

change began with the panic of 1873, or rather with the depression which followed it, and which, barring a slight revival of commercial activity in the early eighties and an unusually strong but very short period of prosperity in 1889, affected those 22 years of the economic history of Europe.

"At the time of the short revival of activity which took place in 1889-1890, the trusts (known in Germany as cartels) took advantage of temporary conditions to enlarge their sphere of action. The result of that ill-advised move was a rise in prices which was quicker and stronger than it would have been otherwise, and most of those trusts went down in ignominious bankruptcy." Another five years of bad business and low prices followed, but the traders only saw in that depression a sort of pause preceding a new period of prosperity.

"And then a second chapter was opened in the history of the trusts. Instead of being a passing phenomenon, trusts show themselves one of the fundamental institutions in economic life. They invade one field of industrial activity after another, in particular the industries which utilize raw materials. As early as the beginning of the nineties, we notice the organization of the coke syndicate, on the model of which the coal syndicate was also organized, which was the last word in organization. The great revival of trade at the end of the 19th century and the crisis of 1903 were the work of the trusts, at least as far as the mining and iron industries were concerned. It was quite an innovation in those days. In our days, however, we realize that the largest part of our economic life is, generally speaking, no longer dominated by free competition." (6)

Accordingly, we can divide the history of monopolies into three periods: 1.—the period, extending from 1860 to 1870, marking the ultimate point in the development of free competition, and during which period monopolies were only in the embryonic stage. 2.—After the crisis of 1873, trusts began to develop rapidly, but even then they were exceptional phenomena, not established institutions. 3.—During the revival of trade which marked the end of the 19th century and the crisis of 1900-1903, trusts became the very foundation of all economic life. Capitalism then began to transform itself into Imperialism.

Trusts agree among themselves as to terms of sale, credits, etc. They divide the country into territories within whose limits they do not compete among themselves. They determine in advance the quantity of goods to be produced. They fix prices. They divide up the profits among the various concerns belonging to the organization, etc.

In 1896 there were in Germany 250 trusts (cartels), and in 1905 there were 385, comprising 12,000 concerns. (7) But we all know that those figures were far below the truth. Industrial statistics for the year 1907 show that 12,000 large German corporations used over 50% of all the available steam and electric power. In the United States, there were in 1900 a

total of 185 trusts, and 250 in 1907. American statistics divide all industrial enterprises according to whether they are owned by individuals, firms or corporations. Corporations in 1904 owned 23.6%, in 1909 owned 25.9%, or over one-fourth of all industrial enterprises. In 1904 these corporations employed 70.6%, and 75.6% in 1909, or three-fourths of all the available labor. In 1904 these organizations produced \$10,000,000,000 worth of goods, and \$16,300,000,000 in 1909, which is respectively 73.7% and 79% of the total production in the United States.

Trusts and cartels often produce 70% or 80% of the whole output of one given industry. The Rhenish Westphalian Coal Syndicate in 1893 mined 86.7%, and 95.4% in 1910 of all the coal mined in the region.

Monopolies of that type have gigantic incomes and their capacity for production is fabulous. In the United States the Standard Oil Co., the well known petroleum trust, was organized in 1900. Its capital was \$150,000,000. It issued \$100,000,000 worth of common stock and \$106,000,000 of preferred stock. Stockholders received the following dividends from 1900 to 1907: 48, 48, 45, 44, 36, 40, 40, 40 per cent.; or a total of \$341,000,000 in dividends. From 1882 to 1907 the net profits were \$889,000,000. Out of this sum \$606,000,000 was paid out in dividends, and the balance added to the capital reserve. (8) The Steel Trust, the United States Steel Corporation, employed in its various plants in 1907 as many as 210,180 laborers and clerks. The largest mining concern in Germany, the Gelsenkirchner Bergwerksgesellschaft, employed, in 1908, 46,048 laborers and clerks. (9) In 1902 the Steel Trust turned out 9,000,000 tons of steel a year. (10) In 1901, the trust produced 66.3%, and 67.1% in 1908, of all the steel produced in the United States. (11) It mined in the same years respectively 12.3% and 46.2% of all the iron ore.

An official report on the trusts made to the American government states that "the superiority of the trusts over their competitors is due to the huge size of their plants and their superior efficiency. From the very beginning of its organization the Tobacco Trust took all possible measures to replace manual labor by mechanical labor. It bought out for that purpose all the patents covering every detail of the tobacco industry, spending huge amounts of money on these purchases. Many patented processes were found to be imperfect and had to be improved by engineers in the trust's employ. At the end of 1908 two subsidiary concerns had been organized for the sole purpose of buying out patents. The trust also set up its own foundry, machinery plants and repair shops. One of these establishments, located in Brooklyn, employs some 200 people who devote all their time to trying out and improving new processes for the manufacture of cigarettes, small cigars, plug, tin wrappers, boxes, etc." (12) "Other trusts retain in their employ so-called developing engineers, whose duty is to devise new methods of production and to introduce technical improvements. The Steel Trust

offers to its engineers and workmen high bonuses for suggestions tending to perfect the technique of production or to cut down the cost of production." (13)

The large industrial concerns of Germany have adopted the same means to promote industrial efficiency, especially in the chemical industry, which has developed so enormously in the past decade. In that industry the concentration process had brought about in 1908 the formation of two leading "groups" which in a way constituted a sort of monopoly. At first these two groups were allied to two groups of two large plants each with a capital of some twenty million marks: on one side the former Meister works, in Chochst and Kassel and Frankfurt on the Main, and on the other, the Alinine and Soda Works of Ludwigshafen and the former Baier Works in Elberfeld. In 1905 the first group, in 1908 the other group, concluded agreements with one more large chemical plant. The capitalization of each of the two groups rose to forty or fifty million marks, after which the two groups began to hold conferences, to discuss price fixing. In June 1916 a gigantic trust united in one organization all the chemical enterprises of Germany.

Thus competition is replaced by monopoly. We observe a giant process of socialization of all the industries. It is principally the technical side and the improvements in methods which are affected by that process.

We are very far from the old system of free competition between scattered traders, knowing nothing about each other, and producing merchandise for an uncertain market. Concentration has gone so far that it now enables us to take an almost accurate inventory of all the sources of raw material, for instance of all the iron ore fields, not only in one country but in groups of countries, even in the whole world. And not only are such resources fully inventoried, but they are put under one single control by giant monopolistic combinations.

Markets are appraised, too, and divided up among those great combinations. The monopolies secure the best of skilled labor, the best trained engineers, they purchase means of communication and transportation, railroads in the United States, steamship lines in Europe and the United States. Capitalism, in its imperialistic form, organizes a general socialized form of production, and actually drags capitalists, willy-nilly, consciously or unconsciously, into a new form of social production, takes them out of a world of free competition to put them into a world of absolute socialization. Production becomes communistic, but property remains a private affair. Socialized means of production remain the private property of a small number of individuals. The general structure of a system of free competition remains standing, but the domination of a few monopoly holders upon the rest of the community becomes a hundred times heavier, a hundred times more obvious, more unbearable.

(To be continued)

Along the Descent to Disaster

By Alexander Stoklitzky

THE National Executive Committee of our party hardly had time to develop its opportunistic program of sending delegates to the conference of traitors at Berne. The rolling of the thunder of protests in our party at the actions of our "leaders," who by union with the treasonable "International" Conference have drawn our entire movement into the mire, is still resounding. These very same leaders are proposing to us a new undertaking which in its essence is as much opportunistic, and as harmful to the cause of Revolutionary Marxism in this country as the sending of delegates to the conference of Social-Traitors, who are still beating around the lackey—imperialists in their respective countries.

We speak of the American national inter-party conference on May 1, which is being called by the National Executive Committee of our party. On what ground does this committee think it is justified in pushing our party once more along the downward descent? Was the main motive in calling the conference the raising of public opinion in this country against the reaction? Is our party intending at this conference to unite all the American proletariat? If the last supposition is true, then why has our party in the person of its leaders failed to find a more striking slogan than the "petition" for Amnesty? Revolutionary slogans at the present historical epoch are uniting the Russian proletariat and the proletariat of all Europe. Are these slogans but empty sounds to our "Marxists" and are they unsuited for our proletariat.

Do our opportunists, by their naiveness, continue to believe in the influence of public opinion upon the action of Imperialistic bourgeoisie and do they still hope to persuade the enemies of the revolutionary proletariat to take the right way? What indeed do our leaders want to do at this inter-party conference? To pass colorless, thin resolutions? "No," they will say to us, "our resolutions will be revolutionary!" It is doubtful! Up to the present time we have failed to

notice the ability of our leaders to set out revolutionary slogans and demands. Even if we should suppose for a moment that our opportunistic elements will manage to formulate "something" resembling revolutionary ideas at the conference, we still have to depend upon the revolutionary spirit of the small bourgeois, pacifistic and patriotic elements called to this conference, Peoples-Councils, Non-Partisan League and other similar organizations of the liberal bourgeoisie, which are counter-revolutionary in the full sense of the word. Is the American Federation of Labor invited by our leaders to this conference for the purpose of supporting "revolutionary" slogans? It is laughable, and painful!

But let us suppose that this conference, convoked upon the initiative of the National Executive Committee of our party, will squeeze out from this opportunistic mixture several clumsy "revolutionary" resolutions. Then what? What good will these resolutions do? Will the imperialistic bourgeoisie of this country get scared of these high sounding words? Will they get scared of public opinion? Absurd! He who lives during the present epoch, who ponders over the situation, who from the experience of the Russian and German revolutions has learned something will say with confidence, that we have passed the epoch of words and resolutions, long ago, and that the only thing to which the imperialistic bourgeoisie is listening is the revolutionary mass efforts of the proletariat!

We know that our opportunists will grab these last words. They will call this "Cringing petty-bourgeois" Conference an active mass effort of the proletariat. Put will this conference, which is leaning toward the compromise of liberals and proletariat, be able to adopt and bring into being one of the methods of emancipation of the international Revolutionary Proletariat, the general political strike, which in its logical devel-

opment, means the dictatorship of the proletariat?

Are our opportunists ready for this move? Will they be able to come from words to deeds? No! Of course not! They will tell us that it is not time yet, our movement still needs the compromise and the reforms of the petty bourgeoisie.

What can we expect from those who called this "Cringing petty-bourgeois" conference that is not of the opportunistic fluid? And all these empty worthless schemes, pushing our party down the descent, are enacted in the epoch when the world war is beginning to bear its fruits.

Neither the compromises with the small bourgeois pacifists, nor the moderate line in action with the counter-revolutionary American Federation of Labor, will be able to satisfy the demand of the moment, the historical break of capitalist society. We, like the Russian Bolsheviks and the Revolutionary Marxists in other countries once for all reject the compromises with the petty bourgeois liberals and keep apart from the elements leading us to disaster.

Neither the resolutions of the "Cringing petty-bourgeois" conference, nor the expressions of good wishes of the fleeting petty bourgeois elements will be able to save our comrades from the claws of reaction. They will be saved only by the revolutionary mass effort of the proletariat. We must throw away not only the opportunists and the small bourgeoisie, who try to cling to the proletarian movement and poison it with its bankrupt ideology, but also we should clean our ranks from that "mire," which pushes our party on the road of the German Scheidemanns, the Russian Mensheviks and the Social-Patriots in other countries.

Before trying to pass any slogan on to the masses our party must call its Emergency Party Convention in order to explain once for all its own position. To delay this convention is to desert the International Proletariat.