

Monopolies.

by

Economist.

At the beginning of time - it is told - the Lord said, "let there be light," & there was light. The edict was followed immediately by the response, & its fulfilment was complete.

The Nat. Govt., ^{we understand} ~~we are told~~, are biblically inspired. Cabinet Ministers, some autocrats, ^{some} ~~some~~ Johnson's Proclamations - let there be Group Areas, let there be Bantu Education & the like - & these are followed - sometimes - by the fulfilment of the laws.

But Nat. Cabinet Ministers are not gods. This fact might disappoint some of them. For instance, the Minister of Economic Affairs may be pained to discover that there are other solutions between man & his destiny than the Acts which he composes, & that if an Act of Parliament flies in the face of Economic laws, it can be of no effect.

So with the anti-monopolies bill which Min. has piloted through the house during this session. It is a good, sensible thing to come as the culmination of years of Nat. fulmination against the evils of Big Capital. It confers upon the Min. the power, in certain cases, to investigate monopolistic practices - such as price-fixing, combine-

ration in restraint of trade, etc - & to order their discontinuance where such practices are found to be "against the public interest." It establishes a special Court of Appeal against the Minister's decision & provides for certain penalties where the Minister or the special court deems that "the public interest" has been outraged.

Now, there is little point in detailing the provisions of this Bill. Its infirmities lie not ^{merely} in the looseness of its wording, in its many "ifs" & "buts," in the timid approach of the Min. as in the fact that almost every substantial monopoly in this monopoly-ridden country is automatically exempt from its provisions. No, its impotence lies in the fact that, given a competitive economic system based upon private ownership of wealth & animated by the profit motive, no Act of Parliament, however astutely crafted, could possibly prevail against the growth of monopolies. Their development is implicit in the economic system under which we live. One could as well legislate against Jehovah's edicts & forbid the sun to shine.

To begin with, what is a monopolistic practice? Economists have dragged their grey beards for a century over that question & have still not answered it to their satisfaction, but for all practical purposes we may include as monopolistic any act of combination by producers or consumers, any agree-

present whether written or spoken, im-
 plicit or explicit, which presents the
 functioning of a "free market." A free
 market, as defined by Adam Smith, is
 one into which anyone is free to enter
 as buyer or seller, in which buyers &
 sellers are in unrestrained competition
 with each other, the quality of the goods
 offered for sale is constant so that
 any unit of a particular product can
 be substituted for any other, & the proportion
 of supply or demand controlled by any in-
 dividual is so small in relation to the
 total that no individual alone can
 exercise an appreciable influence on price.

Now, Adam Smith's market
 must be regarded as an ideal conception.
 Nowhere & at no time since the dawn of
 our own era of commodity production
 has it existed in fact. Unfettered capitalist
 competition is anarchic. Hence, in such
 a "free market" is it possible to determine
 with accuracy the probable volume of
 supply & demand. And, since these factors
 determine price, one cannot ascertain
 the price which the product is likely to
 fetch. Again, if supply & demand
 determine price, price, in turn, influences
 supply & demand, in the absence of any
 fore-knowledge of probable price the
 producer cannot plan his production or
 the consumer frame his budget.

Thus, the "free market", in its
 ideal form, just cannot function. Con-
 straint must, therefore, be placed upon it
 the producer will refuse to supply below a

a certain price & the consumer will buy at the market if the price is too high. The producer will meet with other producers & agree upon a "reserve". He will, in other words, fix a price for his product before it reaches the market.

But price fixing is the very essence of monopoly. There are many kinds of ^{products} monopolies, but basically they are all associations, more or less closely integrated, whose aim is to secure that the price level will remain as high as possible.

Thus far, you might say, there is no harm in price fixing. It is surely in the interests of all that prices shall not fluctuate wildly, that supply shall be steady & demand satisfied. True enough. One does not argue that monopolies, per se, are a bad thing. But the process of monopolization is a continuous one. Constraint upon the free market does not alter completely the gnostic character of capitalist production. Producer A, shall we say, has a fine business which yields a handsome profit. Some of the profit he spends on the satisfaction of his own needs; the balance he must invest. He cannot keep it in a sock, for idle money is anathema to his soul. It earns nothing, & his various debts are profits. Thus he is bound to invest, to expand production - regardless whether there is demand for his wares and pay at an adequate price! (It is this paradox between the compulsion to produce & the refusal to sell below a certain

price which results in coffee being burnt & fish being dumped back into the sea.)
 He thus enters into anarchic competition with his fellow producers. Producer A cannot go to Producer B & say: "Look, old chap, I have expanded production - will you curtail your output proportionately?" No, but A can buy out B. He can start a price-war & force B out of business - & as Act of Parliament can stop him long as, for in so doing he is pursuing the most exalted purpose of Capitalist Society - the making of profits. Can you regard his act as culpable? No - not unless the act of producing for profit is in itself culpable.

From this process of buying the other fellow out develops the character of modern business. A, the enterprising fellow, expands to the point where he alone is capable of influencing the market. To ward off the end of forcing B, C, D out of business, he resorts to many practices. He threatens retailers etc., F & G. with bankruptcy if they stock anyone else's products, he tries to gain control of sources of supply, raw materials, he tries to prevent the establishment of competitive enterprises. These are the devices, practices not only of individual producers, but of Capitalist Governments too - and now included. Will Mr. Schuman imperil the millions invested in the S. A. R. by permitting free competition in the field of transport? No, of course he

want! Will Min. James refuse pro-
 tection to S. A. Industries? Again, No!
 Will Min. Sanges permit the Spanish
 Mines freely to sell his labour in the
 best market? Yet again - No! And if
 these practices are virtuous in the Min-
 isters, can they be vicious in Producer
 A, who, after all, is only conducting his
 own business?

No, the judge who has the te-
 nacity to sentence Producer A for in-
 dulging in practices sanctified as pat-
 riotism by the state is not public spi-
 rited - he is completely ignorant of
 Capitalist laws & Morality. He is a
 fool & would become what surely he
 would get!

Let us conclude with a question
 yet to be settled - is monopoly a
 bad thing? We cannot in the language
 present it, but is there sound reason
 for wishing to?

Yes & No. To have some so small,
 inefficient factories where you could have
 one large, efficient one is wasteful & not
 to be countenanced in a modern indus-
 trial society. The question is, whose in-
 terests does the monopoly serve? Will
 Minster James one who is it in the
 public interest?

This question is capable of
 only one answer. While it is in the
 hands of Producer A it is not, for A's
 profits & the public interest are united
 to each other. Thus, what is required
 is not the destruction of the monopoly,

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but a large transfusion of power, the
hands of producers & into the hands of
the public - the people of S. A., white,
black & coloured, in whom all wealth
should rest.

But one somewhat gains the
impression that Minister Howe will
not content with his Bill.

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TREASON TRIAL, 1956 1961

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