa.: Chilton Book Company, 1973), 43-44.

⁵² Edward Scharff, *Worldly Power: The Making of The Wall Street Journal* (New York: Beaufort Books Publishers, 1986), 11-12.

⁵³ Ibid., 10-11.

⁵⁴ Francis Dealy, *The Power and the Money* (New York: Birch Lane Press, 1993), 16.

⁵⁵ Ibid., 16.

Dealy, author of *The Power and the Money*.⁵⁶ Barron once even heralded J. P. Morgan as “the nation’s Prometheus.”⁵⁷ As the United States government grew warier of Wall Street’s unregulated business practices after the Panic of 1907, *The Wall Street Journal* under Barron “cast itself more and more in the role of Wall Street’s public defender.”⁵⁸ In one 1921 editorial, he berated government officials for considering any financial regulations:

“Capitalism—the sacred notion of free men and free markets—has enabled our economy to ascend from the third circle of Hell to Halcyon prosperity in fifty short years. But rather than continue the system exactly as is, there are those who would have the government intervene and control Wall Street, as if it were more illegal gamble than legitimate risk.... Like Moscow’s new leaders, these people don’t understand the cornerstones of free enterprise, supply and demand.

“To the underutilized officials pursuing the regulation of our financial markets, we say, seek some other cause to get reelected or promoted. Wall Street, because it is so free, provides all the information needed by any investor to prosper.”⁵⁹

While the argument was harsh and direct, it suggested much revealing subtlety. First, Barron tied free enterprise to religion in order to make its virtues appear self-evident. He described capitalism as “the sacred notion of free men and free markets”—implying that it is a natural instinct, but only for “free men.” By portraying the transition from a post-

⁵⁶ Francis Dealy, *The Power and the Money* (New York: Birch Lane Press, 1993), 12.

⁵⁷ Ibid., 19.

⁵⁸ Ibid., 27.

⁵⁹ Ibid., 26-27.

Civil War economy to the boom years of the 1920s as rising from hell to Halcyon, he furthered the theme of capitalism's connection to the sacred. Then he connected pro-regulation politicians to the Communists in the Soviet Union, just when the Red Scare had started to subside. He implied that by default, anyone who is against free enterprise is also opposed to democracy, freedom, and perhaps even religion. Nonetheless, the last two sentences are the most revealing of his entire polemic. After insisting that "we say" that government officials should find some other cause to press for their own gain, he switched effortlessly into using "Wall Street" as the subject of the next sentence, claiming that the financial markets provide all the information any investor needs to prosper—very much the way *The Wall Street Journal* idealized itself. In effect, the subjects "we" and "Wall Street" became interchangeable. *The Wall Street Journal* was now Wall Street.

The Wall Street Journal—a defender of big business—historically did not write critically about Wall Street. "Barron tended to go easy on these men and their firms," writes Rutgers Business School Professor Jerry Rosenberg.⁶⁰ Dow Jones and Company was founded in 1882 as a bulletin news service meant to inform businessmen about the latest investment information; it expanded into a newspaper and ticker with indexes and averages later.⁶¹ Creativity was not the highest priority at *The Wall Street Journal*, which was still a sideline business at Dow Jones and Company.⁶² "Life as a Dow Jones reporter was somewhat grubby and not very demanding of a man's intelligence," author Edward

⁶⁰ Jerry Rosenberg, *Inside The Wall Street Journal* (New York: Macmillan Publishing Co., 1982), 35.

⁶¹ Edward Scharff, *Worldly Power: The Making of The Wall Street Journal* (New York: Beaufort Books Publishers, 1986), 4.

⁶² *Ibid.*, 6.

E. Scharff writes. “Speed, accuracy, and efficiency were wanted, not imagination, literacy, or a grasp of economic subtleties.”⁶³ A number of reporters at the *Journal* were already wealthy—boasting backgrounds that would make it unlikely for them to crusade against big business. Just as one reporter would arrive at work every day in a chauffeur-driven limousine, another owned a sixty-acre horse farm in Connecticut.⁶⁴ “Not for several decades would *The Wall Street Journal* amount to much more than a stock and bond trade sheet,” Scharff asserts.⁶⁵ “Analysis was rare and criticism of the financial community almost nonexistent.” The company flourished, he concludes, because “its news service proved to be faster and more reliable than the others.”⁶⁶

While daily circulation and advertising revenue increased, the *Journal* did not take advantage of its newfound wealth to take a critical stance against questionable business practices. Much of the financial advertising placed in the *Journal* was there to buy the newspaper’s silence, according to William Peter Hamilton, who later became *The Journal*’s editor,⁶⁷ since advertising was the *Journal*’s primary source of revenue.⁶⁸ Although Barron forbade reporters to trade in stocks they wrote about, they largely ignored that rule. Barron himself was notorious for promoting companies whose stocks he owned.⁶⁹ While the *Journal* was not afraid to print the names of companies that were slow to report their profits or losses, they shied away from writing negatively about the

⁶³ Edward Scharff, *Worldly Power: The Making of The Wall Street Journal* (New York: Beaufort Books Publishers, 1986), 24.

⁶⁴ Ibid., 24.

⁶⁵ Ibid., 5-6.

⁶⁶ Ibid., 6.

⁶⁷ Ibid., 10.

⁶⁸ Winthrop and Frances Nielson, *What’s News—Dow Jones* (Radnor, Pa.: Chilton Book Company, 1973), 42.

⁶⁹ Francis Dealy, *The Power and the Money* (New York: Birch Lane Press, 1993), 17.

artificial inflation of the United States Steel Corporation’s stock—engineered by J.P. Morgan in light of the steel companies’ merger in 1901—which made \$12 million in profit for Morgan and caused significant losses for other investors in U.S. Steel.⁷⁰ Although Dow had discovered Morgan’s role in inflating the stock several days before the formal public announcement about Morgan and Andrew Carnegie’s steel company merger, the *Journal* did not break the story.⁷¹

Emerging from these two different paths, *The New York Times* and *Wall Street Journal*—both young newspapers—found themselves covering Wall Street during the Panic of 1907. Tensions ran high in New York, and the economy seemed to be on the brink of collapse. How did their coverage compare?

Immediately after the run on the Knickerbocker Trust, both the *Times* and *Journal* sought to reassure the public. After the *Times*’ October 23, 1907, headline, “Knickerbocker Will Not Open,” and the negative sub-headlines “Conference of Bankers Deems It Unwise To Aid the Trust Company Further Today,” followed by, “EIGHT MILLIONS WITHDRAWN,” the *Times* struck a more optimistic note: “Attorney General [Robert] Jackson, Though, Will Take No Step to Close the Institution,” immediately followed by, “STILL HOPES FOR THE BEST.”⁷² The article’s lead paragraph gloomily announced that the Knickerbocker had shut its doors on October 22, after depositors had withdrawn \$8 million, and that the attendees of a banker’s conference the previous night now regarded the Knickerbocker as insolvent and were not planning to extend aid to it. After the lead paragraph, however, *The Times* noted that the

⁷⁰ Jerry Rosenberg, *Inside The Wall Street Journal* (New York: Macmillan Publishing Co., 1982), 18-19.

⁷¹ Ibid., 17-18.

⁷² “Knickerbocker Will Not Open,” *The New York Times*, October 23, 1907, 1.

bankers' meeting had concluded with a positive assessment of the national banking situation.⁷³ The second paragraph became more upbeat:

"It was the opinion of all the bankers at the conference that the general banking situation, not only as far as it concerned the banks, but the trust companies as well, has been very much strengthened, and no further trouble is apprehended. Such trust companies as may deserve assistance, it was learned, will receive it."

At least outwardly, the article was optimistic. The second paragraph insisted that the worst is already over, since "no further trouble is apprehended." Within a short time period, the *Times* reporter wrote, the situation of the banks and trust companies had been "strengthened," and any trust companies that required assistance would receive it.

Just as the *Times* reporter did not openly question this official assessment, he also reflexively sided with J. P. Morgan. Morgan had refused to meet with disgraced Knickerbocker president Charles Barney earlier that week and did not try to save the trust company. *The Times* reporter signaled his agreement with Morgan in writing that "Mr. Morgan did not care to assume the responsibilities of previous poor management." J.P. Morgan and his company figured into the article as reliable saviors-in-waiting. As the reporter described the Panic of 1893, he did not neglect to write that J.P. Morgan & Co.'s financial support for the stock market was "perhaps the most potent factor in supplying the measure of confidence which averted widespread disaster."⁷⁴ As the *Times* reporter managed to somewhat predict Morgan's impending bailout of the New York Stock

⁷³ Robert Bruner and Sean Carr, *The Panic of 1907: Lessons Learned from the Market's Perfect Storm* (Hoboken, NJ: John Wiley and Sons, 2007), 85.

⁷⁴ "Knickerbocker Will Not Open," *The New York Times*, October 23, 1907, 1.

Exchange in the wake of the Panic of 1907, he depicted J. P. Morgan as both a savvy businessman and a force for the common good.

The *Times* article also emphasized the widespread sense of emotional panic as contributing to and reinforcing the economic crisis. “The streets about the brokerage district reflected the panicky feeling indoors in the worried faces and the unusual crowds of hurrying men,” the article explained ominously. The mere atmosphere of panic was a threat in itself, since a crisis in confidence could cause the stock market to crash. The *Times* vividly reported the unease at the stock exchange. In one scene, Chairman Talbot announced from the Stock Exchange’s podium that Mayer & Co. would be suspended, but “the crowds on the floor, nervously hanging on his words, mistook his name for that of one of the most strongly intrenched houses on the Street”—perhaps Morgan & Co. Once the chairman had barely stopped speaking, according to the *Times*, “there was a wild rush for the telephones and anxious inquiries were made for confirmation of the news.” Although it took only a moment for the brokers to realize their mistake, the *Times* predicted that the tension underlined by that episode “will long be remembered.” The human emotions at play that many viewed as causing panics—fear, groupthink, and rushed decision-making—all came into full view. The article played on the tense dichotomy between human agency and the seeming overwhelming inevitability of the unfolding economic disaster. While the characters in the article were making decisions, they also had to contend with contingencies outside their control—such as the possibility of a run, which would devastate any financial institution since banks carry only a fraction of their assets in cash.⁷⁵

⁷⁵ “Knickerbocker Will Not Open,” *The New York Times*, October 23, 1907, 1.

While the *Times*' coverage of the tumult following the Knickerbocker Trust's bank run offers a distinctive sense that the reporter was there, *The Wall Street Journal's* coverage was more passive and gave the Knickerbocker Trust the benefit of the doubt. While the lead paragraph of their article "Bank Situation Clarified, But a Trust Company in Trouble" piled a list of symptoms of the panic that ultimately "shook Wall Street to its foundations," after the lead the article used the passive voice much more often than the *Times*.⁷⁶ Moreover, while the names of banks were used continually, the first person's name used in the article—J. E. Borne—was not mentioned until the bottom of the first page. The rest of the article was littered with passive constructions: "It was said," "which request was denied," "if given time to secure money," and "Mr. Higgins is quoted as saying." As a result, the financial decision-makers—such as J.P. Morgan, Attorney General Robert Jackson, and typical New York Stock Exchange investors—fell into the background and lost agency. They were also given less personality, since there were no quotes in the article until the bottom of the inside page. While the writer mentioned "stock demoralization" once in the lead, even that demoralization did not have human beings attached to it. The article lacked analysis—making it seem as though the winds of the free market were pushing the economy into a recession, and human beings were merely being blown along with it.

The Wall Street Journal also failed to capture the human drama of a rocky Knickerbocker Trust reorganization committee meeting on November 5, 1907, that *The New York Times* covered vividly. The *Journal's* reporter wrote that Walker 'had prepared a plan for the reorganization of the Knickerbocker Trust Co., many of the

⁷⁶ "Bank Situation Clarified, But a Trust Company in Trouble," *The Wall Street Journal*, October 23, 1907, 1.

features and suggestions of which are expected to be adopted by the reorganization committee.”⁷⁷ There were no anecdotes about the meeting itself and no quotes. No other *Wall Street Journal* article concerned the Knickerbocker Trust in the November 5 or 6 editions, so that article was the only possible article for the meeting to get mentioned. Rather than recount the meeting, the writer summarized the plan paragraph by paragraph, often with the passive voice: that the creditors must be represented by their own committee, that the Knickerbocker Trust’s assets should be thoroughly examined, and finally that the Knickerbocker Trust should raise a substantial amount of capital. The reporter then stated at the end that it is “imperative” for Walker to make the plan “simple and strongly presented”—implying an endorsement from the reporter himself. Editorial independence did not seem to play a role in the article.

A *The New York Times* reporter, on the other hand, vividly described the drama at the meeting. The headline for the article was somewhat sensational: “Knickerbocker Depositors in Row: Rival Factions Accuse Each Other at Carnegie Lyceum Mass Meeting.”⁷⁸ However, the headline was chosen for good reason. The auditorium was “packed to the doors” with Knickerbocker depositors, and two factions repeatedly shouted each other down. One man, Gilbert Ray Hawes, repeatedly asked to adjourn the meeting. A slew of others cried, “No!” After Walker delivered a brief summary of his plan, a man in one of the boxes, Moses Grossman, revealed what he believed to be a scheme behind the meeting: that E. R. Lithauer, a solicitor of accounts for the Cambridge Trust Company, was seeking to corral the Knickerbocker Trust’s depositors into

⁷⁷ “Knickerbocker Trust Co. Guy Morrison Walker, a Large Depositor, Proposes Plan for Company’s Reorganization,” *The Wall Street Journal*, November 5, 1907, 2.

⁷⁸ “Knickerbocker Depositors in Row: Rival Factions Accuse Each Other at Carnegie Lyceum Mass Meeting,” *The New York Times*, November 5, 2009, 2.

Cambridge Trust, where their current accounts would end up being valued at 30 to 50 percent the original value. Grossman also accused Lithauer of seeking to place former Treasury Secretary Leslie M. Shaw—also the president of Cambridge Trust—on the soon-to-be-formed reorganization committee for the Knickerbocker, although it was later revealed that Shaw did not know that his name was being used for such a purpose. It took five minutes for the crowd, most of whom believed Grossman, to calm down. After three or four failed attempts by others to adjourn the meeting, the gathered depositors chose Walker and George F. Canfield to select the seven-person committee of depositors that would then form a permanent department committee.

The writing was lively and reflected the back-and-forth dialogue of the fight. New York was beginning to go mad in the midst of the panic, and the growing insanity was feeding off the economic crisis and into it. The reporter was not afraid of describing moneyed men in a less than favorable light—in a context where they were unable to hold an orderly meeting. Overall, the *Times*' portrayal of the chaotic unfolding of the Knickerbocker Trust meeting helped reinforce the *Times*' emphasis on human characters and their vicissitudes in the unfolding of the financial crisis.

Perhaps more mysteriously, the *Times* displayed more sympathy than the *Journal* to Charles T. Barney—the disgraced ex-president of the Knickerbocker—after he shot himself. With *The New York Times* running a full-fledged front-page obituary, with most of an entire other page devoted to the article and a large portrait of him, it was clear that they made the article as prominent as possible.⁷⁹ The *Journal*, on the other hand, relegated its obituary to page seven, and the only quote included was the official

⁷⁹ “C. T. Barney Dies, A Suicide,” *The New York Times*, November 15, 1907, 1.

statement from Barney's law office.⁸⁰ The wording of the *Journal*'s obituary was extremely dispassionate: nearly the entire article was a list of his different affiliations, whether business or educational. Since Barney was now shunned by the business world, the *Journal* either tried to downplay the news of his death, or they did not find his death to be significant enough to thoroughly report.

The *Times* reporter, on the other hand, delved into a number of anecdotes about Barney's life. He delved into the cause of death ("[The bullet] had passed through the intestines, cutting them in several places, had pierced the left lung, and had lodged in the left shoulder."), past behavior that might lead to suspicion ("It was said yesterday that Mr. Barney tried to commit suicide last Monday by jumping out of a second-story window in his house."), his financial situation ("While Mr. Barney was financially embarrassed, his embarrassment was only temporary...the assets of Mr. Barney exceed all his liabilities of every kind by the sum \$2,517,317.09."), and the ultimate cause of his suicide: grief. The associates that the reporter interviewed emphasized that he killed himself not from fear of prosecution, but simply because he could not stand the loss of his good name. Charles Morse told the *Times*, "'Mr. Barney's heart was broken by the cruel treatment of his associates; that is the cause of his death. For the last month he has been most depressed; his voice was like a voice from the grave. It was impossible to cheer him.'" "Barney had always been at the top of the heap. He couldn't stand the loss of prestige," said another intimate associate who was left unnamed. The reporter described Barney's personal entanglements with Morse ventures in some detail—while

⁸⁰ "Charles T. Barney A Suicide," *The Wall Street Journal*, November 15, 1907, 7.

ending the obituary with several sections that reflected kindly on Barney's deeds both as a businessman and as a person:

“Charles T. Barney became known as one of the most imperious of Wall Street's bankers, who ruled every undertaking that he had anything to do with. When it came to helping other people he was known as one of the kindest-hearted men in the Street.

“‘You didn't have to be born to the purple in order to do business with Barney,’ said one man yesterday who now counts his millions where thousands once looked big to him.”

In this section, the reporter did Barney a double kindness: memorializing him for his Wall Street greatness while also portraying him as a kind-hearted banker, whose soul may have remained uncorrupted. The reporter devoted an individual section each to his time in the stock exchange, his subway and opera interests, the New Theatre that he recently built, his family's place in society, his real estate holdings, and finally to the fact that he was being mourned by zoologists since he donated liberally to the Bronx Park and served on the New York zoologists' executive committee. The fact that the *Times* devoted so much space and energy to Barney raises the question of whether the *Times* was in fact more pro-banker than the *Journal*.

During most of the obituary, the *Times* writer portrayed Barney not as a banker first, but primarily as a human being. He humanized Barney and demonstrated that Barney amounted to much more than just his assets. Barney was a good human being, the obituary seemed to argue, because he cared deeply about people and his reputation. He did not commit suicide to flee prosecution; he did it because he was heartbroken. His

acts of kindness and philanthropy—the New Theatre, the Bronx Park, the New York subway system, and his helpfulness to colleagues—almost redeemed him for his ties with Morse. Thus, *The Times*' obituary of Barney was in fact a subtle argument against free market greed and cutthroat competition—in favor instead of philanthropy and collaboration.

While *The Wall Street Journal*'s news section reported the events of the Panic of 1907 as they occurred generally without criticism or analysis, *The New York Times* covered the Panic of 1907 with more vitality and human drama. While Barron viewed the free market as utterly natural, the *Times* seemed to say through its coverage that the economy rose and fell according to the actions of the people involved—not due solely to business cycles or some natural order of the free market. Ochs knew that the financial decision-makers ultimately were the subjects that made financial news interesting, readable, and profitable. He also seemed to believe that they played a decisive role in the United States' economic performance. While the *Journal* “tried to calm the situation”⁸¹ in 1907 and later even argued that J. P. Morgan should be called on to lead the financial reform movement in the government's stead,⁸² the *Times* did not espouse a clear agenda. While the *Times* appeared to lean more to the left than the *Journal*, the *Times* also never questioned the necessity of large privately owned banks in the United States. Both newspapers still supported the idea that banks were essential institutions to the economy and society, as long as they maintained the public trust. However, it was distinctly clear from the *Times*' coverage that they viewed human beings—with all their fears, mistakes,

⁸¹ Jerry Rosenberg, *Inside The Wall Street Journal* (New York: Macmillan Publishing Co., 1982), 31.

⁸² *Ibid.*, 33-34.

and flaws—as running the economy. On the other hand, if one read only the *Journal*, it may appear as though the panic simply happened—entering the economy like a thunderstorm that no one could predict or control. By not assigning agency or describing personality, the *Journal* did not need to blame any particular banks or individuals for the downturn. The *Times*' emphasis on the human element of economics, on the other hand, ultimately made their coverage both more interesting and authentic.

Pictures



Picture 1. Adolph S. Ochs, publisher of *The New York Times* (1896-1935), aboard the Majestic with his wife.



Picture 2. *The New York Times* building in Times Square in 1919. A crowd has gathered for the World Series baseball game.



Picture 3. Clarence W. Barron, publisher of *The Wall Street Journal* and president of Dow Jones and Company, 1903-1928.

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