EDITORIAL

COMBINATIONS AND COMPETITION.

By DANIEL DE LEON

MR. Stuyvesant Fish says that combinations of capital, no matter what their magnitude may be, are not evil. They reduce the price to the consumer, effect great economy in manufacture, and prevent cut-throat competition.

The first two propositions may be allowed. The third is indefinite. Combinations do prevent competition, but only among those who control the capital which goes into them. Combinations, by the very fact that they make cheaper production possible, increase competition among the men who are in search of work.

The United States, because of its almost unlimited resources, is in a position to furnish cheap goods. Before those goods can be produced, however, the labor market must be right. If, by combinations of industries, the work formerly done by ten men can be done by five, then the five who have been thrown out of work are going to compete for the jobs that the other five have. There is here a competition that is keener, more disheartening, and more disastrous than that carried on formerly by the small firms.

An illustration of this can be shown from the very Standard Oil Company which Mr. Fish cites as a cheap producer, and an eliminator of competition. The amalgamation of the oil industry is not a matter of recent history. Rockefeller had the whole matter well in hand fifteen years ago. He closed down the small producers. He annexed all oil bearing properties. He cheapened the cost of production. He reduced the working force in the distributing stations. He cut down the clerical force. He introduced improved methods. The result was that oil has dropped to a third of what it cost twenty years ago.

While all that reduction was going on, there was also another process going on. That process was the increasing of the number of unemployed in the oil industry. The operation was not similar to that which occurs when gold is refined. It was not a casting aside of the dross and the retention of the pure ore. On the contrary, it was the casting aside of men who were equally as capable as the men who were
retained. Oil was reduced two-thirds in price, but, in reaching that reduction, the force necessary in production was reduced NINE-TENTHS.

The effects of the latter reduction are shown in the newly opened oil fields of Texas. Word had hardly flashed across the country that petroleum had been struck, when the new region was over-run by men who had once worked at the business. There were fifty applications, personal, telephone, telegraph, and by letter, for each possible place. The inundation has increased to such an extent that it almost seems that the entire working population of the United States has been connected with the oil business, was worked out of it, and now wishes to go to Texas to recover itself.

This is a side of cheap production and of economy that never troubles Mr. Fish or his fellow capitalists. It is only when there is the chance for employment that all combination has done for us comes to light. There has been a combination of capital on one side, and this combination is offset on the other by a combination of misery, of non-employment, and of desperation.

Economy in industry is good. To-day it is absolutely necessary. Society would not return to the days of small production if it could. The present individual ownership can no more be continued than the former small production could be continued. But one course lies open to society, and that is for society to take what is rightfully its own, use it as its own, and thus make concentration and economy what they should be, a boon and a source of comfort to the whole race.