

Imperialism — the Final Stage of Capitalism

(Continuation)

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Translated from the Russian by Andre Tridon

THE rate at which the concentration of banking concerns has taken place in Germany during the 19th and the 20th centuries is well shown by the following table made up from figures furnished by Risser:

Affiliation of Six Large Berlin Banks

	Branches in Germany	Deposit and Participation in exchange offices	German banking corporations	Total
1895	16	14	1	42
1900	21	40	8	80
1911	104	276	63	450

We see how rapidly the thick network of ducts grows which gathers in all the capital of the country and transforms thousands of scattered businessmen into one nation-wide, nay world-wide capitalistic concern. What the word "decentralization" used by Schultze-Gaevering in a preceding quotation means is the subjugation by one central concern of a growing number of formerly independent concerns, or rather of economic units whose activity used to be purely local!

It is really centralization in the proper sense of the word, which gives more power, more importance, more resources to giant monopolies.

In older capitalist nations, that network of banks is even more closely woven. In England and Ireland, in the year 1910, the number of branches established by all the banks was 7,151. Four groups of banks had over 400 branches each, the smallest of the four groups having 447 and the largest 639 branches; four other groups had over 200 branches, eleven other groups had over 100 branches.

In France, three large banks, the Credit Lyonnais, the Comptoir National d'Escompte and the Societe Generale increased their operations and the number of their branches as is shown in the table below:

	Number of branches and offices			Amount of capital in millions of francs	
	Provincial towns	Paris	Total	Own capital	Outside capital
1870	47	17	64	200	427
1890	193	66	258	265	1,245
1909	1,033	196	1,229	887	4,363

As a characteristic example of the "connections" of a large modern bank, Risser mentions the number of letters sent and received by the Disconto Gesellschaft, one of the largest banking concerns in Germany and in the entire world. (In 1914 its capital amounted to 300,000,000 marks.)

	Letters received	Letters sent out
1852	6,135	6,292
1870	85,800	87,513
1900	533,102	626,043

The number of accounts carried by one Paris Bank, the Credit Lyonnais, rose from 28,535 in 1875 to 633,539 in 1912. (26)

Those bare figures show more conclusively than any long dissertations that, with the concentration of capital and the increase in the bank's turn over, the function of a bank becomes entirely different from what it used to be. Thousands of scattered capitalists become one single capitalist. By carrying the accounts of a number of depositors, banks seem to perform a mere technical operation. But when that operation reaches gigantic proportions, a handful of monopoly-holders assumes the control of all the commercial operations of the entire capitalist world, being enabled, through its banking connections, through its current accounts and its various financial operations, first of all to ascertain exactly the condition of the various individual capitalists, and then to dominate them, to influence their activity by extending to them or withdrawing from them financial assistance, by giving them or refusing them credit: it is able finally to decide their fate, to decide what their resources shall be, to increase their capital at will, or to allow them to increase rapidly their capital to enormous figures.

We mentioned previously the capital of the Disconto Gesellschaft of Berlin which is 300,000,000 marks. The increase in the capital of the Disconto Gesellschaft was one of the incidents in the struggle for hegemony between this bank and its rival for the first place among the biggest Berlin banks, the Deutsche Bank.

In 1870 the Disconto Gesellschaft was still a small concern with a capital of only 15,000,000 marks. The Deutsche Bank had a capital of 30,000,000 marks. In 1908 the two banks had increased their capital respectively to 200 and 170 million marks. In 1914 the Deutsche Bank increased its capital to 250,000,000 marks, the Disconto Gesellschaft to 300,000,000 thanks to an alliance with another bank of first magnitude, the Schaffhausen Bank. And that struggle for lead-

ership does not interfere with the mutually protective agreements made by both banks.

Here are the conclusions forced by this development upon specialists in banking affairs, who in their discussion of economic problems never overstep the line of moderate bourgeois reformism:

"Other banks are following that example," says the German review, *Bank*, discussing the increase of the capital of the Disconto Gesellschaft to 300,000,000 marks, "and instead of the 300 men who at present direct the economic destinies of Germany there may not be more than fifty or twenty-five or even less left in control. One cannot expect the present tendency to concentration to bring about only this one banking deal. The close ties uniting the various banks tend to bring about closer relations between the various industrial combinations which deal with those banks. Some morning we will wake up to behold with astonishment a few trusts and nothing else. Then we will have to transform our private monopolies into government monopolies. And in reality we shall not be to blame for anything except for letting things follow their course and somewhat speeding them up." (27)

This is an example of the mental impotence of the bourgeois press, from which bourgeois science only differs by its greater dishonesty and by its attempts at clouding the issue. Those people are "appalled at the consequences of concentration," they speak of "blaming" the government of capitalist Germany or capitalist "society," they "fear" to hasten concentration. A German expert on industrial combinations, Tshirshky, is "afraid" of the American trusts, and "prefers" to them the German cartel, because the latter does not "hasten technical progress as much as trusts do." Could mental impotence go further?

Facts, however, remain facts. Germany has not trusts, but she has cartels, and she is controlled by no more than 300 men and the number of those magnates is being ruthlessly cut down. Ceaselessly, in every capitalistic land and regardless of the various banking laws which may be passed, banks will hasten the process of financial centralization and the establishment of monopolies.

As Marx wrote in *Capital* half a century ago: "Banks establish on a social scale the form, but only the form, of a general accounting and of a general distribution of the means of production." The data at hand on the growth of banking capital, on the increase in the number of branches and offices established by the large banks, and the number of accounts they carry, give us a concrete illustration of that "general accounting" of

the capitalist class and not only of the capitalist class, because banks gather in for longer or shorter periods all the cash receipts of the small businessmen, clerks and skilled laborers. "The general distribution of the means of production" is one of the lateral activities of modern banks, three of which in France and six in Germany have at their disposal billions and billions of marks.

Intrinsically, however, that distribution of the means of production is not general but strictly personal, that is, in the interests of large capital, in particular of the largest and most monopolistic forms of capital, which create a condition of affairs in which the mass of the population is near the hunger line. Agriculture lags behind industry, and in the industrial field the "heavy industries" with their subsidiary industries carry the day.

In extending the influence of capitalist finance, savings banks and postal savings banks have begun to compete with ordinary banks, these institutions being more decentralized, in the sense that they reach more and more localities, more and more out of the way places, larger and larger sections of the population. American reports on the relative importance of bank deposits and saving bank deposits enable us to draw up the following set of figures.

Deposits in billions of marks

	England		France		Germany		
	Banks	Savings	Banks	Savings	Banks	Assns. Banks	Savings
1880	8.4	1.6	?	0.9	0.5	0.4	2.6
1890	12.4	2.0	1.5	2.1	1.1	0.4	4.5
1908	23.2	4.2	3.7	4.2	7.1	2.2	13.9

Paying 4 or 4 1/4% on their deposits, savings banks are compelled to seek profitable investments for their funds, to discount commercial paper, to buy mortgages etc. The boundary line between banks and savings banks becomes less and less visible. Chambers of commerce (for instance in Bochum and Erfurt), are trying to prevent savings banks from engaging in purely banking operations such as the discounting of notes, and demand that the banking activities of postal savings banks be restricted. (29) Big bankers seem to fear the unexpected rise of a government monopoly of banking. But that competition does not go very far. The deposited billions in savings banks are, after all, at the disposal of the banking magnates and, on the other hand, government monopolies in capitalistic society are merely a means of increasing and insuring the incomes of certain industries which are nearing the bankrupt stage.

The change from the older Capitalism where competition reigned to the new Capitalism where monopoly is king, is characterized by the diminished importance of the exchanges. "Exchanges are no longer" to quote *Bank*, "an essential means of paper conversion as they used to be years ago when banks couldn't expect to market among their customers even a small part of the paper issued."

"Every bank is a stock exchange nowadays." This statement becomes, the more true as banks become larger and as concentration is more generally the rule in the banking field. (31)

"If once upon a time, in the seventies, the stock exchange, with its youthful rashness," (a veiled allusion to the panic of 1873 and other scandals) "opened the era of industrialization for Germany, at the present date banks and industry can fully take care of themselves."

The domination exerted upon the stock exchange by our large banks, is simply the concrete expression of the power wielded by the organized industries of Germany.

"If the action of the automatic economic laws becomes so restricted and the sphere of conscious regulation by the banks increases to that extent, there also increases to a terrific extent, the nation-wide economic responsibility of a few individuals." Thus writes Schultze-Gaevering (32) a defender of German Imperialism, an authority recognized by the imperialists of all lands, who tries to blind us to one "trifling detail," that such conscious regulation by the banks simply means the exploitation of the public by a handful of well organized monopoly holders.

The duty of a bourgeois professor of political economy consists not in showing us how the system works, not in exposing all the tricks of the monopolistic bankers, but in throwing a veil over them.

Thus speaks also Risser, who is even more of an authority and a financial "operator" besides, and who tries to escape, through a flow of empty words, from facts which cannot be gainsaid. "The stock exchange is less and less the essential organ of finance it used to be without which financial paper could not be marketed and which constituted not only a very accurate moderating device but almost automatically regulated all the economic streams flowing through it." (34)

(To be continued)

SOCIALIST PARTY BOSTON LOCAL MEMBERSHIP MEETING

Sunday, March 30th, 1919
at 3 P. M.

DUDLEY STREET OPERA HOUSE
113-119 Dudley Street, Roxbury

Important business to be discussed.

Comrades, attend, the crisis is on!

INTERNATIONAL MASS MEETING

for the benefit of the

LAWRENCE STRIKERS

GRAND OPERA HOUSE

cor. Dover and Washington Streets, Boston

Sunday, March 30, 1919, 2 P. M.

There will be present a contingent of the Strikers Guard; also a number of wounded strikers.

Speakers:

P. P. COSGROVE, JOHN M. McDONALD,
FRANK MACK, IME KAPLAN and
SAMUEL BRANHALL.

members of the General Strike Committee will speak in the following languages: Italian, Polish, Russian, Lithuanian, Belgian and Jewish.