

EDITORIAL

## SOME HIDING-PLACES OF PROFITS.

By DANIEL DE LEON

**T**HE American Linseed Company has filed in New Jersey its first annual report made in several years.

The figures run this way:

Interest on borrowed money and charges on depreciation—\$284,384.

Deficit account—\$100,000.

Income, after paying all operating expenses—\$1,648,769.

Net profits—\$1,264,185.

When one reads this array and subdivision of figures one feels as if playing at hide-and-seek with a child who thinks he is nicely hidden although his legs stick out.

Let us pull this hiding Profit out by its exposed legs.

First of all there is a net profit of \$1,264,185 acknowledged.

Then there is “interest on borrowed money and charges on depreciation.” Charges on depreciation are legitimate things to deduct from profits. How much are these charges? The figures are silent. Under the silence the “interest on borrowed money,” is expected to slip through unnoticed. This charge is illegitimate. Wear and tear, depreciation of the plant, produces no new values: the wear and tear is properly deducted from the receipts: it restores the original plant. Interest on moneys borrowed, however, comes directly from new values, and, consequently, flows straight into the channel of profits to the capitalist class. The figures being silent on how much of the \$284,584 went to wear and tear and how much to interest on borrowed money, it is conservative to halve the total. That would give \$142,294 that belongs to net profits, making, so far, the net profits amount to \$1,406,479.

Next comes the item of \$100,000 under the head of “deficit account.” Deficit to whom? Why, of course, to the capitalist class. This \$100,000 also belongs to “profit,”

making the “unearned increment” rise to \$1,506,479.

Is this all? Not at all.

There is still the queer item of income “after paying all operating expenses.” Are wages meant under “operating expenses”? That’s the implication. Fact is that under “operating expenses” big fat chunks of “salaries” to sinecure or dummies called directors, secretaries, etc. , are comprised. How big the chunks are may be gathered from the circumstance that the report does not separate the item of “salaries” from the item of “wages.” These “salaries” are profits, simon pure; they are pocketable by virtue of the “salary”-receiver’s profits-pocketing power. The chunks of these “salaries” also belong under profits. Conservative is the estimate that the amount paid out by the American Linseed Company in “salaries” is \$500,000. Thus the actual profits are not a copper less than \$2,006,479.

The hiding-places of the profits of the American Linseed Company are, according to the report, “interest on borrowed money,” “deficit account” and that part of the “operating expenses” which is consists in nice, plump watermelons of salaries, cautiously left unmentioned.

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