

The Conquest of Capitalism

THE Socialist who does not know Capitalism is a poor Socialist. He gives the working class, which is fighting against the forces of Capitalism, a wrong understanding of the enemy; at the same time persuading it to use methods of attack which lead only to disappointment and defeat—not to victory. He thus proves false to the workers, and betrays them to the enemy; during a decisive battle he will probably join the enemy's ranks and turn his weapons against the workers.

To know Capitalism means to have knowledge of its various phases. It is not an unchanging condition that can be sufficiently understood by an occasional random reading of the Erfurt Program, or by an acquaintance with a few maxims of the bourgeois rule of some countries. Capitalism is an evolutionary process, its development before the world war was rapid, and during the war increased with furious speed.

We in Finland, had the opportunity to observe some of the phenomena: the centralization of industry, the stock speculator, petty grafting, the rapidity with which the peasants became sympathizers with the bourgeoisie, and the greater rapidity with which the conditions of the workers deteriorated.

When the Russian revolution became a fact we saw the proverbial treachery of the most liberal bourgeoisie in action. The ravenous wolf emerged from its liberal lambskin. Eventually we were face to face with Imperialism itself, with its usurpation and looting, in the form of German militarism. That was a revelation! Nothing remained vague!

Those "social democrats" who are trying to heal the wounds of the working class with "democracy" do not understand that what has been tried in Finland during the past year is the culmination of Capitalism, and that the only way out is social revolution. They do not understand that Imperialism is nothing else than Capitalism and that the workers must struggle directly against it for Socialism. In order to fully understand the necessity of a revolution we must understand the theory of Imperialism.

What is the basic economic principle of Imperialism?

Briefly, it is the centralization of the means of production. We knew this to be the direction of the development of Capitalism, but we were unable to estimate its achievement or observe the rapidity with which it was reaching this end. At home we were familiar with industrial union *circles*. The match swindler and his accomplices were known by this term. We applied the terms *monopoly* and *trust* to sugar and paper products which could be obtained only through one agent, because these products were subject to the protection of duty and customs. There existed mining corporations and logging companies who owned half of several provinces.

But we learned that in other countries there were organizations more powerful than our's: the German syndicate and the American trust. We knew that the oil trust had a complete monopoly, that the capital of the steel trust is reckoned in billions, and that its yearly profits amount to hundreds of millions. The same is true of all industries. These trusts are not separate business concerns, but are united, as for example, the steel trust; it "sells" its products to itself, for it is made up of many companies having a capital of hundreds of millions each, which are trusts in

*From the Finnish Communist Paper "Viesti"
Published at Stockholm.*

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themselves. One of its branches, the agricultural trust, extends its tentacles far outside the boundry of the United States. They are wound around the farmer in Canada, Mexico and even in Finland. It not only controls the prices in America, but it has made agreements with the steel kings of Europe not to underbid them, and for this kindness they have divided the markets of the world.

The steel trust not only produces steel, and all that is manufactured from steel, from a needle to a giant battleship, but everything else imaginable. Over night it has constructed factories, costing millions, and next to these it has built cities, with dwellings, stores, churches, newspapers, saloons and brothels. All these it directs and uses as a means of exploitation. Above all things it produces paper, profitable stock, and other obligations with interest bearing coupons. Its directors are among the world's greatest bankers. At the outset of the war one of the systems of banks in the United States was under the control of Morgan Jr., who is indirectly connected with the steel trust, while the other banking system was under the control of the oil trust. These two systems were connected, except in large joint investments, by the government finance committee, which was the center of capitalistic business and which looked after its interests when the national loans were up for consideration.

Banks hold the reins of production of the entire business world. We have examples of this in Finland, where the National Bank is gathering up all the threads of business. Business establishments are unable to get credit, and so are swallowed up. Through its agents the tourist nobility, it bought Swedish real estate. Its branch offices in small cities and villages were devices for getting the money of the people for undertakings which turned out unsuccessful, i. e. went bankrupt, and then were turned over to the bankers at ridiculously low prices. The National Bank was the leader of the opposition to the uniting of the private banks, but these private banks were allowed to join in draining the money from the people for the purpose of "obtaining funds" for the community, or the state. The establishment of an *Emission Company* meant that the accumulating surplus money in the banks might be used in forming industrial enterprises and new companies, which would then remain in the control, and under the directorship of the banks. The stocks of these banks were circulating on the market as bait for the savings of the credulous people; at the exchanges they were sold at a high price and bought back at a very low figure. Watering stock became a favorite habit; capital was created upon paper without an equivalent investment in the plant or in goods. A company with a million dollars in property could very well pay dividends on five million dollars capital. The small bourgeoisie and the peasants were dragging the same net with the banking capital, the former got its plunder by being a faithful agent of large capital, and the latter had the good fortune to buy and to sell at prices which were controlled by the large capitalists.

As an illustration of the power of the banks let it be mentioned that the directors of banks

in every country are the directors of tens and possibly hundreds of corporations; at the same time their servants, bookkeepers, are on the lookout for the smaller undertakings. The supremacy of the bankers is not limited to the boundry of the state, nor even greater boundaries. This is international. "Foreign" capital flows wherever dividends are to be had, as the American dollar was invested in every corner of the "Old World." So had the Czar and the Kaiser invested tens of millions for the rainy day in American railroads and real estate. German capital had secretly and publicly undermined English capital by holding the largest amount of stock in John Bull's corporations and at the same time compelling the proud Englishman to buy the cheaper German goods.

Exportation of goods which was the chief aim of the nation, is now substituted by sending capital into foreign countries to net dividends. The developing industry and the greater exploitation, produce so much surplus Capital that its investment is one of the most serious problems of Capitalism. These "savings" mean something when we learn that in 1910 the approximate investments in the world amounted to 160 billion dollars. The share of the capitalists of England was 28 billion dollars; of the United States, 26 billion dollars; of France, 22 billion dollars; of Germany, 19 billion dollars. The annual interest, which amounts to billions, is invested in the same way as the principal.

What is the goal of capital? It is autocracy, *monopoly*. The beginning of capital was competition, but its later development destroys competition. As a haberdasher thanks God for the failure of his competitor, so Rockefeller rubbed his hands and smiled when he heard that his last competitor had committed suicide. He sent his millions of profit to seek other profit in Central and South America, in Europe, Africa, and Asia. That China was conquered by "enlightenment" of a kerosene lamp is a well known story. But in those countries American capital meets English, French, and German capital. There exists keen competition in the sale of their "goods"—credits, money, investment and public loans—in which each tries to crowd the other to the side. But as in our economic scheme of competition, the reduction of price and interest would be detrimental to the capitalists of the various countries, they must seek other means to accomplish their purposes. So long there is any part of the earth's surface unapportioned, it is possible for them to separate sections where each can exert its own influence, or consider it a colony where it is possible to have a monopoly on the exploitation. This, however, does not seem to satisfy for they are crowded upon the same areas, and finally they must resort to their political remedies.

What are the politics of financial capital?

It is just that phenomenon which is known by the term *Imperialism*. This term comes from the Latin word *imperium* which means empire (imperator, "commander," kaiser), an aspirant to world power. England is the leader in this field, she has "independent colonies" (Canada, Australia, South Africa), regular colonies (India, and various parts of Africa), proprietary colonies (Egypt), and vassal states (Portugal, Norway). Everywhere—in China, Persia, etc. England is struggling to exert her influence.

(Concluded in our next Issue)