

**THE NEW YORK STOCK EXCHANGE; A  
DISCUSSION OF THE BUSINESS DONE, ITS  
RELATION TO OTHER BUSINESS, TO  
INVESTMENT, SPECULATION AND GAMBLING;  
THE SAFEGUARDS PROVIDED BY THE  
EXCHANGE, AND THE MEANS TAKEN TO  
IMPROVE THE CHARACTER OF SPECULATION**

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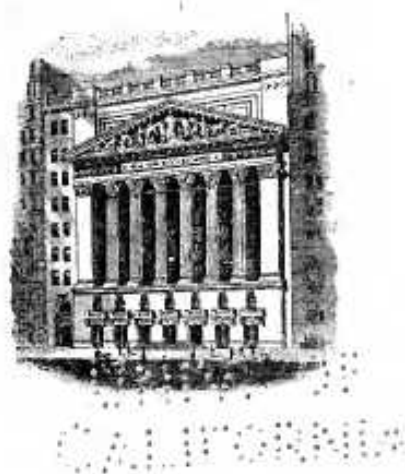
**H. S. MARTIN**

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Provided by the Exchange, and the Means  
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of Speculation.



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"The New York Stock Exchange and the Money Trust"

"The Exchange as Seen from its Gallery"

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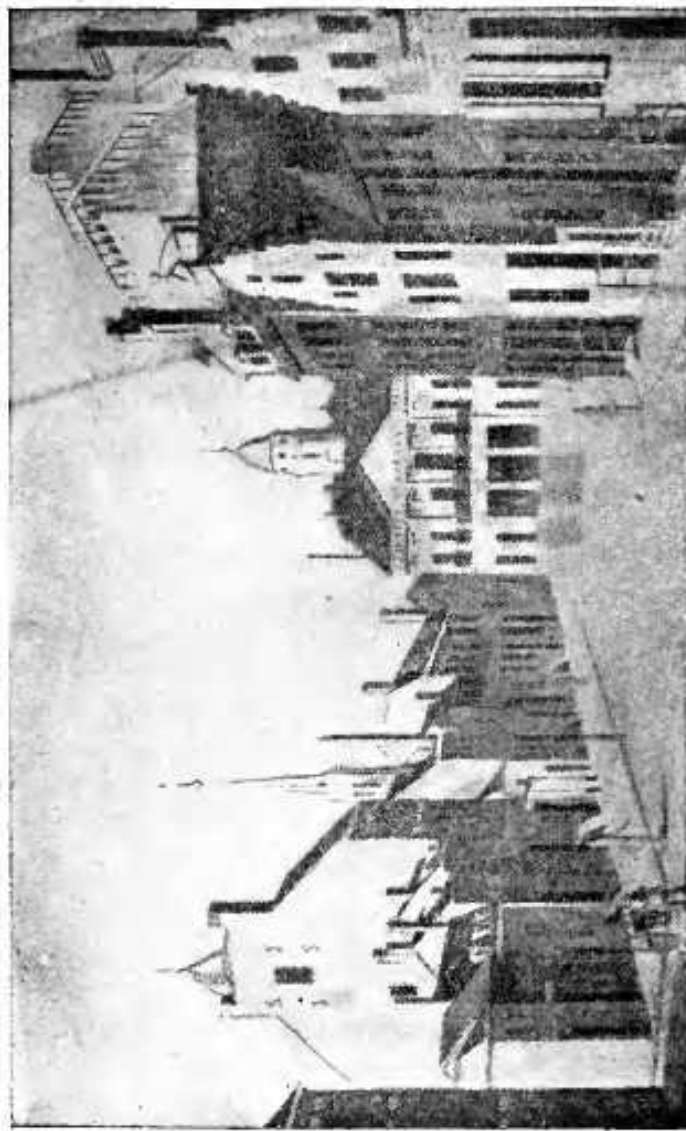
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#### BROAD STREET IN 1797

From the site George Holland prints owned by the Stock Exchange Luncheon Club.

The building at the head of Broad Street is Federal Hall, in which General Washington was inaugurated as first President of the United States. In 1789, the Sub-Treasury now stands on that site. The street at the top of the cut is therefore Wall Street, while that at the lower left-hand corner is Exchange Place. The nucleus of the Stock Exchange met in those days at Toulouse Coffee House, corner Wall and Water Streets. The present Exchange occupies most of the block, covered by the houses on the left-hand side of cut.



## FOREWORD

### **The Beginning of the Exchange**

The New York Stock Exchange can be said to have been begun 125 years ago—100 years of which it has passed under a formulated Constitution. Its beginning was three years after the adoption of the Constitution of the United States and the first meeting of Congress, three years after George Washington first took the oath of office as President; before coal had come into common use, while houses were still lighted by candles; 33 years before the first steam railroad; 53 years before the first telegraph message; 64 years before the first ocean cable; 74 years before the first telephone—when the whole population of the country was less than that of New York City now; when the country's area was not one-fifth of what it is at present; when not even the wildest dreamer could have imagined trains running at sixty miles an hour, wireless telegraphy, articulated speech transmitted thousands of miles, aerial navigation, or the gigantic business enterprises of the minuté.

### **Business on the Exchange**

The Exchange is the great security market of this country; the business done upon its floor is wide-spread in its interest and effect. The Hughes Committee reported in 1909 that "only a small part of the transactions is of an

investment character." The 1912 Congressional Committee reported "that in large measure transactions on it are purely speculative."

**Gambling or Business Place** Is it a gambling place, as some assert, or a necessary link in the financial chain, as others claim? Is speculation any different from business? Is speculation the same as gambling, or is there a wide difference? If speculation is not gambling, should it be restricted because of inherent tendencies toward evil? If not restricted should it be encouraged, and its fundamental principles taught? Does speculation in stocks differ from investment? Is cash speculation less of an evil than margin speculation? Is selling for a decline, or shortselling an evil? Ought speculation and the Exchange be controlled by Government? These and other questions arise and should be examined into.

**Results of Examination Into These Questions** Examination shows that all business is speculation, and that the business of speculation is a trade, just as any other business is a trade; that to be successful in a business or trade, the laws of that business or trade must be known and followed. Examination also shows that the laws of business govern in speculation; that what causes success or failure in business causes it equally in speculation; that while unhappy and regrettable results have followed foolish speculation by unfitted persons, earnest men have sought, have partly provided, and are seeking further provision against their occurrence.

**Progress—  
Impossible  
Without  
Speculation** Examination also shows that most men are conscious or unconscious speculators—either they personally use their money in speculation, or others use it for them; that the great business nations are the great speculating nations—that progress is impossible without it; that a nation without Stock Exchanges is a nation without commerce or advancement. Examination also shows that investment and speculation differ in no essential details; that speculation is never gambling, and gambling is never speculation—their nature is unlike, their results dissimilar; that the very wide distribution of material wealth, the constantly increasing per capita of wealth, have flown out of speculation. Examination also shows that progress would have been impossible without the formation of corporations and the invention of the stock certificate; that these have made it possible for the poorest and least intelligent to become partners in business with the richest and most intelligent; that the Exchange has been the great instrument in producing this result; that it has helped honesty in trade; has steadied prices; has put the man with small capital on the same footing in trading as the man with large capital; and it has tried to earn the good will and high regard of its neighbors. Examination also shows that while

**Integrity** now and again an unworthy member is discovered, the standard of integrity and business morals on the Exchange is as high as in any business in the world. Examination also shows that the interest of the Exchange has always been to lessen unwise specu-