ANTI TRUST ACTIVITY IN THE 19TH AND 20TH CENTURIES

In the latter part of the 19th century, industrial trusts were formed to eliminate competition and establish dominant control over the production, supply and price of a commodity or service. The first trust was formed in 1882 by John D. Rockefeller under which component companies assigned their stock to the central organization. The success of the oil trust in driving out most of its competitors encouraged creation of trusts in iron and steel production, whiskey distilling, white lead manufacturing, sugar refining and other branches of industrial production. Many of them were too large to be efficient . Andrew Carnegie, whose Carnegie Steel Company was purchased for an exorbitant price by U.S. Steel, commented that, " They throw cats and dogs together and call them elephants." To counter the growth of these trusts, the Sherman Anti-Trust Law was passed in 1890. It declared illegal, "every contract, combination, or conspiracy in restraint of trade or commerce among the several states." It was later amended and followed by state legislation. In the expected subsequent legislation the corporations adopted new tactics.

Instead of contesting the evidence of monopoly or disputing the right of the government to interfere with trust organization, they presented evidence of high standards of probity in commercial dealings or technological and other improvements, in productivity and efficiency, and of general benefit to industry and to the public as the basis of justification for their existence. In two significant cases (United States vs. United Shoe Machinery Co., 1918, and United States vs. United States Steel Corporation, 1920) the U.S. Supreme court found these grounds sufficient to render legal the existence of even those trusts which were admitted to have secured a virtual monopoly in their respective industries through the amalgamation of competing corporations.

The energy exerted by the Federal Government to clamp down on industrial monopoly has varied greatly depending upon the party in power and the prosperity of the nation. Richard M. Nixon, in a taped conversation with his chief aid, which he foolishly failed to destroy, proclaimed that antitrust activity was a thing of the past, harmful to the government and should be terminated. In this conversation, laden with four letter words, he threatened the discharge of the head of the Anti-Trust Division of the Department of Justice. Many Economists agree with Nixon's conclusion that anti-trust action should be terminated, but no candidate for high office has proved to be bold enough to suggest it.

It is high time that the Supreme Court make a final determination as to exactly what is covered by the Sherman Anti-Trust act and how forcibly it should be applied.

Eventually we'll learn that the one final monopoly is land and natural resources.

A prime theory of Karl Marx was that the bigger the corporation, the more efficient it would be, leading to destruction of small companies by the inherently greater efficiency of the larger corporations, leading to the collapse of the entire free enterprise system as "the expropriators shall be expropriated." He claimed, in Das Kapital, that "Cheapness of commodities depends of the scale of production, and therefore, " the larger capitals beat the smaller."

Marx's misconception of Industrial production lead to the super-bureaucratic inefficiency that eventually destroyed the Russian economy and has stagnated industrial growth whenever Marxism in applied.

May-June, 2000