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EDITORIAL

## IS THERE A CRISIS IMPENDING?

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**W**HAT has come over the dreams of Capitalism? It was but two short weeks ago that its financial prophets predicted an era of greater “prosperity” and greater combination. Now these same prophets fill columns about “a world-wide nervousness,” and cite precedents in a manner that leaves the reader to believe that a crisis of terrific proportions is impending.

Says *Bradstreet's* of April 29:

“When the stock market, as has been the case for practically the past year, has advanced with more or less steadiness and has no serious reaction, barring the mild downward movement which occurred last December, it is obviously ready for a recession of a more positive character.”

This same thought is expressed more fully and vividly in the financial section of *The Evening Post* of the same date, as follows:

“A few weeks ago, it was a common saying, in the hopeful atmosphere of Wall Street, that there was not a cloud in the financial sky. At the very time, however, when Wall Street was celebrating the clearness of its skies, some people were selling stocks freely, and prices were declining. If they had spoken their inmost thoughts, these people would probably have said that such periods of dazzling weather and plainest of plain sailing are times that usually precede a storm. How the storm came, every one now knows.

“It is known to the initiated that some of the shrewdest financiers in Wall Street act habitually on this theory that when all signs have been favorable for an unusually prolonged period, it is time to look out for accidents. The teaching of experience is quite consistent in the matter. It will be recalled that, in the summer of 1902, everything seemed to favor the American financial position, and the speculative cliques made full use of it. Before this happy state of mind had really disappeared, the money market disorder, the collapse of the overburdened ‘industrials’, the iron trade

reaction, and the 'rich men's panic' were upon us. There has rarely been a time in our history when discovery of danger signals was so difficult as in 1899. Yet the Boer war, the extreme disorder of the whole world's money market, and the English and German corporation failures, were the next chapter in financial history.

"Nowhere has this remarkable tendency been so plainly shown as in those periods which may be called the eve of panic. The first half of 1890, in Great Britain, was a climax of prosperity; employment was abundant; London bank clearings nearly \$1,000,000,000 over 1889, and a promising 'boom' in progress on the Stock Exchange. The Barings were even then insolvent, and the most serious London panic in twenty years was about to break out. In the United States, the year 1892 was described, in a financial review, as 'remarkably free from losses and failures', extraordinary for its ample grain and cotton yield, with iron production 'large beyond precedent, stimulated by the heavy demand for consumption in the building trade and in mechanical work of all sorts.' This was on the verge of the great crash and the four-year cycle of adversity.

"The moral is not easy to draw, except the somewhat familiar conclusion that appearances may be deceitful. But some definite conclusions may be drawn as to 'overdiscounting' prosperity."

Is there a crisis impending? The above facts, together with the tremendous fall in stocks last Saturday, make it look very much as if there is.

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