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C762P
no. 158

JAN 1958



How Big Is BIG BUSINESS?

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CONGRESS OF INDUSTRIAL ORGANIZATIONS

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Pamphlet No. 158

15c a copy, 10 copies for \$1, 100 for \$9.50, 500 for \$45, 1,000 for \$85, 5,000 for \$400.

Published by

CIO DEPARTMENT OF EDUCATION AND RESEARCH

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How Big Is Big Business ?

Reprinted from *Economic Outlook*, August 1946 and
June 1947, CIO Department of Education and Research
2nd Printing, November 1949

The increase in monopoly control and the increase in the concentration of economic power places in the hands of a very limited number of people control over the life and destiny of everyone. This tight grip held by monopoly power must be broken. This power not only is exercised over employment and production but has been the main spearhead to push prices to their present fantastically high levels. This power in the hands of a limited number of people has swollen profits to a level which is unhealthy for our entire economy and which will bring on our next depression.

A handwritten signature in cursive script, reading "Philip Murray". The signature is written in black ink and is positioned above the typed name.

President, CIO

October 13, 1947

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C 762 P
no. 158

A Day With Mr. Jones

The average working man engaged in earning a living for himself and his family has little time to think about the mysterious problems of international finance, economic statistics or patent pools. His hours are crowded, and his first concerns are the achievement of better opportunities for himself, of education for his children and of making his dollars stretch farther and farther, as prices go bouncing beyond his reach. He has heard of monopoly and perhaps has formed some ideas about the ways in which monopoly should be treated. In fact, public opinion polls have indicated that eighty-five percent of the American people do believe that monopolies are bad and that something should be done about them.

At the same time, Mr. Jones, our average man, seldom thinks about how monopolies affect him personally, or his employment, or the things he buys or what he pays for them. He has a feeling that monopolies, cartels and combines are far away from his own affairs. He realizes that monopolies are large, but in his thinking they are likely to be vast, nebulous and distant shapes in a remote part of the other fellow's economic life. It is probably

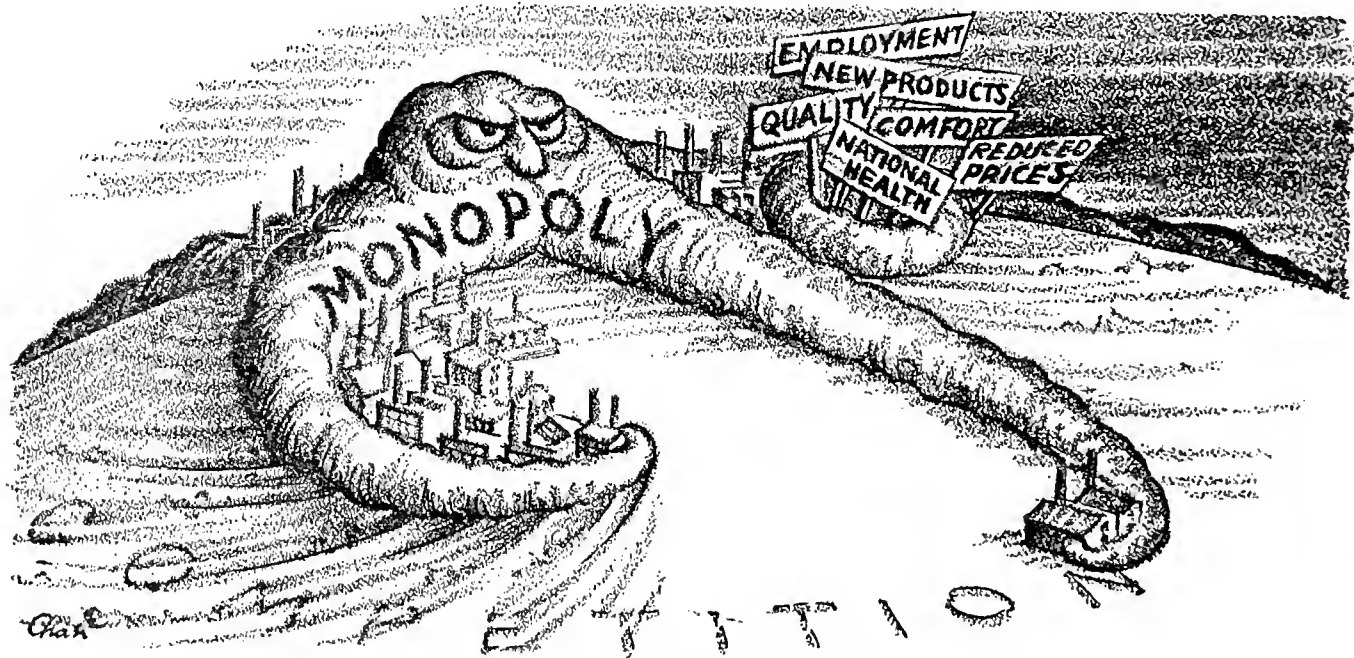
for this reason more than any other that the real meaning of monopoly and a full understanding of such things as cartels and patent pools have not captured the attention of the ordinary citizen. Once this understanding becomes concrete in the thinking of the American people there is little question but that they will treat the subject as one of the two or three major economic issues of their lives.

For it is exactly that. The monopoly problem is one of the basic and central questions affecting the welfare and future of the ordinary citizen in the United States at the present time. In importance it ranks only below the improvement of industrial relations and preservation of civil liberties. It is tied up with both of them, yet monopoly can be understood by itself. Its effects are clear-cut. How important it is for the individual American to have this understanding can best be illustrated if we follow Mr. Jones in his daily life and see how often and in what various and sometimes unknown ways he meets monopoly and its effects.

From the time that he gets up in the morning until he goes to bed at night, Mr. Jones or some member of his family is face to face with monopoly in one of its many shapes. Before he eats his break-

fast it is likely that Mr. Jones has brought in the morning milk. He knows that the price of milk has gone up and he thinks, rightly or wrongly, that

rising costs of production and distribution are to be blamed. As a recent experience in New York City indicated, however, the price of butter, cheese



Trying to Take It All in for Himself

and other dairy products may represent not any real increase in costs, nor even any reasonable increase in profits, but may be the result of a deliberate conspiracy to hold up the public and make them pay a dollar a pound for butter and extraordinary prices for cheese and milk. Such cases are nearly always tied into some form of monopoly control of the market.

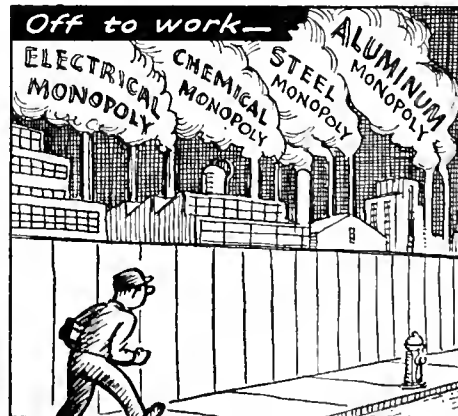
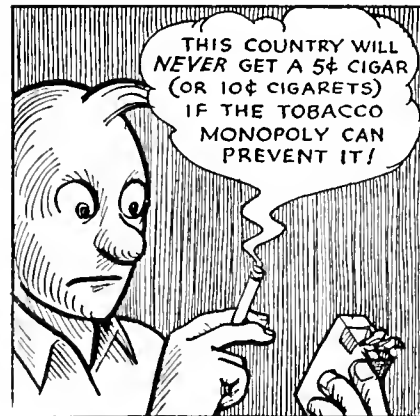
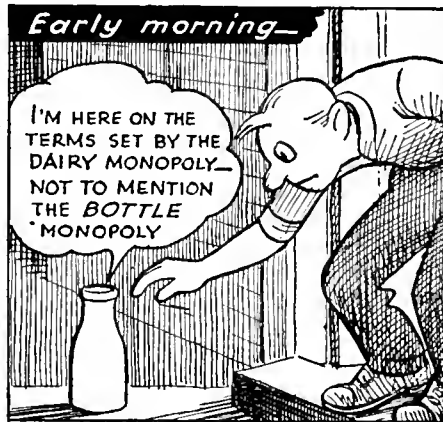
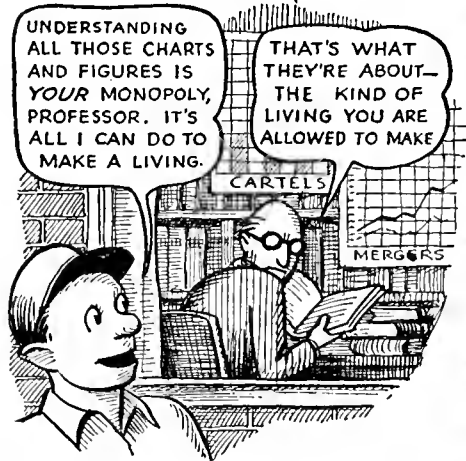
But what about the bottle? It is quite unlikely that Mr. Jones has given the bottle any thought. The milkman brings the bottle and when it is empty he takes it away. If Mr. Jones buys his milk at a store he knows there is a deposit on the bottle but that is probably as far as his interest in the subject has gone. Nevertheless, if his curiosity should lead him to inquire into the origins of the milk bottle, Mr. Jones would discover that all the bottles delivered to him and thirty million other American families every morning were until very recently completely controlled products of one of the most tightly knit monopolies in existence. (See page 37 of this pamphlet.)

After eating his breakfast Jones probably relaxes a minute before going to work. He lights a cigarette and picks up a newspaper to look at the morn-

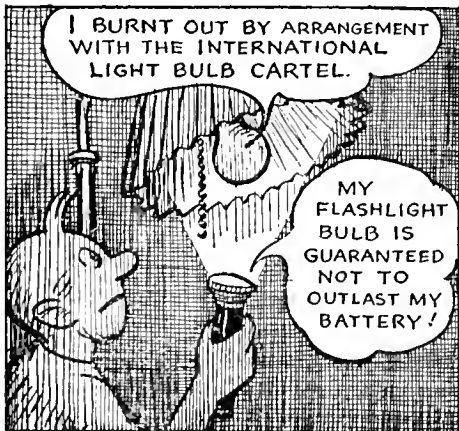
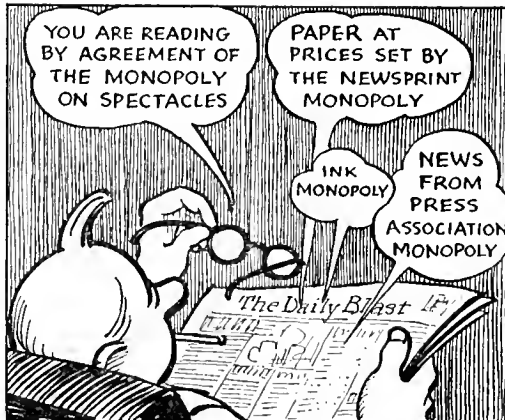
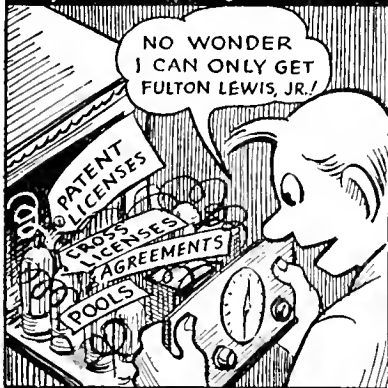
ing headlines. The match he strikes and the cigarette he smokes and the newspaper he reads are all either wholly or in part subject to monopolies which know his habits much better than he knows theirs. A match looks like a simple product, yet behind the history of a single match is one of the most complicated and involved stories of monopoly in modern times. The match may cost Mr. Jones nothing, or so he thinks, but it did cost somebody something. If he thinks about it long enough he will realize that, in one way or another, it is always the man who uses a product who pays for it. If he multiplies himself by several hundred million, he will begin to understand why a monopoly in matches can be Big Business. If he inquires far enough he will learn, in fact, that the entire match industry has been under the domination of an international monopoly, the match cartel. He may even recall the shadowy figure of Ivar Kreuger, the match king, whose suicide in the early 'thirties brought disaster to hundreds of thousands of people, toppled important banks and threatened to disrupt the internal affairs of half a dozen countries.

When it comes to his cigarette Mr. Jones is on firmer ground. He is well acquainted with the

How Monopoly Affects Mr. Jones' Life



A quiet evening at home—



variations which occur in the price of a standard package of cigarettes from one month to another, and with the raucous but perhaps enjoyable advertising by which he is encouraged to use this or that particular brand. But if he ever stopped to think of the reason why all of his favorite brands of cigarettes cost him exactly the same, or why, for example, he should not be able to get his favorite brand for one-third of the price he does pay, he will again find that the answer is monopoly. "But how," he may ask, "is there a monopoly? They certainly make many more than one brand of cigarettes." Here complications set in. For what he will find if he carries his questions far enough is that he has been dealing with a form of monopoly by agreement maintained among the big companies of the American tobacco industry. The American people smoke billions of cigarettes and cigars in the course of a year and the tobacco industry is a billion dollar industry. Even though the average smoker might think that competition was unavoidable, the Supreme Court of the United States recently concluded, at the end of a long and difficult anti-trust case, that the tobacco industry was in fact controlled by monopoly power shared among the major

producers who had, among other things, agreed in effect never to allow a good ten-cent package of cigarettes on the market. (See pages 30 to 37.) This country, in other words, will never get a good five-cent cigar or a ten-cent package of cigarettes as long as monopoly can prevent it.

As for his newspaper, a very brief inquiry would acquaint Mr. Jones with the fact that the paper upon which the news is printed and even the ink are or have been made in industries controlled by close-knit monopolies. In fact, even some of the press dispatches which come from distant places and are preceded by well-known initials of press associations, have in at least one instance been found to be a monopolized form of news.

Mr. Jones then goes to work. If he is in the electrical industry, the chemical industry, the machine tool industry, or a plant manufacturing steel or aluminum, or indeed any one of a host of other types of manufacturing, there is almost a one hundred percent probability that the industry is dominated by a monopoly group. The concern of monopoly groups is with making higher and higher profits and only incidentally with maintaining jobs for Mr. Jones and his millions of fellow workers.

When he goes home at night, Mr. Jones may stay there and listen to the radio, or he may decide to go to the movies. If he does go to the movies he will enjoy one of the most pleasurable types of monopoly products, but a monopoly product nonetheless, for the motion picture industry has been found to be concentrated under the control of a few major producers who determine what pictures shall be made, when they shall be shown, and who may show them. In years past, major producers have exercised great control even over neighborhood theatres, and part of the admission price of a ticket has represented in effect a tax paid to monopoly.

If he stays at home, Mr. Jones will read his monopolized newspaper, with the aid of monopolized spectacles, smoking monopolized tobacco, in the light furnished by a conspicuous monopoly product, the electric light bulb. It may never occur to him that light bulbs are a special concern of one of the largest international monopolies and cartels in the world, for he thinks of light bulbs as efficient and economical. Within limits they are, but what Mr. Jones doesn't know is that because of monopoly he cannot get better light at lower cost, since

monopoly procedure decided that he should normally use so many electric bulbs per month or per year at a certain price and, it may be added, at a certain level of revenue to utility companies.

If Mr. Jones turns on his radio he is aware of using a complicated mechanism which represents a major achievement of modern man. Yet his radio set represents a vast field of battle in which industrial giants have fought, combined and fought again, both among themselves and with government. At the present moment the manufacture of radios is not monopolistic in any simple meaning of the term. Nevertheless, even the cheapest radio set is a product of many patent licenses, cross licenses and agreements floating in a pool of some fifteen to twenty thousand radio and communications patents. Again, the history of a modern radio set is the history of a struggle by and against monopoly power.

This struggle continues. Television, the wonder child of radio, is still a dream of the future to the householder. He will not get television until both the technical difficulties, which are relatively simple, and the complex contest among conflicting monopoly interests are overcome. The same con-

dition holds true in nearly all of the much-vaunted postwar gadgets and improvements intended to make living more comfortable, housing more plentiful, and to place new marvels of convenience within the reach of all. Nearly every one of the fields in which these developments could occur is subject to control by monopoly groups. New and independent businesses cannot enter these fields. Until they can, the consumer will get new products only when, as, and if, monopoly decides that he should have them.

Mr. Jones may or may not know that he has had a busy day with monopoly. If he does know, it may give him a headache. In this case there is a simple remedy which monopoly past and present will place at his disposal. He can take an aspirin tablet—and then go to bed to dream of an economy of abundance.

But we must all awake to see what can be done to break monopoly and sustain full employment at a fair wage and full production.

The Big Five

When we talk of bigness and economic concentration, what do we mean?

In America today five large financial institutions control 31 of the 250 largest manufacturing corporations. These five are the Morgan, Mellon, Rockefeller, Du Pont, and Cleveland banks.

Some of the more salient points brought out by studies of monopoly tend to prove:

1. Medium-sized producers can produce as efficiently and at as low a cost as the very largest corporations.

2. Economic concentration refers to very large combinations of manufacturing as well as financial groups.

3. These large financial combinations tend to dominate not only our economic, but our political structure as well.

4. Maximum employment and high income for the American people could be insured if production were spread amongst a greater number of producers and if the larger financial interest groups were broken up.

If the competitive spirit which is the basis of our economy is to be kept alive, the small businessman, who usually operates at high costs, should be helped to reduce his costs and thus be permitted to compete with the large producers in his industry. This

can be done by furnishing the small businessman with loans at low interest rates, and with research and technical knowledge which now seem to be exclusively in the hands of the large producers.

Number of Business Firms

In 1939 the Department of Commerce reported that there were 3,300,000 operating business firms in all industries in the United States. Up through 1941 new businesses of all sizes were coming into existence. The trend was upward until Pearl Harbor. However, between 1941 and 1943 the number of business firms declined 16½ percent. The last quarter of 1943 indicated a halt in this decline. During the following two years, up through the end of 1945, many new firms were started. However, in December, 1945, we were still 200,000 firms short of the high 1941 level.

During the war years a quantity of small businessmen dropped out of business. They were going into the armed forces; they could not get sufficient materials; they could not secure enough rationed items to remain in retail trade; they could not get government manufacturing contracts or even sub-contracts from prime producers. For these and

many other reasons, the number of businesses declined between 1941 and 1943. Although some of them are now coming back, there exists no evidence that they have made any dent in the degree of power of the few financial giants who were put into the saddle by the war years.

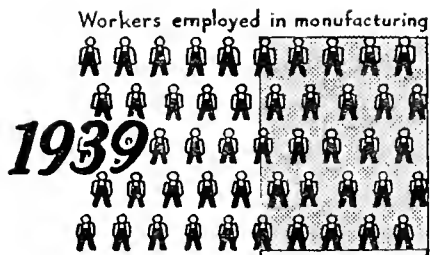
Extent of Concentration

The extent of concentration can be measured in various ways, such as the amount of employment provided by large concerns, the size of corporations, their assets and net income, their ownership and control, the distribution of stock holdings, etc.

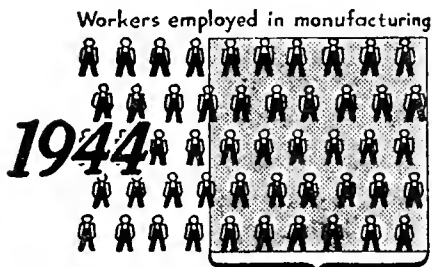
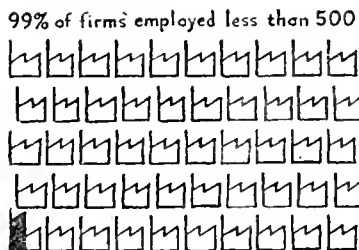
Employment

On the employment side, 99 percent of the manufacturing firms employed less than 500 workers each in 1939. The remaining 1 percent of the manufacturing firms, employing more than 500 workers each, employed nearly half (48 percent) of all factory workers.

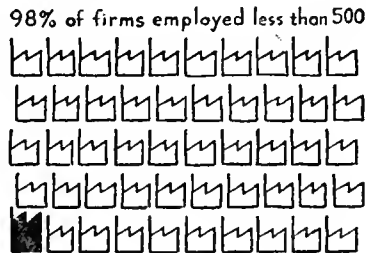
This high degree of concentration was enlarged during the following five years, and by 1944 the 2 percent of the firms employing more than 500 workers accounted for 62 percent of the total employees in manufacturing industries.



48% of workers in 1% of manufacturing firms which employed more than 500 workers each



62% of workers in 2% of manufacturing firms which employed more than 500 workers each



ECONOMIC OUTLOOK, CIO

Between 1939 and 1944 manufacturing plants employing more than 500 workers increased their employment from 48% of the total workers in manufacturing to 62%.

The very large manufacturing firms, that is those employing more than 10,000, employed 13 percent of the total workers in 1939. By 1944 these giant producers employed 31 percent of the total workers. This is probably the reason why the *Survey of Current Business* in its March, 1944, issue states, "it is easy to conclude that the opportunities for small business are narrowing from the observation that production is becoming more concentrated within the large firms of one or more particular industries." *Domestic Commerce*, a Department of Commerce publication, in August, 1946, says that "the share of small business seems to be constantly lessening in a number of industrial lines."

The principle increase in employment between 1939 and 1944

took place in war industries. The iron and steel industry took on 500,000 more workers. Almost all of these new workers were added in plants that formerly had employed more than 500 workers. In other words, in 1939, 57 percent of the employees in the steel industry were employed by large plants, while by 1944 this percentage had increased to 65.

The growth of concentration during the war years was even greater in the transportation equipment industry, rising from 74 percent in 1939 to 93 percent in 1944. Only 7 percent of the total employees in the entire industry were in small plants, employing less than 500 workers.

The Senate Small Business Committee's report on economic concentration comments that "the part played by small firms was insignificant. . . . The record of the war years shows a constant increase in the importance of big business and a constant decline in that of the little concerns."

While employment was increasing tremendously in manufacturing industries during the war, non-war industries such as food, tobacco, etc., showed no sharp change. These industries just held their own.

A somewhat similar growth in the concentration

of employment in the larger manufacturing units occurred during World War I. This concentration was only slightly reduced between the two wars. If this pattern persists, we can anticipate that the concentration of employment in large concerns will again be retarded slightly, but will not return to its prewar level.

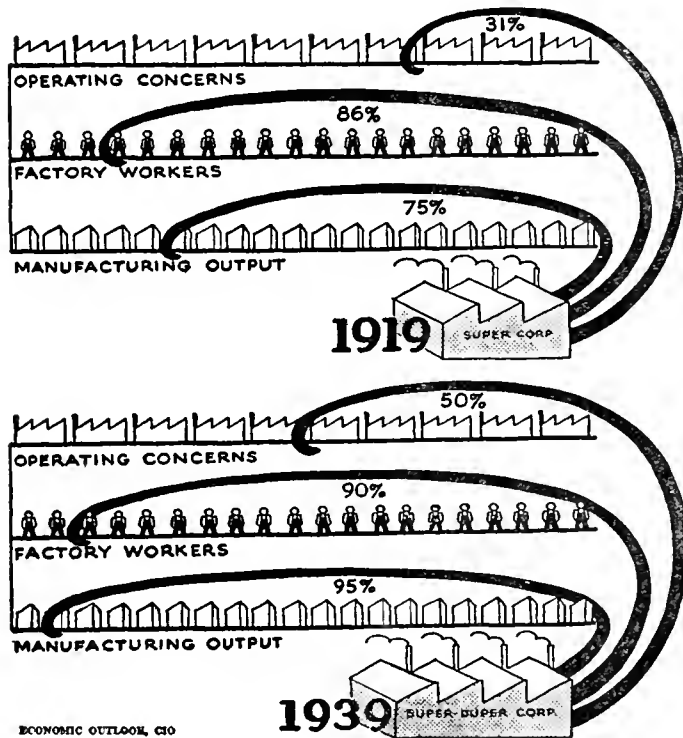
Size of Corporations

Ever since the development of our factory system, corporations have played a larger role in manufacturing than in any other part of our economy. Standard Oil, American Sugar Refining, and other large corporations came into existence before the end of the 19th century. In 1901 the one billion dollar United States Steel Corporation was founded. This was and still is the largest single corporation in the steel industry, and one of the largest in America.

But the corporation trend continued upward. In 1909 we had only 262,000 corporations. Twenty years later there were twice as many.

In manufacturing alone, corporations accounted for 31 percent of the total operating concerns in 1919. They employed about 86 percent of the factory workers and produced more than three-fourths

Growth of U. S. Corporations, 1919-39



ECONOMIC OUTLOOK, CIO

of the total manufacturing output. Two decades later, in 1939, corporations accounted for over half of the number of firms, employed 90 percent of the factory workers, and produced nearly 95 percent of the total manufacturing output. In other words, at the beginning of World War II, small concerns in manufacturing, accounting for about one-half of the existing number of plants, actually employed less than 10 percent of the factory workers and produced only slightly over 5 percent of the total output.

In his study, *The Structure of the American Economy*, published in 1939, Gardiner Means indicates that the giant American corporations have increased their power and influence tremendously in the past thirty years. In 1909 the 200 largest "non-financial" corporations held only one-third of the assets of all corporations. This increased to one-half in 1929 and to 55 percent during the late 'thirties.

This upward trend continued through the war years. In 1942 there were 205 corporations with assets worth more than \$50 million each. They held one-half of the assets and received nearly

85 percent of the total income of American corporations.

If we look at the income of manufacturing concerns only, we find the trend toward concentration even more striking. Manufacturing corporations with net income of more than \$4 million accounted for only 34 percent of the total net income of all manufacturing concerns in 1918, as against 51 percent in 1942. On the other hand, concerns with annual incomes of less than \$250,000 accounted for 24 percent of the total manufacturing income in 1918, as against only 11 percent in 1942.

Ownership and Control

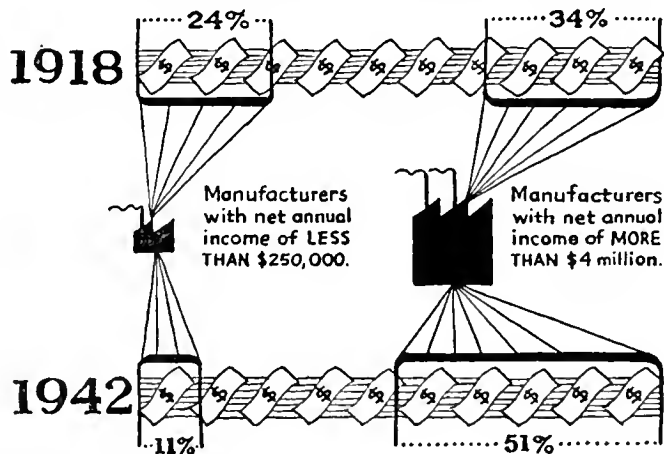
According to the Temporary National Economic Committee, in 1937, 1 percent of the shareholders of the 200 largest non-financial corporations of America accounted for almost two-thirds of the common stocks outstanding.

Three family groups, the Du Ponts, the Mellons, and the Rockefellers, had shareholdings valued at nearly \$1,400,000,000. Directly or indirectly, these three family groups controlled 15 of the 200 largest manufacturing corporations, owning assets estimated at about 11 percent of the total. Through di-

rect stock ownership, interlocking directorates, banking facilities, etc., it was comparatively simple for these families to exert their influence and control over a large number of American corporations.

The same TNEC report proves that 10,000 per-

Income of Manufacturing Concerns



ECONOMIC OUTLOOK, CIO

Small businesses dropped from 24% of the total number of manufacturers in 1918 to 11% in 1942. Large manufacturing corporations increased their total from 34% to 51%.

sons, or eight thousandths of one percent of the American population, own one-fourth of all the corporation stock in the country. Seventy-five

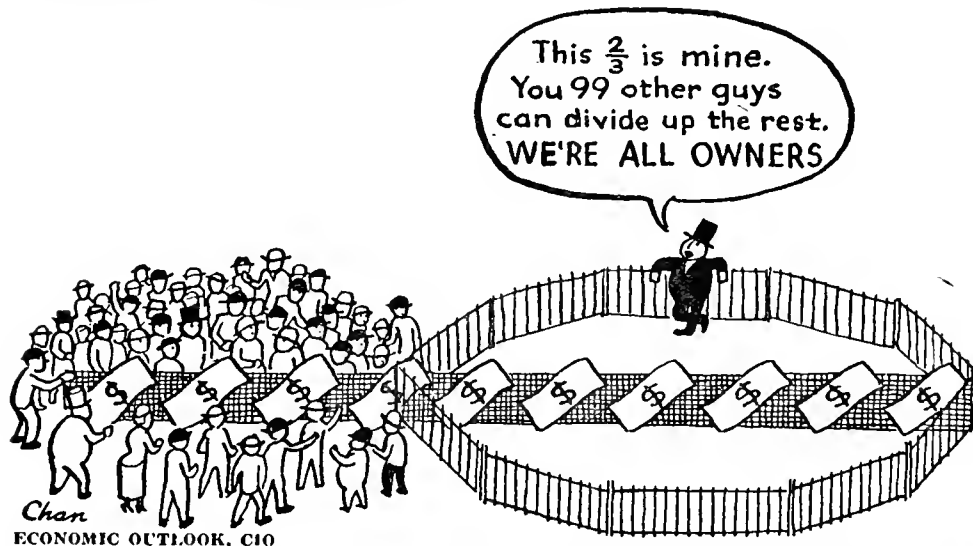
thousand individuals own half of all the corporate stock in the United States.

A glance at the cash dividends paid by corporations will make it even easier to comprehend the extent of economic concentration in this country.

Sixty-one thousand people, or one-twentieth of one percent of our population, receive one-half of all stock dividends, while 1,000 recipients of dividends receive 10 percent of all payments.

If we take into consideration railroads, public utilities and banks in addition to manufacturing corporations, we find that the eight largest banking houses in America controlled 106 of the 250 largest non-financial and banking corporations in 1935. These eight interest groups, which in-

"Sharing" the Wealth



According to the temporary National Economic Committee, in 1937, 1% of the shareholders of the 200 largest non-financial corporations of the U. S. accounted for almost two-thirds of the common stock outstanding.



ECONOMIC OUTLOOK, CIO

Eight large banking houses in the United States controlled 106 of the 250 largest non-financial and banking corporations in 1935. These interest groups, whose control tends to set prices and wages, are Morgan, Kuhn-Loeb, Rockefeller, Mellon, Du Pont, and the banking houses of Chicago, Boston and Cleveland.

clude Morgan (who controls almost 15 percent of the assets of these 250 corporations), Kuhn-Loeb, Rockefeller, Mellon, Du Pont, and banking houses of Boston, Cleveland and Chicago, dominate and control 29 percent of the combined assets of the 250 corporations. The Morgan financial groups alone control 41 of the 250 large corporations headed by United States Steel Corporation, Pullman Company of America, Phelps-Dodge and Kennecott Copper; public utilities such as American Tel. & Tel., Consolidated Edison; railroads such as New York Central R. R., Great Northern & Northern Pacific; and banks such as Guaranty Trust and Bankers Trust.

The steel industry offers a clear example of the economic concentration of productive capacity. On January 1, 1945, the four largest steel corporations controlled almost 63 percent of the steel ingot capacity in America. One of the four, United States Steel Corporation, alone controlled 35 percent of the country's ingot capacity. Three financial groups, Mellon and the Cleveland banks, control eight of the 13 largest steel producers in America and account for nearly two-thirds of the aggregate ingot capacity in the United States.

A similar situation exists in the case of copper.

The four largest producers control 86 percent of the total output. Two of these, Kennecott and Phelps-Dodge, both controlled by the Morgan financial groups, produce two-thirds of the copper mined in the United States.

The eight largest financial interest groups control directly 106 of the 250 non-financial and banking corporations. However, it should be pointed out also that these 106 corporations and their directors have close ties with other corporations in America. Their influence extends to medium-sized and small companies bound together in the United States Chamber of Commerce and the National Association of Manufacturers. The best example is cited by the Senate Small Business Committee on what occurred in January, 1946, during the General Motors strike and just prior to the big steel strike. The president of GM held an informal meeting at the Waldorf-Astoria Hotel. He invited to this meeting, the Senate Small Business Committee points out, "executives or officers of United States Steel, Bethlehem Steel, American Rolling Mill, General Motors, Westinghouse, Libby-Owens-Ford, and representatives of the meat packing industry." This meeting had the effect of determining labor

policy and uniting Big Business on the problems of wages and prices. Thus, in a little meeting in New York, was determined the wage-price policy to be followed by not only the big corporations, but inevitably by American industry as a whole. When national policies affecting millions of wage earners can thus be determined and put into operation by a handful of individuals, the dangers to our political and social economy are self evident.

Growth of Concentration in World War II

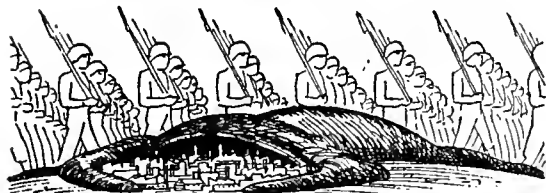
During the war, the large American corporations received the greatest percentage of government contracts. According to the War Production Board, between June, 1940, and September, 1944, 18,000 corporations received \$175 billion worth of contracts from the government, two-thirds of which went to the top 100 corporations. Thirty-three corporations each received \$1 billion or more of contracts and accounted for 51 percent of the value of all contracts. The top ten corporations, including GM, Ford, Curtiss-Wright, Douglas, received 31 percent of the outstanding contracts. GM alone received \$14 billion worth of contracts, or 8 percent of the total.

In spite of the alleged efforts to bring small concerns into the war production picture, a considerable number which were prepared to be drawn in never received contracts. Reports of the Small War Plants Corporation indicate that the small companies accounted for only 30 percent of the total war production. Only about 20 percent of this was in prime contracts let by the governmental agencies.

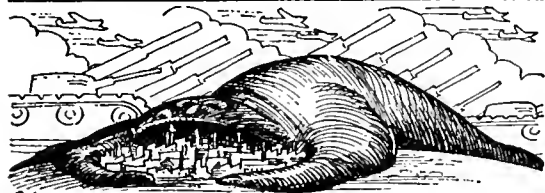
Here are some examples of the extent to which control has gone in American industries:

1. Two hundred fifty corporations control almost two-thirds of the manufacturing facilities of this country.
2. These same corporations either own or are in a position to control manufacturing facilities equivalent to those of all corporations in America in 1939.
3. All the government-owned manufacturing facilities or the assets of 71,000 smaller manufacturing firms could be purchased with the liquid asset holdings of the sixty-three largest manufacturing corporations.
4. During the war \$1 billion was spent on federal research development. Sixty-eight large corporations received two-thirds of this money.

How the Monster Grew



18000 CORPORATIONS HELD GOV'T WAR CONTRACTS,
100 CORPORATIONS HELD 67%



$\frac{2}{3}$ OF GOV'T RESEARCH DEVELOPMENT WENT TO
68 CORPORATIONS



$\frac{1}{2}$ THE VALUE OF GOV'T. WAR PLANTS HAS BEEN
BOUGHT UP BY 6 CORPORATIONS

ECONOMIC OUTLOOK, CIO

5. Eighteen thousand American corporations received government contracts during the war but sixty-seven percent of these went to only one hundred corporations.
6. Six large corporations controlled almost ten percent of the manufacturing facilities in 1939 but by June 30 of last year they had acquired almost half of the value of war plants sold by the government.
7. Two hundred of the largest non-financial corporations own about fifty-five percent of the total corporate assets.
8. One-tenth of one percent of all American corporations own fifty-two percent of the total corporate assets.
9. Less than four percent of all manufacturing corporations earned eighty-four percent of all the net profits of manufacturing corporations.
10. More than fifty-seven percent of the total value of manufacturing production is produced under conditions where the four largest producers in each industry turn out over one-half of the total output in their industries.
11. One-half of one percent of all the firms in 1939 employed five hundred or more workers and accounted for two-fifths of the total non-agricultural employment in the country.
12. One-third of the industrial research personnel is employed by thirteen companies.
13. In 1937, one percent of the shareholders of the two hun-

dred largest non-financial corporations accounted for almost two-thirds of the outstanding common stock.

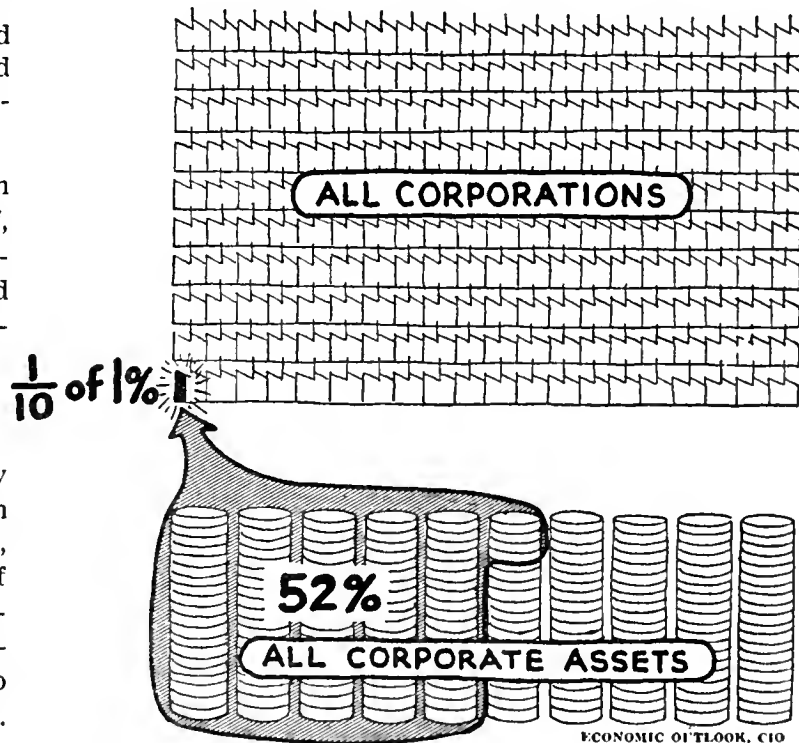
14. Eight large banking houses controlled one hundred six of the two hundred fifty largest non-financial and banking corporations in 1935.

All of these examples of concentration in American industry are set forth in brief, concrete statements to show what a tremendous control is exercised by a limited number of individuals and a few corporations.

Government-Built Facilities

Twenty-five billion dollars worth of new plant facilities were constructed between July, 1940, and June, 1945. Of this amount, \$17 billion or \$3 out of every \$4 worth of new plant facilities were built by the government. The largest amount (\$12 billion) spent by the government went into the metal and metal producing industries.

Few Corporations Gain Greater Control



Most of these new government-built facilities were leased to the large manufacturers who were given an option to buy them at the end of the war. If they didn't choose to buy, they had a further option to rent or lease these plants for peacetime production.

Eighty-three percent of the government-financed industrial facilities were operated during the war by 168 of the 250 largest manufacturing corporations. One hundred of the largest corporations operated three-fourths of them and nearly one-half were operated by only 25 corporations.

Our economic structure in years to come will be determined to a large degree by who gains control of these facilities. If the large corporations take up their option to purchase or lease the facilities they operated during the war, the monopoly position of Big Business will thus be enhanced in many important industries. The small, independent producer will be prevented from buying any of the facilities.

For example, the War Assets Administration recently placed on sale some \$600,000 worth of machine tools which were located in a plant formerly operated by the Glenn L. Martin Aircraft Cor-

poration. However, before any of the independent, small producers could buy these vital machine tools, the Glenn L. Martin Aircraft Corporation exercised its option and bought almost 20 percent of them. When the independent producers arrived on the scene to buy the advertised tools, they found that the best equipment had already been purchased.

There is no question but that the giant corporations dominated and controlled our manufacturing facilities and through them our entire economy, before and during World War II and they will probably continue to do so. If we consider the plant facilities which these corporations owned in 1939, and add to that the new plants they financed themselves, and also the government-built plants they operated, we get a total plant capacity of about \$39 billion or 66 percent of existing plant facilities of all corporations in 1944 owned or controlled by the 250 large manufacturing corporations. Their total holdings in 1945 would thus be almost equivalent to the total holdings of all of the 75,000 manufacturing corporations which were in existence in 1939.

Even more striking is the fact that if the 31 corporations owned and controlled by the five powerful families were to acquire the usable gov-

ernment-owned facilities which they operated during the war, they would hold about half as many facilities as the entire economy had before the war, or 30 percent of the nation's manufacturing facilities. That is economic concentration carried almost to the ultimate.

Sale of Government Facilities

Now let's look at the record of what is actually happening with the government-built facilities. The War Assets Administration reports that through June of 1945, 487 war plants had been sold or leased. Of these, 111 of the largest type, representing 62 percent of the sales prices, went to 54 of the 250 large corporations. General Electric bought or leased 14, Reynolds Metals and General Motors each 8, Bethlehem Steel 6, International Harvester 5.

For the first five months following V-J Day, 80 percent of the equipment in contractors' plants, amounting to some \$82 million, was sold to the prime or sub-contractors who used the facilities during the war. The large Geneva Steel plant in the Far West, operated by U. S. Steel during the war, was purchased by them in May, thus eliminat-

ing a good opportunity to establish competition in the steel industry on the West Coast. Two-thirds of all the plants sold so far have gone to companies which represent only .4 percent of all our country's manufacturing enterprises.

There is little doubt that the wartime operators are purchasing all of the government facilities which are worthwhile. The independent producers have second and sometimes third choices. Government policy gives Big Business every advantage to buy, and Big Business is grabbing off the cream of the crop. The Senate Small Business Committee describes this economic concentration in the hands of the giants as "alarming."

Mergers

"Since V-J Day there has been a sharp increase in corporate mergers and acquisition of small firms by larger ones, a trend closely resembling the corporate concentration that occurred following World War I," reported the U. S. Secretary of Commerce in a press release on June 25, 1946.

The sharpest rise in fifteen years in mergers took place in the fourth quarter of 1945, and preliminary indications for the first quarter of 1946

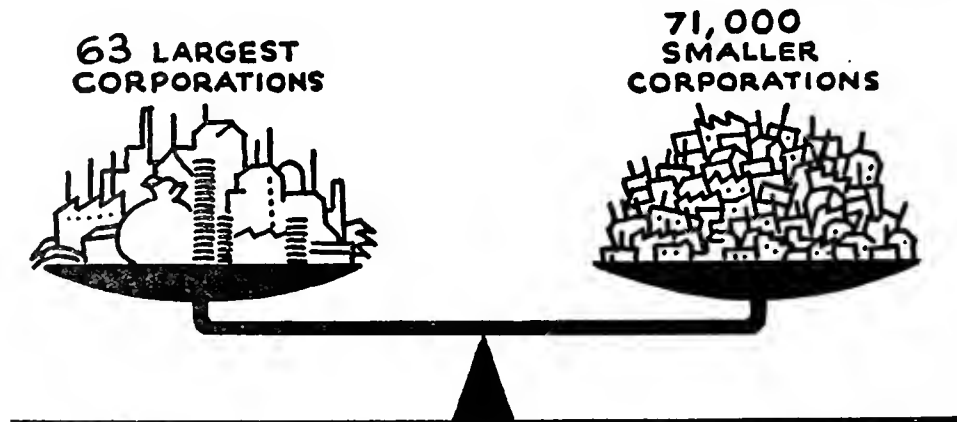
indicate that this trend is continuing. Mergers are occurring extensively in a number of industries, most notably in the drug, textile, steel, alcohol beverage companies, and retail stores.

Only recently in the steel industry, the 8 largest corporations bought out 35 smaller companies. Bethlehem, Jones and Laughlin, American Rolling Mill, and United States Steel each acquired five to eight smaller companies. Continental Can Company absorbed eight producers in its field. In the textile industry, there was a recent announcement of one company merging ten South Carolina cotton mills. The Safeway grocery stores bought up three grocery chains and acquired part interest in another. In addition, they bought a dessert company, a biscuit company and a cheese factory.

In former periods of relatively high production and high income, the big cor-

porations always attempted to improve their monopolistic position. "The number of mergers and acquisitions have served in the past as an extremely sensitive barometer of trends in corporate concentration," the Department of Commerce reports.

Further emphasizing this point, the Senate Small Business Committee says, "The trend of mergers and acquisitions is a symptom in peacetime of the



The 63 largest U. S. manufacturing corporations could purchase, with their liquid assets, the 71,000 smaller manufacturing firms.

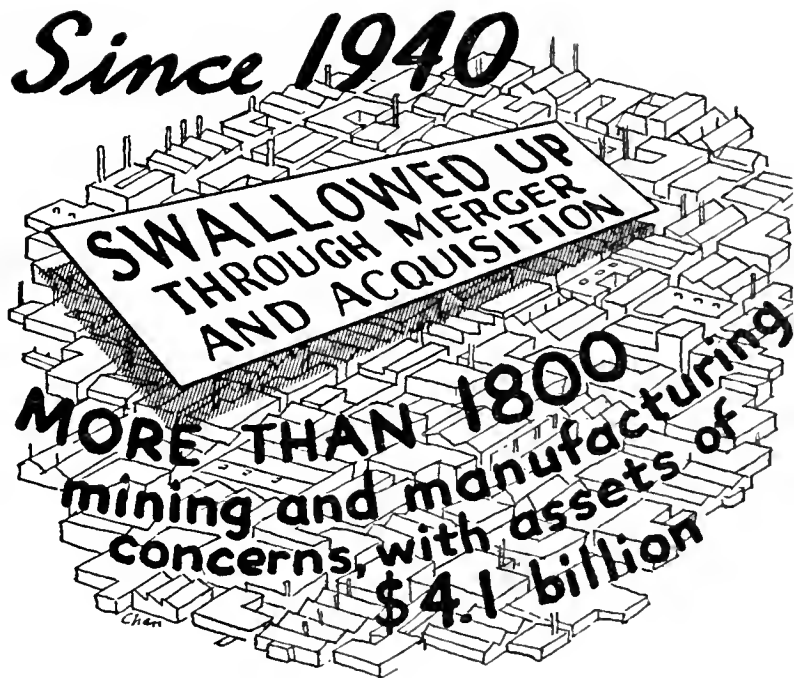
ECONOMIC OUTLOOK, CIO

growing concentration of economic power. The fact that Big Business now is actively engaged in buying up small companies strongly suggests that it will probably follow other courses of action designed to increase its economic power."

Mergers Eat Up Small Business

One of the most serious developments in the monopoly picture has been the way in which large corporations have gobbled up smaller and less important companies. The Federal Trade Commission reports that "More mergers and acquisitions in the manufacturing and mining industries took place in 1946 than in any of the previous fifteen years. In 1946 the number of mergers was twenty-six percent above the number in 1945, two hundred twenty-five percent above the annual average of the years 1940-41."

The Federal Trade Commission goes on to report that more than 1,800 independent manufacturing and mining concerns have been swallowed up through mergers and acquisition since 1940, with most of them having been acquired during the last three years. The total combined assets of the 1,800 independent companies was \$4.1 billion or nearly 5 percent of the total asset value of all manufactur-



ing concerns in 1943. Some three-fourths of the 1,800 mergers were made by corporations having assets of \$5 million.

ECONOMIC OUTLOOK, CIO

One of the major reforms that must take place in the control of monopoly is in this area of preventing large corporations from cutting off small corporations which offer them competition and thus prevent them from setting prices. (See page 41, for what to do about this problem.)

Experience of 1929

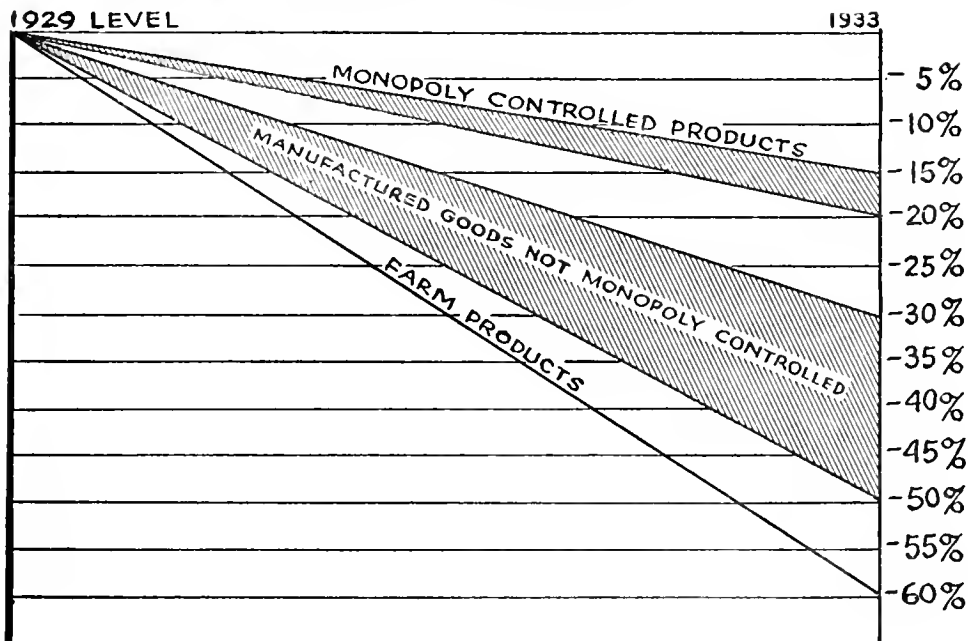
These extensive developments in the merger field and the general concentration in American industry point up the serious character of this monopoly octopus. Prices of products which workers buy can easily be set by corporations, without any fear of change, or without any regard to the welfare of consumers, so long as large segments of industrial facilities are controlled as they are by a limited number of corporations. The greater the concentration in industry, the higher the prices of its products. As long as this concentration continues, prices will not fall or be reduced, as the experience of 1929 indicated. During the depression years of 1929-33 prices of products controlled by monopoly groups were reduced between fifteen and twenty percent. On the other hand, in manufacturing industries where the degree of concentration was far

less, prices were reduced thirty to fifty percent.

In farm products where there appears to be little or no monopoly control, prices came down in the neighborhood of sixty percent during the depression years. Grain prices came down sixty percent. But in the agricultural implement industry where the largest six producers control eighty percent of the total production of the industry, prices fell by fifteen percent during this same period. Thus, while farmers received sixty percent less for their grain, they had to pay prices for agriculture implements that were only slightly reduced from their 1929 level.

Other comparisons of what happened to prices tell the same story: In iron and steel, where the top four control sixty-three percent of the total production, prices fell seventeen percent. In cement and motor vehicles prices also dropped on the average of seventeen percent. In the tire and tube industry prices went down twenty-five percent. However, in the cotton goods industry, where monopoly in 1929 was nowhere near so extensive as in the basic industries mentioned above, prices dropped forty-five percent. And in the leather goods industry they dropped thirty-three percent.

PRICES, 1929-1933:



ECONOMIC OUTLOOK, CIO

Prices of monopoly controlled products fell much less from 1929 to 1933 than those of other manufactured goods. Farm prices fell much more than those of either group.

Since 1933, the worst year of our big depression, prices have increased in all industries regardless of the extent and degree of monopoly control. The lesson that can be drawn from the price increases since the base of the 1929 depression is clear. With increased monopoly control over many more industries, we can anticipate that prices will not go down very much in those industries in which concentration is very high. The appeal by President Truman and supporting groups for industry to voluntarily reduce their prices will fall of its own weight. Prices which are from forty to over one hundred percent higher than what they were in 1933 will not be re-

duced by any significant amount until something is done about monopoly control. Almost everybody is in agreement that prices are now too high in many lines to permit purchases by the mass of American people. Unless prices come down it is anticipated that we shall have recession that may develop into serious proportions. Prices must come down if our economy is to promote full employment and full production. But with a monopoly controlled economy, and if the 1929 experience means anything, prices will be held at their present level or reduced only slightly (not enough to mean anything). The results will be drastic cuts in production with the consequent effects of unemployment, misery and chaos.

Great concentration in industry will prevent the kind of price adjustments that are essential if we are to avoid serious economic collapse. An all-out attack on monopoly must be made if our national economy is to operate on an even keel.

How Monopoly Operates

We have been talking in generalities about monopoly. The basic consideration is how monopoly can affect the everyday consumer of food, clothing

and other merchandise. Let us look at a couple of specific examples to see just how monopoly operates to promote its own interests.

The cigarette industry illustrates this well. For a time during the depression—1931, 1932 and 1933—ten-cent packages of cigarettes began to make an inroad into the market. The Big Three top companies—American Tobacco, R. J. Reynolds and Liggett and Myers, which control well over ninety percent of the production—decided that the makers of ten-cent cigarettes should be driven out of business.

The Big Three were selling their cigarettes at fifteen cents a package and were getting along very well. But, according to a United States Supreme Court decision, they “conspired to fix prices and to exclude undesired competition . . .” This conspiracy consisted of first cutting the market price of their own cigarettes, thus placing their brands in competition with the ten-cent cigarettes. This proved too costly a procedure, so the Big Three decided to use other means. The second procedure was an effort to manipulate the prices of the raw tobacco going into the production of cigarettes.

Before 1931 the total sales of ten-cent cigarettes

did not amount to very much. But in 1931 the Big Three raised their price by forty-five cents a thousand. This increase made the price difference between the popular brands and the ten-cent cigarettes sufficient to greatly affect sales. Thus, between June 1931 and November 1932 ten-cent cigarettes increased their total production thirty times. They had less than one-half of one percent of the total cigarette market in June 1931 and in November 1932 they had almost twenty-three percent of the market. This thirty-fold increase caused the Big Three to put their heads together and conspire to "fix prices and exclude undesired competition."

In January 1933 the Big Three cut their price by eighty-five cents a thousand. In February they cut another fifty cents a thousand. Thus, the price was reduced to within the range of competition with the ten-cent cigarette. The evidence, according to the U. S. Supreme Court, seems to show that this cut in price was directed at driving the manufacturers of the ten-cent cigarettes out of business.

During the first few months of 1933 when the Big Three reduced their prices by \$1.35 a thousand, the sale of ten-cent cigarettes began to fall off. The

Big Three distributed posters and carried on extensive advertising to show that their cigarettes were also ten cents a package. The public would sooner buy the popular brands if the prices were within the range of the cheaper cigarettes, so when the Big Three cut their price, their sales increased.

The ten-cent cigarettes which held about twenty-three percent of the market in late 1932 had less than six and one-half percent of the market by the middle of 1933. This price war naturally cut into the profits of the Big Three. Although they did not like the idea of losing all this money, they wanted to make sure the manufacturers of ten-cent cigarettes were driven out of the market. They therefore conspired to work out for themselves a less drastic method of controlling the ten-cent cigarette competition.

This proved so successful the Big Three were able to raise their price, between 1933 and 1940, back to where it was before the price war started. They were able to do this because they had worked out a way to manipulate the price of burley and flue-cured tobacco which is used in the manufacture of cigarettes.

In 1934 an official of the American Tobacco Co.

estimated that if the price of raw tobacco exceeded twelve or twelve and one-half cents a pound the manufacturers of ten-cent cigarettes would be tightly squeezed. It was therefore very simple to conspire to raise the price of cheap grades of tobacco used in ten-cent cigarettes to a point above twelve and one-half cents.

The government, in its brief filed against the monopoly, stated that the Big Three "through manipulating the grades and prices of leaf tobacco had attempted to increase the price of these tobaccos normally available to the manufacturers of ten-cent cigarettes." It was becoming difficult for the manufacturers of ten-cent cigarettes to obtain an adequate supply of leaf tobacco at a profitable margin.

There are many grades of tobacco which go into the production of cigarettes. The lower grades are used for ten-cent cigarettes while the better grades are used for the more popular fifteen-cent brands. Through conspiracy, the Big Three increased the price and lowered the quality of cheaper grades of tobacco to a point where the manufacture of ten-cent cigarettes was unprofitable. For example, in 1931 the R. J. Reynolds Co. bought less than three

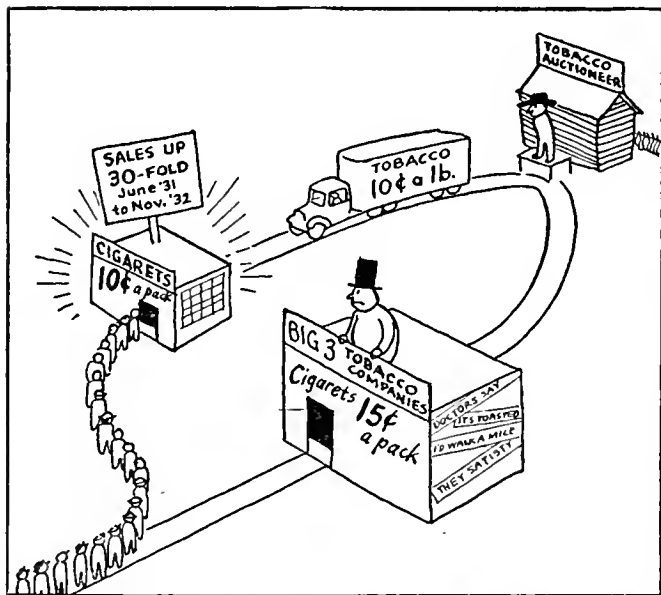
million pounds of a cheap grade of tobacco at 10.7 cents a pound. During the years which followed they increased their purchase of this low-grade to almost five million pounds. In 1936 they paid twenty-five cents a pound. By 1938 they were buying over ten million pounds of the cheap grade at eighteen cents a pound, some six to six and one-half cents out of the estimated range the ten-cent cigarette manufacturers could afford to pay.

The American Tobacco Company manipulated the price of one of the tobaccos which it bought, from a little over eight cents a pound in 1932 to fourteen cents in 1935. There is much other evidence to show how the Big Three manipulated to prevent the American consumer from being able to buy a good ten-cent package of cigarettes.

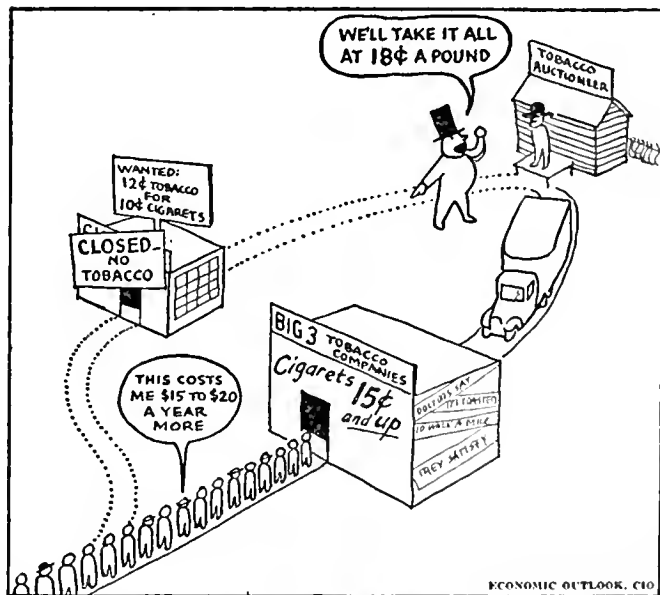
The decision of the Supreme Court was rendered in June 1946, over a year ago, but yet little or no effective action has been taken against the Big Three to prevent them from continuing to conspire to eliminate competition. Every cigarette smoker who pays fifteen cents or more for the popular brands should realize that he could get an equally good cigarette for ten cents were it not for the monopoly control maintained by the Big Three.

Paying four or five cents a package more than he should, a smoker who smokes a pack a day, during the course of a year, contributes an excess of be-

tween \$15 and \$20 to the coffers of the Big Three. The average American consumer could use this amount to better advantage.



By bidding up the price of tobacco, the "Big Three" cigarette companies (15¢ a pack) drove the smaller firms (10¢ a pack)



out of business. This cost the average consumer of cigarettes approximately \$20 a year.

Monopoly operates in other fields just as it does in cigarettes. In one way or another it manipulates the market so as to force higher prices on the consumer. In the last analysis, this is accomplished by eliminating competition which spells lower prices. All types of tactics are adopted to destroy competition from independent small businessmen.

Another very good example of how monopolies operate to increase living costs of American families is the bread industry. Here is a staple food, the staff of life. Eighty-five percent of American bread is produced by commercial bakeries. Because bread is perishable, concentration exists in local market areas within a radius of one hundred miles. In these local markets, particularly in large cities, the commercial bakers have gained a strong foothold.

The Federal Trade Commission has just prepared a report on the wholesale baking industry. This report is an extensive analysis of how the large commercial bakers operate to squeeze out competition from the small local bakers, and thus are able to control the bread market by themselves and set their own prices with no relation to competition or quality (food value).

There are four main practices followed by com-

mercial bakers to eliminate competition. They usually sell their bread to local stores on consignment, that is, with an agreement to take back whatever bread is not sold; or they offer the retail store free racks to display bread and cake products; or they give special premiums or discounts if their products are sold at a set time; or, most important, they carry on price wars.

In these price wars the big operators cut their selling prices below cost for a period of time long enough to eliminate the local small baker. When the little bakers are eliminated, the big bakers immediately reset their own prices.

The big commercial bakers first attempt to enter into an agreement with local bakers to maintain high prices, but where this fails price wars result. The commercial baker is able to reduce his prices temporarily to a point below cost because while he may be losing money in Chicago, he will be making money in Kansas City or Detroit. He is thus able to write off Chicago losses against Kansas City profits.

In Chicago, for example, commercial bakers were selling a twenty-ounce loaf of bread at eight and one-half cents wholesale. This same loaf is retailed

by these bakers at between eight and nine and one-half cents in the nearby suburbs of Chicago. The Federal Trade Commission says "The effect of these various prices and weights may be substantial to lessen competition in the line of commerce in which these bakers are engaged and to injure, destroy and prevent competition between such baking companies and their competitors in the sale and distribution of bread. . . ."

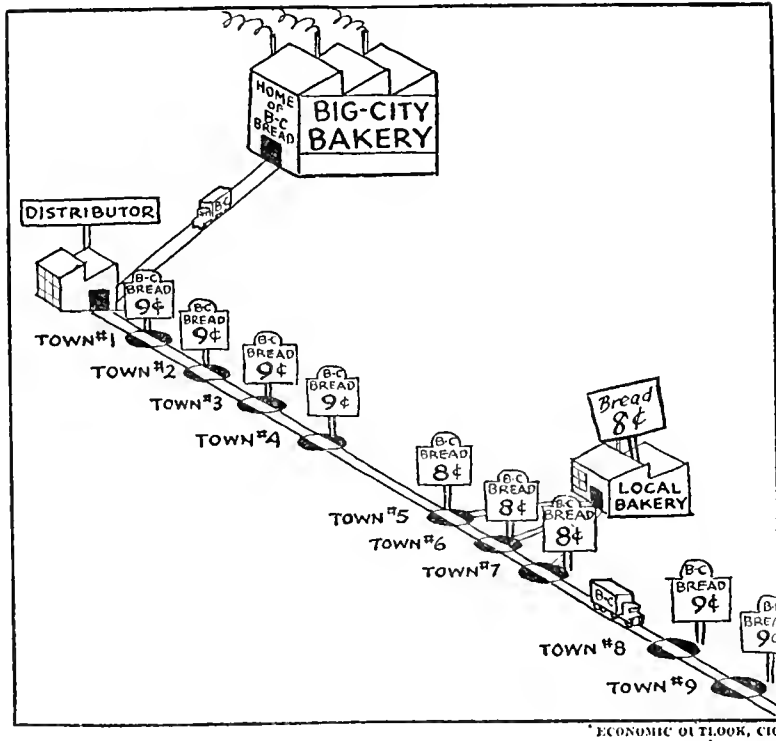
Details of how this operates can be seen by examining a bread route of a large commercial baker in Chicago. This baker distributes bread by truck to a sub-depot one hundred miles away in Kankakee, Illinois. The bread is then distributed by truck to a series of towns near Kankakee. In the first four towns this bread is sold for nine cents. In the next two towns of Brook and Foresman, Indiana, this bread is sold for eight cents. Further along on this same route, in the town of Goodland, Indiana, this bread is sold for nine cents, again. Still further along this identical route, in the towns of Remington, Wolcott, and Seafield, the bread is sold for eight cents; and five miles beyond Seafield, bread is sold for nine cents in another series of four towns. Now why is it that the people in Brook,

Indiana, pay eight cents while the people in Kankakee, just a few miles away on one side, and the people in Goodland, a few miles away on the other side, must pay nine cents?

In early 1941 the large Chicago baker increased his price from eight cents to nine cents, hoping that he could continue to charge the higher price. However, the local baker in Brook, Indiana, continued to sell his bread at eight cents. The result was that the local baker's sales volume greatly increased. After a period of six weeks the Chicago baker reduced his price to eight cents. Local competition in this instance forced the Chicago baker to reduce his price while in the towns to the east and west of Brook, where there was no competition, the price remained at nine cents.

In the next spot along this truck route where the Chicago baker was forced to sell his bread at eight cents, i.e., Remington, Indiana, another interesting development occurred. Remington was served by locally owned and operated bakeries in near-by towns. However, the Federal Trade Commission points out that "all of these bakeries were *eliminated from the town of Remington* because of the eight-cent price of the twenty-ounce loaf quoted by

How the Bread Monopoly Keeps Prices High



the Chicago bakery operating its route out of Kankakee.” The FTC goes on to say: “It is important to understand how the Chicago bakery can ship bread to its Kankakee depot and deliver by local truck to a point over one hundred miles distant from Chicago and sell it at a price one-half cent below the Chicago price for the same size and quality loaf.” The large Chicago baker can do this because at some other point he is making sufficient profit to offset temporary loss incurred at Remington while attempting to force local bakers out of the business.

Another good example of how commercial bakers force small bakers out of business can be seen by examining the situation in four little towns near Elgin, Illinois. These four towns were being serviced with a sixteen-ounce loaf of bread selling for eight cents. A large Chicago baker substituted a twenty-ounce loaf for eight cents and “as a result, the Elgin baker was practically eliminated from these markets as he was unable to sell his sixteen-ounce loaf at eight cents in competition with the twenty-ounce loaf of his competitor at the same price.”

It is therefore clear that in Chicago, as well

as in many other areas through the United States, bread is sold at varying prices by commercial bakers without any relation to costs, profits or the actual distance from the bakery. It is sold in competition with locally produced bread, according to the FTC "to the detriment of the small bakeries." Local bakers are forced out of business, local people lose their jobs, local consumers pay a high price for bread just because the monopoly interests of the commercial baker dictate a desire for large profits.

We have referred in detail to specific examples of how monopoly operates. First, in cigarettes, through the price manipulation of raw tobacco the big manufacturers forced the small producers out of business, thereby depriving the consumer of ten-cent cigarettes. In the case of bread, we have seen how price wars in the long run force the consumer to pay more for the one food which is on the table of every family in America. Just as monopoly operates in the field of cigarettes and bread, so it operates in most other industries in this country.

The main pattern in monopoly is to eliminate competition so that the monopoly can control the market and set its own price—a price which is

usually much higher than would result if competition prevailed.

Monopoly Controls Employment Opportunities

However, price is not the only effect of monopoly, which frequently operates to control employment by preventing new enterprise and new business from starting, thus depriving many workers of an opportunity to earn a livelihood.

A good example of this is the recent anti-trust case against the Hartford Empire Company. This company controls all of the 1500 patents for the production of glassware machinery. This machinery produces milk bottles, medicine and toilet bottles, liquor and beer bottles, jars and bottles to pack fruit, and other glassware. The Hartford Empire Company does not produce machinery or bottles. It controls only the patents. With the control of these patents the company can decide who will be permitted to secure machinery and produce glassware. The brief of the government before the courts in this case stated that the Hartford Empire decides "what firms shall come into the industry

and what firms shall stay out; what product each concern may produce and in what volume.” This company was thereby able, through its controls, to prevent new producers from entering this field and thus to deprive many people of the opportunity to work. This company was also able to tell the users of the machinery how many of each type of bottle they were to produce, and this also limits employment opportunities. But still further, this company, by controlling the amount of bottle production, can control the price of the bottle. Moreover, by limiting the number of milk bottles, which forces up their price, the price of milk is correspondingly increased.

Monopoly Reduces Quality

Take flash light bulbs. There was a time when they were produced to outlast three flash light batteries. Electrical companies, however, carried on research to reduce the life of the bulbs. This can be described as how to go forward by going backward.

A memorandum from one of the major American electrical companies stated “We have been continuing our studies and efforts to bring about

the use of one-battery lamps. . . . If this were done we estimate that it would result in increasing our flash light business approximately sixty percent. We see no logical reason . . . why such a change should not be made at this time. . . . I urge that every assistance be given them (the electrical companies) to put it over.” Thus the electric companies have been conspiring to reduce the life of a flash light bulb from that of three batteries to that of one battery.

Monopoly Prevents Development of New Products

There are many examples of how monopolies have operated to limit new products. One of the best and one that hits home most is the international cartel agreement between the Standard Oil Company of New Jersey and the German firm of I. G. Farben in 1929. A Standard Oil official said, “The I. G. Farben are going to stay out of the oil business proper and we are going to stay out of the chemical business insofar as that has no bearing on the oil business.”

This agreement had tremendous effect upon the ability of the American government to carry on its

war efforts after Pearl Harbor. Standard Oil, by entering into this agreement, kept the American people from developing synthetic rubber, which is a chemical product. Standard Oil not only agreed with I. G. Farben not to enter into the production of synthetic rubber, but cooperated with I. G. Farben in preventing anyone else in America from producing this product. The synthetic rubber program was therefore set back a considerable number of years purely because an American company entered into an international cartel and monopoly agreement with the world's largest pre-war cartel, I. G. Farben.

Monopoly Promotes Discomfort

The Association of American Railroads conspired to prevent and delay installation of air conditioning equipment in coaches of railroad passenger trains throughout this country.

A Nebraska court, in handing down a decision, said, "Agreements restricting the installation of air conditioning were entered into . . . and were enforced. . . . It was realized from the outset that the use of air conditioning could not be completely

prevented in the face of insistent public demand." Efforts were therefore concentrated on "delaying, minimizing the installation of air conditioning. . . . Individual installation programs were accordingly suppressed and delayed. . . ." In this way, the American railroads not only prevented railroad passengers from traveling in comfort but also deprived air conditioning equipment workers of employment.

Thousands of G.I.'s and other railroad passengers who traveled on troop trains ask themselves why they had to travel in stuffy, filthy railroad cars. But little did they realize that the reason for their discomfort rests on the doorstep of monopoly control of the installation of air conditioning equipment, exercised by the American Association of Railroads.

Monopoly Forestalls Use of Products to Improve Health

Vitamin D is essential for proper bone growth and development, for the prevention and cure of rickets, for the prevention and reduction of tooth decay. It is possible for various foodstuffs, such

as milk, bread and flour to be fortified with Vitamin D. But the company that controlled the patents carefully determined what products should include Vitamin D and the amount to be included.

The Justice Department found that the company controlling Vitamin D, “. . . created a domestic monopoly resulting in division of fields, price fixing, control of container size, and limitation of potency of vitamin products. As a result, the public has been charged excessive and arbitrarily high prices.” The company controlling Vitamin D has been described as being “merciless in beating out competition.” They have used various methods to prevent Vitamin D from being extensively used by the American people. They have suppressed the use of competing processes. They have denatured and adulterated Vitamin D preparations in order to maintain high prices. They have blacklisted companies who violated the established price. They have entered into international agreements with I. G. Farben, to eliminate world competition. They have shown lack of interest in new research, not only by themselves but by other groups; they have carried on only such research as would result in a commercial profit to them.

Other Areas of Monopoly Domination

There are many other examples of how monopolies operate to affect the everyday life of the American worker and consumer. Here are some that fit into the pattern of monopolistic practices discussed above.

Fluorescent Lights

For many years fluorescent lighting was held off the market. Twenty watts of fluorescent lighting give off far more light than twenty watts from an ordinary bulb. Fluorescent lighting reduces consumers' electric bills and therefore affects the profit of electric utilities companies.

Everlasting Match

The international match cartel obtained patents for the “everlasting match” and prevented it from being placed on the market. Although this match was commercially successful in Holland and Switzerland, it was never manufactured commercially by any American producer. The American member of the international cartel, the Diamond Match Company, stated, “It is to be hoped that if the item is not put out and pushed by a strong manufacturer, no one else will take it up. . . .”

Automobile Batteries

A lifetime battery for automobiles is a real possibility, but its introduction into this country has been retarded by cartel agreements.

Cheese

Pre-war distribution of over one-half the nation's output of cheese was controlled almost wholly by four distributors. In Wisconsin, 50,000 farms produce milk for cheese-making. This is almost one-third of the total number of dairy farms in the state. Sixteen hundred factories produce cheese with milk purchased from the 50,000 farms. Most of the cheese factories are small and their products, instead of being cured and distributed by themselves, go into the hands of a few large corporations who, according to an official of the Department of Justice, "store, market and sell the cheese at prices of their own making." Here again, the consumer is forced to pay dear for monopoly control.

Railroads

The federal government, in a suit brought before the Justice Department over a year ago, charged the western railroads with conspiring to fix rates

and control competing forms of transportation. These practices result in higher prices for consumers. The net effect of this discriminatory rate-fixing has been to hold back the development of whole geographical areas.

A case brought a year ago by the southern states against the railroads attempted to stop discrimination against transportation in and out of the South. Railroads, in spite of the Interstate Commerce Commission which reviews less than one percent of the railroad rates, have conspired with large manufacturers in the North and Northeast to prevent southern industries from developing. This action also deprives of employment many thousands of people in the South.

Conclusion

We have mentioned many examples of how monopoly operates. In most instances, the Department of Justice has taken some action against the corporation concerned. But this action frequently falls far short of the necessary remedies which must be effected if monopolies are to be broken. A real attack upon monopoly control must be part of an over-all approach to the basic issue of full

employment. All types of conspiracy by monopolies, in one way or another, place a hidden tax upon consumers. If full employment is to be attained in America, we must have maximum purchasing power, uninhibited by this tax.

Pending the development of an over-all inclusive full employment plan, certain essential steps can be taken to curb monopoly:

1. The government agencies working in this field—such as the Interstate Commerce Commission, Federal Trade Commission, and Department of Justice—should coordinate their work.

2. Their appropriations should be sufficient to carry on effective work. The Department of Justice has never had more than \$2.5 million in any one year. This is less than what one corporation paid to fight one suit pending against it. Congress should see to it that the administration of the laws now on the statute books of the United States are not crippled by the failure of adequate appropriations.

3. Government aid should be made available to small business to the extent, possibly, in some cases, of subsidizing marginal producers.

4. In other cases, loans to small business should

be made available. Private banking houses control monopoly corporations and are therefore reluctant to lend money to small competing businesses. Government loans are therefore essential.

5. There should be a system of universal use and control of patent rights.

6. Government research should be carried on extensively in all industrial fields, with the assurance of unrestricted use in American industry of government patents resulting from such work.

7. Pilot plants might be set up in certain industries to force prices down to reasonable levels; that is, more extensive use of the experience gained through TVA.

8. Congress should give the Federal Trade Commission the right to stop mergers resulting from large corporations requiring the assets of small companies.

9. American corporations should be banned from entering into international cartel agreements, such as those entered into with I. G. Farben and others before the war.

10. In the light of present economic tendencies, it may become necessary to give serious consideration to public control, either through regulation or

ownership, as a means of curbing monopoly practices.

11. It may be also necessary, in order to stop monopoly, to subject the major privately owned corporations to some type of government regulation.

12. The President should be authorized and directed to conduct an annual investigation into the extent of monopoly and monopolistic practices and further be directed to include in his Annual Economic Report to the Nation specific legislative recommendations to cope with the unfavorable practices incurred.

Monopoly control of industry in the crucial areas of our economy, as discussed in this pamphlet, spells doom, unless such basic steps are taken. In order to attain full employment and full production, it is essential that capacity and output of certain basic industries be increased.

“Full Employment Pattern, 1950,” published by

the U. S. Department of Labor, shows, for example, that we need ten to fifteen million more tons of steel, three to three and one-half million more trucks and passenger cars, one hundred to one hundred thirty million more barrels of cement, etc., in order to attain full employment and full production. Under monopoly control of industry we are not likely to get this expanded capacity, because their thinking is not in full employment terms. Monopoly accepts depressions as inevitable, along with a boom and bust psychology. Monopolies not only refuse to expand their own capacity because during a depression period they would be left with excessive productive facilities but, because of their dominant position in their particular industry, they prevent new enterprise from bringing in additional capacity.

The grip which monopoly holds upon our economy must be broken before we can have an economy of abundance with full employment at a fair wage and full production.

Can You Answer These Questions?

1. Name at least six items with which you come in contact each day that are controlled by monopolies. (Pages 5–12)
2. How many corporations do the five largest financial institutions in America control? Name the five financial institutions. (Page 12)
3. Trace the growth of U. S. corporations between 1919 and 1939 in terms of the number of operating concerns, factory workers, and manufacturing output. (Pages 15–16)
4. According to the Temporary National Economic Committee, what percentage of the shareholders of the 200 largest non-financial corporations in America account for almost two-thirds of the common stock outstanding? (Page 17)
5. How many non-financial and banking corporations are controlled by the eight largest banking houses? Name these eight banking houses. (Pages 19, 20)
6. How many corporations control 52 percent of total assets of U. S. corporations? (Pages 22, 23)
7. To whom has the War Assets Administration sold wartime government-built plants and equipment? (Pages 24, 25)
8. Why are business mergers dangerous? (Pages 25, 26)
9. In the depression period of 1929–33, did the prices of monopoly-controlled products fall as fast as prices of products which were not monopoly-controlled? Why? (Page 29)
10. How did the big tobacco companies conspire to eliminate competition? (Pages 31–33)
11. How do the large bakeries drive out competition? (Pages 34–37)
12. Besides eliminating competition, how are monopolies harmful to our American economy? (Pages 37–40)
13. Give a few examples of the operation of monopolies. (Pages 40, 41)
14. What can be done to eliminate the influence of monopolies upon our American economy? (Pages 42, 43)

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