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EDITORIAL

## IS A CRISIS IN SIGHT?

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**E**IGHTEEN years have passed away, and many changes have taken place since a great crisis burst upon this country. Its effects were long felt here and abroad, and not until an enormous amount of speculative timber, rotten to the core, had been washed away by successive high tides of bankruptcy and foreclosure, did commerce and industry resume their former activity under conditions profoundly altered. From 1880 dates the era of concentration; not that the tendency to accumulation of wealth in fewer hands had not previously been manifest, but that the vast scale upon which property had been transferred from debtors to creditors during the crisis had at last carried concentration to that point where its advantage and necessity became sufficiently apparent to change the character of capitalism. Heretofore the chief question had been, how to compete successfully. Henceforth the only question was to be, how to avoid competition.

On the constantly broader basis of capital afforded by combination in its various forms, the operations of industry, commerce and finance naturally became more secure, and speculation of the blind sort was largely eliminated. The adventurous and the needy, all the nobodies who, with little or no means, undertook to preserve or develop their "individuality" by the side of corporations, trusts, or syndicates, found a constantly narrower field of opportunities for the display of their genius or the satisfaction of their appetites; and while as a class they now produce ninety-five per cent of the bankrupts, their aggregate share in the business of the country is of such insignificant volume that they might all be swept away in twenty-four hours without causing any sensible derangement in the capitalistic mechanism.

Crises, which in the competitive stage occurred every few years with pendulum

regularity, have therefore been unknown since we entered the concentration era. True, we passed, since 1880, through periods of great depression, but we had no crash of the good old style, and failures of far greater magnitude than those which previously shook the country from ocean to ocean have taken place without producing any marked commotion. It does not follow, however, that no crisis will ever come; for it is quite evident that we have not yet reached that point of concentration where such occurrences will be impossible; and it is furthermore quite safe to say that the next breakdown will be unprecedented in the violence of its shock and the extent of its consequences.

As to when it may come, this also may be said: The present “prosperity of the country”—by which is meant the prosperity of our plutocracy—is by no means a perfect guarantee of present security, for the reason that English capitalists are largely interested in American industries and that any serious disturbance in the financial affairs of Great Britain would necessarily be felt here. Some time ago, when the statistical authority of the Board of Trade predicted that in this very month of February the United States would have to ship gold to England, he was heartily laughed at by our wisest wiseacres. We were then and are still now shipping grain and meat and cotton and other necessaries to Europe at a stupendous rate, while at the same time reducing our imports of foreign goods. The apparent balance of trade in favor of this country had never been so large and British gold was flowing into the vaults of our national and private bankers. Nevertheless, Mr. Giffen’s prediction has proved true, and we are now exporting gold to England.

How did we come to that?

Of the wealth produced by the farm labor of America one hundred million dollars’ worth has gone to pay the interest and dividends on American bonds and stocks by our plutocrats to their British cousins, and another hundred million went likewise to make a small portion only of those bonds and stocks flow back into the portfolios of our own capitalists. The five hundred million dollars accumulated in the banks of New York city might all go to England and leave us indebted still to her investors for double the same amount.

Were our plutocrats fully concentrated and trustified, our foreign indebtedness could not be a cause of alarm; it might even be turned by them into a source of profit so

much greater as the indebtedness would be larger and the calls of foreign creditors more pressing. There would be no need for them to buy back the American bonds and stocks which English capitalists might find themselves compelled by the circumstances of their own country to offer for sale here, except at the very lowest prices to which those securities could be driven. Such, however, is not the case now, because our plutocrats, in their trustifying operations, depend for success upon their ability to maintain at a high figure the prices of the stocks and bonds of the corporations involved, and they must consequently buy—as they had to do lately in the anthracite combine—all such securities as soon as offered for sale. In order to do this some must borrow from others, to whom the securities thus bought are pledged for repayment. A great fall of price would therefore burst up a number of our leading financiers and create a panic that would soon be followed by a commercial crisis and a general suspension of industry. Such a fall might occur any day within the near future if for any length of time the offerings from England continued as large as they have recently been.

Upon the economic condition of Great Britain much, therefore, depends in this country, and as Great Britain herself is promptly affected by economic conditions throughout the world, we see at a glance that the so-called economic independence of the American eagle is a high-sounding but hollow figure of rhetoric. The very fact of our great crops, simultaneous with a great deficiency in Europe, from which it was confidently predicted that this country was safer from economic disturbances than it had ever been, may yet prove the cause of a more stupendous crash than has ever occurred.

We do not make bold to say that the danger of a cataclysm is imminent; but we call attention to its possibility, in view especially of the darkening clouds on the political and economic horizon of Europe. In fact, the general situation is such that either {one} of two things must come—a cataclysm if American capital proves unable to absorb the enormous amount of bonds and stocks that England, as the clearing house of the world, must unload upon Wall street, or a far more stupendous concentration of wealth in this country than we have yet seen if American capital proves equal to this task of absorption. Neither horn of the dilemma means any good to the working classes.

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