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EDITORIAL

“PREMONITORY SIGNS.”

By DANIEL DE LEON

A WEEK ago, Sir Thomas Lipton published a remarkable letter on “the great prosperity” now “enjoyed” by this country, in a British newspaper. According to Sir Thomas, judging from observations made during his recent trip, the people of this country, to use a colloquialism, are not only making money, but piles of it, such enormous piles, that merchants, when paying their bills at hotels, refuse to take the change. Sir Lipton declared that this extraordinary “prosperity” is not due to a speculative boom but to sound conditions.

Strangely enough very little reference has been made in the press to this remarkable effusion. One evening newspaper published it almost in full, with appropriate display heads; but the other newspapers, morning as well as evening, barely mentioned it. They appeared anxious to ignore that remarkable letter, and act as though it were never written. Why this diffidence? Why this refusal to receive with loud acclaim, as was so often done in the past, this latest tribute to “our material greatness”? Why this modesty on the part of the capitalists of this country to avail themselves of such a valuable piece of foreign advertisement? Why, oh, why?

Possibly, the capitalist gentry is dazzled by the brilliance of its own success. Overwhelmed with unlimited riches, its capacity for comprehending the exact status of affairs may be either stunned or temporarily paralyzed. Possibly, also, it knows the true inwardness of affairs, and so knowing, does not feel constrained to indulge in self-delusion. One thing is certain, and that is, that the situation in this country is not viewed by the capitalist class in a spirit of over-confidence, such as would lead them to exult in the publication of Liptonian letters. They are apparently “up against it,” i.e., facing a crisis. There is much action and discussion anticipatory of something disastrous; a feeling that all is not well, and that the

prospects of permanent relief in the very near future are largely problematical. This condition of affairs, this feeling of uneasiness, is reflected in Secretary Shaw’s¹ advance payment of interest on government bonds, the movement in favor of an “elastic” currency, and the financial columns of the ultra-capitalist press.

Especially interesting are the latter at the present time. For instance, in the financial section of the New York *Evening Post* of December 8, amid a variety of articles touching on the situation in the American capitalist world, in some form or other, there is one to be found entitled “Question of ‘Danger Signs,’” which seems so applicable that it is likely that the editor intended it for something more than “a gentle hint” to his readers. The article quoting M. Neymarck, a French economist, warns Parisians that trouble is brewing in the market for mining and industrial shares. A contributor to the *Daily People*, “T.W.,” last Wednesday stated that “the speculative public” in Wall Street “is mining stock crazy,” the transactions in mining stock issues actually exceeding, some days, the transactions on the Stock Exchange. There have been big shrinkages in these stocks in the last few days; and conditions were left considerably unsettled. Proceeding further, the reader finds a summary of the “premonitory signs” of a financial crisis, from the Paris *Journal Des Debats*. This is especially apropos of the present times. The “premonitory signs” are as follows:

“(1.) Rise in prices, first of particular commodities, then, to a less degree, in all merchandise, and, finally, in unimproved property and real estate generally.

“(2.) Increased activity in existing enterprises, formation of new companies; notably those which provide for increase of production in manufacture; by this floating capital becomes fixed.

“(3.) Active demand for money at a rising rate.

“(4.) Demand for labor, at rising wages.

“(5.) Extravagance and waste in public and private expenditure.

“(6.) Development of a speculative mania, accompanied by dishonest methods in business and by credulity among investing capitalists.

“(7.) Great expansion of bank loans; severe money squeeze; strikes for still higher wages by laborers.”

¹ [Leslie M. Shaw (1848–1932) was Secretary of the Treasury (1902–1907) during the Theodore Roosevelt administration.]

Who does not see these “premonitory signs” in American capitalism at the present time? From 1 to 7, we have them all with us; and, having them with us, in full view, the wonder regarding the failure of the capitalist class to exult over the Lipton letter disappears. With those “signs” present, bombast will not answer; self-delusion is of no avail. Capitalism must avert the crash. Will it succeed?

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