

# THE BATTLE FOR CONTROL.

## Mr. Hill's Railroad Scheme, the Panic of May and the Triumph of Those Whose Requests He Refused.

The incorporation of the Northern Securities Company yesterday is the closing chapter in one of the most extraordinary contests in the history of the financial world. From what has been made public from time to time by the parties themselves and from what has leaked out, the events which led to yesterday's treaty of peace appear to have been something like this:

James J. Hill, President of the Great Northern, some years ago conceived the plan of an ocean-to-ocean line under his own control. Toward the end of 1900 he had reached such a position in the financial circle that he deemed his opportunity ripe for the acquisition of a link between the Eastern roads in which he was interested, and which led into Chicago, and his Great Northern Railroad, which reached the Pacific Ocean from St. Paul. He chose for this purpose the Chicago, Milwaukee and St. Paul.

Accordingly some time in December he began, with the aid of J. P. Morgan & Co., to whom he had submitted his plans, to accumulate large blocks of St. Paul stock through private purchases and in the open market. The consequent advance in price aroused the attention of all those interested in Northwestern railroads. They investigated, and opposition developed among the controlling interests in St. Paul, and Mr. Hill was forced to drop this scheme.

But he did not give up. The Chicago, Burlington and Quincy was as good a road as the St. Paul. Again, there was a rise in the stock which was easily discovered to be due to his purchases. Now the Burlington is a competitor of the Union Pacific, while the St. Paul is not. When Mr. Hill, therefore, began buying Burlington stock, the owners of the Union Pacific, E. H. Harriman and his associates, became alarmed, and demanded a share in the control. This was refused by Mr. Hill and Mr. Morgan's partners. Mr. Morgan himself was at that time in Europe.

Thereupon the Harriman people decided that the only way to get a voice in the Burlington management was to get control of the Northern Pacific, which was to own Burlington jointly with the Great Northern. They went about their business very quietly, and by purchases in amounts which aroused no suspicion, succeeded within a few weeks in securing a large amount of Northern Pacific common and a majority of Northern Pacific preferred stock, giving them control of the road. This done, they went, early in May, to Mr. Hill and J. P. Morgan & Co., told them what they had accomplished, and then offered to give up their newly acquired control for a share in Burlington.

The Hill-Morgan people were taken by surprise, but they would not surrender. They went into the market and then began that furious buying of Northern Pacific which sent up the stock by extraordinary bounds until they had bought more stock than there was in existence, so that its price went soaring into the hundreds, reaching \$1,000 a share at one time. This "corner" in Northern Pacific forced the many who had sold it short to sacrifice holdings of other stocks, and thus resulted the panic of May 9, which put an end to one of the most remarkable bull campaigns ever known on the Stock Exchange.

When the general upheaval was over the contesting foes rested on their arms, and since then there has been a continued series of conferences for the purpose of reaching a basis on which a treaty of peace agreeable to all could be signed.

To the victors, it is said, belong the spoils, and the Harriman interests have got what they originally asked for. Regarding Mr. Hill, the interview which a reporter had with him soon after the battle of May 9, may be repeated:

"Mr. Hill," said the reporter, "there is a rumor that J. Pierpont Morgan is coming back from Europe, and that he is going to drop some one, and that you are it."

To this Mr. Hill replied: "It's not so. It's not so. Nothing of the kind."