



Living History of Illinois and Chicago®

[Living History of Illinois and Chicago®](#) – Facebook Group.

[Digital Research Library of Illinois History®](#)

[Living History of Illinois Gazette](#) - The Free Daily Illinois Newspaper.

[Illinois History Store®](#) – Vintage Illinois and Chicago logo products.

Effects of the Panic of 1893 in Illinois and Chicago.

The Panic of 1893 was a true and severe financial panic lasting from May of 1893 to November, 1893, with a run on currency, and banks closing, and businesses and manufacturers not being able to open because they had not cash to pay workers or buy materials. The panic included precipitous declines in the stock market, the failure of Wall Street brokerage houses, and the failure of 158 national banks in 1893, mostly in the South and West. Other bank failures included 172 state banks, and 177 private banks, as well as 47 savings banks and 13 loan and trust companies and 16 mortgage companies. The panic started in New York and spread to the rest of the country.



THE PANIC OF 1893: FEDERAL TROOPS CAMPED ALONG LAKE MICHIGAN, DOWNTOWN CHICAGO, IL.

In a nut-shell, people attempted to redeem silver notes for gold; ultimately the statutory limit for the minimum amount of gold in federal reserves was reached and U.S. Notes could no longer be successfully redeemed for gold.

For the first time in July of 1893 Chicago banks approved the issuance of clearinghouse loan certificates, foreshadowing the eventual suspension of cash payments and the price of silver fell. The Panic of 1893 was followed by an economic depression in employment and prices which lasted until 1897. Had the United States Federal Reserve Bank system existed, the panic probably would have been averted.



Living History of Illinois and Chicago®

[Living History of Illinois and Chicago®](#) – Facebook Group.

[Digital Research Library of Illinois History®](#)

[Living History of Illinois Gazette](#) - The Free Daily Illinois Newspaper.

[Illinois History Store®](#) – Vintage Illinois and Chicago logo products.

The Chicago World's Columbian Exposition, opened on May 1, 1893 and claiming 27,300,000 visitors (paying and non-paying) after closing on October 30, 1893. There were 46 Countries participating in the World's Fair. The shock came to Chicago a week after the Exposition opened. In spite of the depression, the World's Columbian Exposition was financially immensely successful. The admission to the Fair cost 50¢. October attendance had reached over 6.8 million paid visitors - doubling August's 3.5 million. Chicago Day (October 9) alone saw 716,881 Fairgoers. The concession stands brought in over \$4 million, the Ferris wheel (50¢ admission for two rotations) turned a profit, and when all the calculations were complete, the Exposition itself more than broke even, with a \$1 million surplus to be returned to its 30,000 stockholders.

During the summer of 1893 commercial, industrial and manufacturing depression accompanied financial panic. Businesses failed and several major railroads, with Chicago as their transportation hub, went into receivership, and control of 'unprecedented mileage' was handed over to the state and federal courts in bankruptcy. For the year ending in June, 1894 over 125 railroads went into receivership.

The year also saw prosecutions under the Sherman Anti-Trust Act, aimed at curbing the abuses of monopolies. By July and August of 1893 unemployment in factories was severe, and wage reductions widespread. Many banks were reporting declines in their gold reserves; the United States debt increased and money and gold flowed out of the country. The depression reached its low point in July of 1894. About 20%-25% of the United States workforce was unemployed at the panic's peak.

The economic misery was exacerbated by an extraordinarily harsh winter in 1893, Coxey's army of unemployed marched to Washington, D.C. in 1894, and in April of 1894 more than 40,000 workers were reported to be involved in over thirty national strikes. The most dramatic and important of all of these strikes was the Pullman Strike which started in May of 1894 which tied up 50,000 miles of rail on July 26.

Jane Addams, Florence Kelley and many others at Hull House spoke out and wrote about the circumstances and conditions of the strike.

At one point 5,000 Federal troops, called in by Grover Cleveland over the objection of Governor John Peter Altgeld, were camped alongside the Lake in downtown Chicago.

As with many former and subsequent financial crises, there were international roots and ramifications. The United States tariff policy played a role, as did the political stalemate over taxes, and whether United States currency should be backed by gold alone, or gold and silver. These issues remained central to the hotly contested presidential campaign of 1896 when the Democrat William Jennings Bryan was defeated.



Living History of Illinois and Chicago®

[Living History of Illinois and Chicago®](#) – Facebook Group.

[Digital Research Library of Illinois History®](#)

[Living History of Illinois Gazette](#) - The Free Daily Illinois Newspaper.

[Illinois History Store®](#) – Vintage Illinois and Chicago logo products.

The financial crisis was precipitated by an unexpected event, when Baring Brothers, a financial house in London, defaulted on 21 million English pounds of debt which had been collateralized by its heavy investment in Argentina. To cover the default the Bank of England borrowed from the Bank of France which borrowed from the Bank of Imperial Russia, and in November of 1890 there were numerous bank failures and run on currency in Europe.

The financial crash of 1893 would have come sooner to America had there not been a bumper crop of wheat in the face of European famine, and thus gold temporarily poured into the coffers of United States banks. Then there was a political revolution in Brazil, followed by a banking crisis in Australia. And the economic depression in France and Germany depressed the price of silver. This further increased the immigration to the United States, and to Chicago.