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EDITORIAL

SOCIALIST VS. ANTI-SOCIALIST CLAIMS.

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SOCIALISM claims that the concentration of capital is increasing the wealth and the power of the few, crushing out the middle class and plunging the workers into ever greater misery. This claim is denied. It is asserted that, on the contrary, the concentration of capital through the medium of corporations, tends to increase the middle class in greater proportions than it increases the working class, by transforming them into wealthy stockholders, while it, at the same time, bestows even larger wages upon the workers. In fewer words, the anti-Socialists claim that with the concentration of capital there has come a democratization of wealth.

There are many figures which, upon a superficial examination, appear to substantiate this anti-Socialist claim. For instance, recently compiled statistics of manufacturers in Massachusetts show a tendency toward the growth of the corporate, or concentrated, form of industrial organization, at the expense of the partnership, or middle-class, form, that is accompanied by an increase of stockholders over defunct partners and increased wage workers, and an increase of wages.

The statistics referred to show that out of a total 4,658 manufacturing establishments, those in the hands of private firms decreased from 3,217 in 1901 to 3,139 in 1902—a decrease of 2.42 per cent. in the number of establishments in the hands of middle-class private persons and an increase of 5.7 per cent. in the number under corporate management. In the same period, the number of partners decreased from 5,020 to 4,846, while the number of stockholders increased from 50,807 to 55,649. The decrease in the number of partners was 3.47 per cent., while the increase in the number of shareholders was 9.53 per cent. On the other hand, the number of wage workers employed in 1902 numbered 420,781, an increase of

25,547, or only 6.46 per cent. The average yearly earnings of the wage workers, without regard to sex or age, show an increase of from \$449.69 in 1901 to \$459.98 in 1902—an increase of 2.29 per cent.

As remarked above, there are many figures which, upon a superficial examination, seem to substantiate the anti-Socialist claim. These are some of those figures. Is the claim then substantiated? No; emphatically, no! and for the reasons, based on the other facts and figures, which follow:

In all the figures on stockholders, it is assumed that the numbers given represent just so many separate individuals. This is a fallacy; 52,000 stockholders may mean 520 individuals. Stockholding makes it possible for a capitalist to duplicate himself every time he invests in another corporation. For instance, J.P. Morgan is said to be director in eighty corporations. According to the stockholders-figures-fallacy there ought to be eighty J.P. Morgans. The fact is there is only one, though a mighty big one. Take another instance: In the Coal Trust hearing recently it was shown that the stockholders in the Temple Hill Iron and Coal Company, the Reading Coal and Iron Company, the Reading Railroad Company, the New Jersey Central Railroad Company, and other companies, were practically the same individuals, duplicated and reduplicated, according to their shares in these different companies.

From the foregoing it is safe to conclude that instead of showing an increase in the middle-class growth, the increase of stockholders shows an increase in the concentration of capital by a few, a conclusion that the court proceedings inaugurated by the small stockholders of newly formed corporations make doubly sure. From the foregoing, it also follows that the increase of employees is proportionately greater than the increase of alleged middle-class stockholders, and that, consequently, as the proportionately greater increase of employees means an increase of wage slavery, the position of the worker cannot be said to improve as capital concentrates. This fact will transpire more clearly when the increase of wages is considered.

As already pointed out above, wages increased in the establishments under consideration 2.29 per cent. in 1902. During the same period there was a increase of 2.66 workdays, or .91 per cent., over the preceding year, so that the increase of

wages was only $1\frac{1}{3}$ per cent. Compare this wage increase with the cost of living, which *Bradstreet's* shows increased 3.5 per cent. between June 1, 1901, and June 1, 1902, and 2.2 per cent., or a total of 5.7 per cent., in all, between June 1, 1902, and June 1, 1903;—compare this meagre increase with the increased value of the goods made by these workers, amounting to 8.66 per cent. more than in 1901, and it will be seen that wages under the concentrated form of capital have declined instead of increased.

Need more be said to prove that the “democratization” theory is false; and that Socialism is correct when it asserts that the concentration of capital is increasing the wealth and power of the few, crushing out the middle class and plunging the workers into ever greater misery?

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