MONOPOLY

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A Study of British Monopoly Capitalism

by

S. AARONOVITCH

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AUTHOR'S NOTE

If every fact in this book has not got its footnote this is mainly because of the author's desire to keep the text free of any obstacles that might trip the reader up and hold back his progress. But in part it is due to the concealment practised by the monopolies. Therefore, though every effort has been made to check the details, the author must ask for the reader's tolerance.

Unless otherwise stated, most of the information is for the period 1950–53; but even while the book was being written and since its completion changes have been taking place. Some of our chief characters have died; individuals have left the boards of companies to join the Government while others have left the Government to rejoin their companies; the process of amalgamation has continued. These changes do not alter the main lines of this book but simply vary the illustrations.

In conclusion, the author thanks the many individuals who have contributed to the research upon which this work is based and who have read various parts of the manuscript. He owes a special debt to Mr. Alan Lamond.

Sam Aaronovitch

INTRODUCTION

> 'What is notable among British consolidations and associations is not their rarity or weakness so much as their unobtrusiveness. There is not much display in the window, but there is a good selection inside.' (*Report of Committee on Trusts*, Cmd. 9236, p. 17, 1919.)

As our starting-point, let us look through one set of shop windows. Mrs. Smith and family buy for their morning toilet either Lifebuoy or Pears or Lux or Eve or Vinolia. They clean their teeth with Pepsodent, or S.R. or Gibbs Dentifrice or Solidox. For make-up they use the Atkinson products. Mr. Smith shaves with Coroshave or Levers Easy or Jif or Erasmic or Shavallo. Mrs. Smith may wash up with Surf or use, for her other washing, Persil, Lux or Omo.

She may shop at one of Liptons' 461 shops, or at one of the 418 stores called Meadow Dairy or at one of the other four thousand shops that come within the Home and Colonial group. During the week it is very likely that she will buy some Stork margarine and some Wall's sausages. Perhaps for tea she may get some fish from one of the 400 Mac Fisheries shops. If money is not too tight she may buy some Bird's Eye frozen foods and for the larder some Batchelors Peas, and for the children, a Wall's 'family brick'.

One thing Mrs. Smith is unlikely to know: that every one of these actions helps to swell the profits of one combine: Unilevers.

Moreover, it is almost eight to one that when they are buying soap or margarine, all the Mrs. Smiths of Western Germany, France, Holland, Belgium and a number of other countries are propping up the same firm: Unilevers.

Several thousand miles away in Nigeria, the Gold Coast, and in the Belgian Congo, African men and women are buying textiles, bicycles and other goods; many are selling such products as palm kernels, groundnuts, and cotton. The probability is that at least half of what these millions buy and sell enriches one combine: Unilevers.

About two hundred and fifty thousand workers are on its pay roll in all parts of the world; were they brought together they would populate a city the size of Coventry. Britons, Dutchmen, Germans, Africans, Malayans and the citizens of many other countries labour for Unilevers.

The British Government gives the directors of this combine important jobs on Government commissions and it was Unilevers that proposed and managed the notorious groundnuts scheme in East Africa. Another former director, M. Beyen, is now a minister in the Dutch Government. Unilevers is a powerful force in the political affairs of West Africa. Perhaps to call Unilevers a firm is too anaemic an expression; it is a vast private empire.

Undoubtedly, Unilevers has immense power, but is it typical of the affairs in Britain? When one looks at the shopping and industrial centres of British towns it appears that Britain is a land of individual shopkeepers and manufacturers. On a rough count there must be almost three-quarters of a million shops, depots and factories. This is the *appearance* that gives force to the slogan of 'free enterprise': where the competition of these 750,000 enterprises results in the best and cheapest service to the consumer.

But, unfortunately, this is largely appearance only. In the first place, many of these apparently separate shops and factories are owned by a very small number of combines. And, secondly, the small and nominally independent firms are to a considerable extent dependent on the big ones. Finally, these few big stores and combines are in the grip of an even smaller group of people.

Consider these facts alone:

> One in a hundred of persons over the age of twenty-five own half of the total capital of Britain.
>
> Forty-seven of the biggest British combines in 1950 made profits equal to a third of all the gross trading profits of all the companies operating at home and abroad.*

* Excludes firms engaged in finance and agriculture.

Almost a third of all the workers in manufacturing industries in 1952 worked in 980 giant plants, which in turn were owned by a much smaller number of firms.

The whole world knows that America is ruled by the Morgans, Rockefellers, Du Ponts and the rest of the 'sixty families.' Well known too are the 'two hundred families' of France whose policy assisted in the betrayal of France to the Nazis. Notorious are the Krupps, Thyssens and I. G. Farbens of Germany, who were the power behind Hitler, and who are now being allowed to rebuild their strength. We have been made familiar with the names of the Mitsui and Mitsubishi groups of Japan who launched Japan on her aggressive wars and are now re-creating their private empires.

The counterparts of these combines exist in Britain; their decisions are taken in secret; they hold the strings of economic power; they are the force behind the Tory Party and all Tory governments. Not even a hundred volumes of New Fabian essays can conjure them out of existence.

This book sets out to prove that in finance, industry and trade, the British and the Colonial people are in the hands of a small group of big industrial and financial combines. They struggle between themselves and with their counterparts abroad for pre-eminence, though they join with each other to attack the interests of the people. They are the monopoly capitalists, and the stage of capitalism in which they rule is monopoly capitalism.

The aim of this book is to expose these groups as the enemies of the peoples of Britain and of the Empire; to show the necessity of breaking their economic and political power; and to indicate how this can be done.

To begin with, we need to know how these groups arose and what is their driving force. This is the theme of our first chapter.

CHAPTER ONE

THE RISE OF MONOPOLY AND ITS FORMS

THE root meaning of the word 'monopoly' is a *single* seller; and to call a firm a monopoly is sometimes taken to mean that it is the only firm producing a certain product. Without any doubt, the growing tendency has been for the control of an increasing number of products to pass into fewer hands but, for various reasons, it is not a *general* feature that each product is wholly controlled by one firm. In fact, there are degrees of monopoly. Today, the common situation is that of a small group of giant firms, linked with an even smaller number of banks and financial institutions, who may be fiercely competing with each other but who nevertheless between them dominate the most decisive branches of our economy. It is this that constitutes monopoly capitalism as a stage in the development of capitalism, even though within this stage the degrees of monopoly in this or that product by this or that firm are continuously changing.

Monopoly arises from the basic features of capitalism

How has it come about that in the main sectors of economic life in the most powerful capitalist countries, small groups of this kind have arisen? The fact that this has occurred in the main capitalist countries at a particular stage of their development shows that it is not an accident or the result of some 'big brains'.

The starting-point of monopoly was competition between the capitalists. Each capitalist, in order to maintain his position as well as to extend it, continuously found it necessary to improve his methods of production. The aim was to reduce the amount of time needed to produce each article, thus lowering its selling price and so undercutting competitors. And through this price war, each capitalist hoped to get a bigger share of the market.

Reducing the time needed to produce an article meant not only speeding up the workers but also ceaselessly improving technique, the development and use of new types of machinery and forms of power. If they were not to fall behind, the capitalists needed to re-invest in their enterprises a large part of the profits made by them. With the development of technique, the size of the plant tended to grow, the amount of equipment per worker grew and, though more slowly, the number of workers employed in a given plant also grew. This process, which was an outstanding feature of the nineteenth century, continues in our own day. In Britain between 1907 and 1924, for instance, the amount of horse-power available per worker increased by 56 per cent. In 1935 there were only 540 plants in manufacturing which employed over 1,000 workers and they accounted for 1,150,000 workers. By 1949 there were 980 such plants with almost double the number of workers (2,081,000). The result of competition was therefore a growth in the *concentration of production.* In different branches of production a number of giant firms began to emerge especially where technical development *made* large-scale production essential.

Yet the big firms did not come into being so simply or peacefully as this. Together with the concentration of production goes the *centralization of capital.* In the course of competition some of the competitors go to the wall and their businesses are acquired by their rivals. The more powerful firms may buy out the less powerful. Carreras for instance acquired two smaller tobacco firms in 1953. In the same year Fords bought out Briggs Bodies and The British Motor Corporation bought out Fisher and Ludlows; the smaller independents were thus knocked out as part of the competitive struggle between the giants. Their capital was absorbed and so centralized. The amalgamation of Austins and Nuffields into the British Motor Corporation or the earlier amalgamation of Levers and

Jurgen and de Berghs into the Unilever octopus are outstanding forms of this centralization of capital.

This is the process that has given us Vickers, Imperial Chemical Industries, Imperial Tobacco Company, Unilevers in Britain; Standard Oil, General Motors, United Steel, &c. in America; Krupps, I. G. Farben and others in Germany.

The concentration of production and the centralization of capital is a process greatly speeded by the growth of the financial and credit system. On the one hand, ownership of the financial institutions themselves, banks, insurance companies and so on, becomes concentrated in fewer and fewer hands; and on the other, the growing size and scale of production demands changes in the way it is financed. The family firm could finance the small blast furnace of the 1850s; it required joint-stock companies to finance the bigger enterprises necessary at the beginning of the twentieth century; and it needed the banks to finance the even bigger projects such as the Richard Thomas strip mill begun in the 1930s.

In these and other ways industrial and financial capital became increasingly intertwined and carried forward the process whereby since about 1900 a handful of giant industrial and financial combinations have come to dominate the economies of countries like Britain, America, Germany, France and others. This is the essence of the stage of capitalism which we call monopoly capitalism.

Monopoly capitalism, far from being an accident, is an inevitable outcome of the nature of capitalism. It shows us production becoming increasingly more social in character, with thousands working in large factories in immense centres of industry; but it also shows us the private owners growing fewer and more powerful.

The international character of the monopolies

The growth of monopolies was not taking place in one country alone but in a number: in Britain, France, America, Germany and some others. By about 1900, the basic groups of monopolists had come into being in the main capitalist countries. From the outset these big financial and industrial groups had an international character and were involved in the vastly profitable international trade. The productive power of the big combines was bigger than the purchasing power of the people at home: for instance, Coats could produce more thread, Imperial Tobacco more cigarettes, Lever more soap than the British home market under capitalism could absorb. They were therefore doubly concerned to find overseas markets. Their scale of production and rate of profit was linked with the supply and cheapness of their raw materials. They therefore sought, rather than buy them in the open market, to control the sources of their materials and get them at the lowest possible cost. In the 1880s, for instance, having built a great soap factory in Liverpool, Charles Lever picked up 200,000 acres in the British Solomons and a 1,875,000-acre concession in the Congo to secure his raw materials. Or again, when in 1888 John Boyd Dunlop invented the rubber tyre, the necessity to acquire sources of rubber led directly to Dunlop's requiring 90,000 acres of rubber plantations in Malaya—the largest area, as they now boast, under one management in the British Empire.

At the same time, the big combines and financial institutions were accumulating out of the exploitation of the people vast amounts of capital which they sought to invest in areas bringing a higher rate of profit than investments at home. They looked therefore for sources of profitable investment of capital using whatever means were needed to keep these areas safe for their profits. This process meant annexing whole continents and turning them into markets, sources of raw materials and cheap manpower and profitable investment.

The big combines do not restrict themselves to 'backward' countries. Just as the American firms of Fords, International Harvester, National Cash Register, General Motors have established themselves in Britain, so Dunlop has its factories in France, Germany, America, Japan, Eire, Australia, New

Zealand, Canada, South Africa, India and Brazil. In Germany alone, Unilevers has ninety-nine subsidiaries.

By the beginning of the century the monopoly groups of a handful of countries had divided the world up between them, thus converting the great majority of the population of the world into colonial and semi-colonial peoples. In this way, imperialism can be seen as in essence monopoly capitalism. Imperialism had become a world system.

We have shown how monopolies arise, but we need to go a little more deeply into their motive force.

The aim of the monopolies is the maximum profit

Capitalists have always sought the highest possible profit. But with the development of monopoly capitalism, new possibilities and necessities arise. Stalin has suggested as the basic economic law of modern capitalism,

> '. . . the securing of the maximum capitalist profit through the exploitation, ruin and impoverishment of the majority of the population of a given country, through the enslavement and systematic robbery of the people of other countries, especially backward countries, and lastly, through wars and militarization of the national economy, which are utilized for the obtaining of the highest profits.' (*Economic Problems of Socialism in the U.S.S.R.*, p. 44.)

The conditions out of which this law arose are those where a handful of monopoly groups dominated a small number of countries which in turn dominated the world. When we talk of maximum profits we mean maximum profits *for the monopolists*.

In the days before monopoly capitalism, competition between the tens of thousands of small firms led to a *tendency* for them to get the same rate of profit on each £100 of their capital. They tended, that is, whatever their aim, to get an *average* rate of profit. The big combines, as they develop, seek to break out of this sharing-alike. A great monopoly, for instance, cannot tolerate a situation whereby it gets the same