banking with industry--this is the history of the rise of finance capital and what gives the term "finance capital" its content. The precise time for this transformation is the beginning of the twentieth century. Quoting Jeidels, "It was the crisis [of 1900] that enormously accelerated and intensified the process of concentration of industry and banking, consolidated that process, for the first time transformed the connection with industry into the monopoly of big banks, and made this connection much closer and more active."[31] This is how bank capital, i.e., capital in money, is transformed into industrial capital, i.e., finance capital, controlled by banks and employed by industrialists.

The transformation in the role of the banks is an essential feature in monopoly formation. The original function of banks is to serve as intermediary in the making of payments, transforming inactive money capital into active capital that produces profit.

The "affiliated" bank is one of the important features of modern capitalist concentration. Large-scale enterprises not only completely absorb small ones, but also "join" them to themselves, subordinate them, bring them into their "own" group or <u>concern</u> by having "holdings" in their capital or by controlling them through a system of credit, etc.[32]

Interpreting Marx and Engels, Kemp sums up the dynamics of transition from capitalism of competition to capitalism of monopoly in the following words:

> "From competitive struggle itself, and the process of centralization and concentration of capital which accompanied and flowed from the compelling forces of the laws of accumulation, a few large capitals would tend to replace many small ones. The technical innovations which the capitalists in the course of competitive struggle were forced to make, by increasing outlays of fixed capital, tended in the same direction and meant the exclusion of small capitals altogether from some fields." 33