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EDITORIAL

“PROSPERITY” OR PANIC?

By DANIEL DE LEON

IT is but a few weeks since John D. Rockefeller made his prediction of a panic in this country in the year 1907 or 1908. At the time, *The People* expressed the belief that, owing to the constantly increasing rapidity of modern industrial development, the panic may be looked for at an even earlier date than that given by the head of America’s financiers. On the other hand, the Rockefeller prediction was pooh-hooed by such an eminent Wall Street factor as James R. Keene. He pointed to the large crops, “the unbounding prosperity,” and the prospects of commercial expansion, resulting from the industrial exploitation of the Far East and Europe, consequent upon the conclusion of the Russo-Japanese war—all of which presented conditions of an exceptionally enduring character. This view of the situation was entertained by other men prominent in the financial world; in fact, it was the dominant view.

Since Keene thus expressed himself, a change has taken place. There is springing up amid the optimistic beliefs regarding present and prospective “prosperity” feelings of doubt and anxiety, which confirm *The People’s* view of the near approach of the coming panic. First, J.J. Hill dashed all hope regarding commercial expansion by showing that the markets of the Far East and Europe are in possession of foreign countries; and will remain so, until American products are sold more cheaply than at present. This is an impossibility in this era of high prices, without a far-reaching readjustment, which will not only hasten the panic, but will require its aid in order to make itself possible. Now comes the opinion of Boston bankers that “the pendulum has swung about as far in one direction as is possible.” According to the Boston report containing this opinion, “Bearing in mind the possibility of big Russian, Japanese, and Chinese loans in the comparatively near future, there is a tendency to ask where the money is coming from to finance all the

speculation and industry that the world has outlined for the next year or two.” Thus is the “enduring” character of the conditions of “our present unbounding prosperity” shown to be more ephemeral than many would have us believe. Thus, is it shown that the conditions on which “our prosperity” depend, are pregnant with panic.

But, as if to clap the climax, this Boston report goes a little further, and furnishes some idea of the time at which the panic may be expected. Says the report:

“If financial Boston were actually forced to declare itself, it might possibly assent to the view of a certain banker here who is highly respected for the soundness of his opinions in the last ten years. He said to the writer the other day: ‘I think we shall come through the fall and winter all right; but in a few weeks from now the stock market will be boomed and general business will be on a large scale, and some time inside the next twelve months the country will suddenly wake up and find that the money is all gone.’”

Further comment would be superfluous.

Transcribed and edited by Robert Bills for the official Web site of the Socialist Labor Party of America.
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slpns@slp.org