

A

SPECULATION  
ON THE  
STOCK AND PRODUCE EXCHANGES  
OF THE  
UNITED STATES

BY  
HENRY CROSBY EMERY

SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS  
FOR THE DEGREE OF DOCTOR OF PHILOSOPHY  
IN THE  
FACULTY OF POLITICAL SCIENCE  
COLUMBIA UNIVERSITY

NEW YORK  
1896

A



# TABLE OF CONTENTS

---

## CHAPTER I

PAGE

INTRODUCTORY . . . . .	7
------------------------	---

## CHAPTER II

### THE ORGANIZATION OF THE EXCHANGES

I. Stock Exchanges . . . . .	13
II. Produce Exchanges . . . . .	24

## CHAPTER III

### BUSINESS METHODS ON THE EXCHANGES

I. The Development and Nature of Organized Speculation in Produce . . . . .	32
II. Methods of Dealing on the Produce Exchanges . . . .	54
III. Methods of Dealing on the Stock Exchanges . . . .	74

## CHAPTER IV

### THE ECONOMIC FUNCTION OF SPECULATION

I. The Theory of Speculation . . . . .	96
II. Speculation and Prices . . . . .	113
III. The Directive Influence of Speculation . . . . .	143
IV. The Assumption of Risks. Insurance by "Hedging" .	159

## CHAPTER V

SOME EVILS OF SPECULATION . . . . .	171
-------------------------------------	-----

## CHAPTER VI

## SPECULATION AND THE LAW

## PAGE

I. Statutes . . . . .	192
II. Decisions . . . . .	200
III. Anti-Option Legislation . . . . .	219
IV. Recent German Reform . . . . .	223

## CHAPTER I.

### INTRODUCTORY

THE American people are regarded by foreigners as the greatest of all speculators. The opportunities for great accumulation of wealth, the boldness which characterizes the ventures of the leaders in the business world, and the brilliant success with which their undertakings are often carried out, have excited, if not the admiration, at least the wonder of all observers. Especially has attention been widely called to the more distinctively speculative operations of the stock and produce markets. Speculation proper, as well as the speculative spirit of vast industrial enterprise, has had its most striking development perhaps in the United States. The greatest speculation in produce which the world has ever seen has grown up recently in Chicago, while a speculative market of almost unequaled magnitude is found in the Stock Exchange of New York. While, however, in other countries the Bourse has been a not uncommon field of inquiry and study, little has been written in this country either to describe the details of exchange methods, or to estimate the function of these exchanges in the economic order.

An attempt to make some beginning in this direction is timely for two reasons. In the first place the effect of the speculative market of to-day has come to be a matter of great practical importance and a subject of some popular discussion. In recent years several bills have been introduced in Congress for the suppression of speculation in