

**THE NEW  
INDUSTRIAL SYSTEM**

# THE NEW INDUSTRIAL SYSTEM

A STUDY OF  
THE ORIGIN, FORMS, FINANCE, AND PROSPECTS  
OF CONCENTRATION IN INDUSTRY

BY  
HERMANN LEVY



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TO  
G. N. CLARK

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## PREFACE

The Author wishes to say that he is neither an Individualist nor a Planner. When, as one of the first, he tried to describe and analyse industrial combination in England, which was then regarded with suspicion and incredulity, it had become clear to him that the new type of organization was based not upon accidental circumstances but upon fundamental economic laws. To-day, when distrust has given place to recognition and even the desire to promote the quasi-monopolistic organization of industry as a means of stimulating new prosperity, it has again become imperative to point out that concentration in industry with combination as its natural outcome should not be regarded as being the effect of new insight on the part of industrialists nor as a device or cleverly thought out plan which, if once fully grasped, may be everywhere effectively applied. To-day, as before, it has to be emphasized that concentration in industry is the outcome of fundamental necessities, which may be checked or supported by deliberate action of industrialists or national economic policy, but which can neither be "created" nor finally suppressed. The nature of these fundamental laws will be described in this book. Industry as a whole presents to-day a new aspect. Concentration is new. Industrial combination is new. The interlocking of finances is new. The role of banks in regard to industry is new. The domination of financial

capital over large sectors of industry is new. It would be vain to contend that all this is primarily the result of certain modern and ingenious methods of treating industrial organization, eliminating competition in favour of "organization". All such endeavours and reasoned plans would have proved impossible of realization if they had not been based upon the development and progress of new world-economic conditions resulting from and manifesting themselves in a revolution in transport, the creation of concentrated mass supply and mass demand, a change in the distribution of raw material supplies and the adaptation of the technical and economic structure of the industrial unit to these new material conditions. It is this sense that the Author hopes to have been justified in giving to his essay the title of *The New Industrial System*.

HERMANN LEVY.



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