

DAILY PEOPLE

VOL. 4, NO. 188.

NEW YORK, MONDAY, JANUARY 4, 1904.

ONE CENT.

EDITORIAL

IS THE TRUST HERE TO STAY?

By DANIEL DE LEON

THERE is an idea prevalent in certain foreign and domestic financial circles that the trust has not come to stay. The possibility of its sudden collapse, with the danger to society flowing therefrom, is discussed, while its final dissolution is affirmed with certainty. The views of these circles are best set forth in the opinions on the financial outlook in this country for 1904 expressed by the well-known French bourgeois economist, Paul Leroy-Beaulieu, in the financial review of the *Evening Post* of Dec. 31, 1903, as follows:

“M. Leroy-Beaulieu was asked another question: ‘Do you see any dark spot—any storm centre—in our present financial condition?’

“‘Only a possible sudden breaking up of the Trusts, into which You have consolidated so many of your industries. That they will break up sooner or later, I am thoroughly convinced—just like all other artificial combinations for keeping up prices. But the difficulty may work itself out slowly without sudden shocks.’

“In regard to the contention of certain American authorities, that the Trust idea has come to stay—that it is the beginning of an universal reorganization of industrial methods, M. Leroy-Beaulieu replied:

“‘I do not believe it. Of course, something always remains from the attempt to practise new methods; but general laws produce their effect in the long run. You must acknowledge even now that the only one of your Trusts which has fully succeeded is that of petroleum.’”

While it is evident that M. Leroy-Beaulieu makes the usual mistake of regarding the trust as an artificial product instead of an evolutionary growth, and thus places “general laws” against, instead of for, him, the question he raises is worthy of consideration. The question of the stability of the trust is a matter of no small concern to society in general and the socialist in particular. The sudden collapse of the trust would mean wide-spread social disaster. Their gradual dissolution would mean a loss of economic savings that would be widely felt; for

trust production is the most extensive and economic production, the high prices and low wages attending it, being mainly attributable to the avaricious desire for abnormal profits on the part of promoters and owners—of underwriting syndicates and controlling capitalists. The sudden collapse, or the gradual dissolution, of the trust, would deprive the socialist theory of the most powerful argument in its support and thereby render the socialist impotent. Thus, the importance of this question is apparent.

Are the trusts failures, as Paul Leroy-Beaulieu claims? A test of efficiency is progress and growth. Are the trusts progressing and growing? Let us see.

The *Journal of Commerce* has compiled a list of industrial consolidations for 1903 that is interesting, when considered in connection with these questions. In the first place the *Journal of Commerce* states that

“It is generally admitted that the past financial year was prolific of reorganizations and bankruptcy of weakly organized concerns.”

The worst of these were the Consolidated Lake Superior Company, a \$100,000,000 concern, which is still in the hands of a receiver, and the \$40,000,000 Shipbuilding Company, which is similarly situated.

“In addition reorganizers are at work upon the International Fire Engine Company, the White Mountain Paper Company, the National Bread Company, the New England Cotton Yarn Company, the General Asphalt Company, the Seacoast Canning Company, the Pacific Coast Packing and Navigation Company and the United States Cotton Duck Company.”

This certainly looks bad for the trusts, but then there is another side to the medal.

“Old trusts and consolidations found it necessary to increase their capital stocks. A compilation of these increases shows that leading industrials added approximately \$125,000,000 to their capitalization and \$25,000,000 to their bonded debt.”

Next it is shown that despite the unfavorable conditions of capitalist affairs during 1903, the capitalization of the new corporations, consolidations and trusts

formed amounted to \$425,876,000, or one-third of the total capitalization of those formed in 1902.

“Among the more important industrial trusts formed in 1903 is the United Lead Company, with a capital of \$25,000,000 and a bond issue of \$12,000,000. This company now owns many formerly independent shot, pipe and sheet lead manufactories, together with white lead manufactories. Its controlling interests are identified with the American Smelting and Refining Company. It is in a measure a competitor of the National Lead Company.

“The E.I. Dupont-De Nemours Powder Company, with a capital of \$50,000,000, is another important consolidation of the year, being a consolidation of two important powder companies.”

In addition to the above the *Journal of Commerce* gives the following as

“Some of the leading concerns which were formed and launched during 1903:

Alaska Peninsula Packing Company	\$2,750,000
American Window Machine Glass	20,000,000
American Stogie Co.	11,960,000
Aeolian Weber Piano Co.	10,000,000
American Seeding Machine Co.	15,000,000
Cleveland-Akron Bag Co.	2,000,000
National Packing Co.	15,000,000
National Car Wheel Co.	10,750,000
National Novelty Corporation	10,000,000
National Steel and Wire Co.	10,000,000
E.I. Dupont-De Nemours Powder Co.	50,000,000
Federal Mining and Smelting Co.	30,000,000
American Barrel and Packing Co.	5,000,000
Pioneer Shaft and Pole Co.	3,750,000
Southern Textile Co.	14,000,000
Pennsylvania Coal and Coke Co.	24,000,000
Standard Wall Paper Co.	1,250,000
South Baltimore Steel Car and Foundry Co.	1,000,000
United Lead Company	37,000,000
Waterbury and Co.	1,250,000

Total for 1903 \$274,710,000”

This imposing array of increased capitalization for old, together with the capitalization for new, consolidations off-sets the capitalization affected by the receiverships and bankruptcies of the weakly organized concerns. When this

imposing array is added to the capitalization of the trusts created prior to 1903, it shows the trust to be growing instead of declining. Considering that with the successive concentration of industries, the field for trust formation contracts, and the conclusion becomes inevitable that, despite the opinion of M. Leroy-Beaulieu to the contrary notwithstanding, the trust is here to stay.

Transcribed and edited by Robert Bills for the official Web site of the Socialist Labor Party of America.
Uploaded March 2007

slpns@igc.org