

THE IRON CHAIN AROUND THE WORLD

By MANUEL GOMEZ

AN item of transcendent importance appeared in the financial pages of capitalist newspapers thruout the country last Tuesday, and did not appear anywhere else. It was in form a simple advertisement. An American banking syndicate headed by Dillon, Read and company offered to American investors \$25,000,000 worth of German industrial bonds. The securities are those of the Rheinelbe Union, yielding 7.55 per cent on the investment for a period of 20 years.

What this means aside from the usual secret provisions (which no doubt assured Dillon, Read and company fat commissions and "floatation profits"), is the domination of American capital in the big international iron and steel trust that is forming.

The Rheinelbe Union, also known as the Big Three group, consists of the Gelsenkirchener Bergwerks A. G., the Deutsch-Luxemburgische Bergwerks-und Huetten A. G. and the Bochumer Verin fuer Bergbau un Gusstahlfabrikation. Together the concerns employ some 106,000 men. Operated as a unit under existing inter-company agreements, they constitute the largest coal producing and iron manufacturing group in the Ruhr district of Germany. They are also one of the largest steel manufacturers and produce a more diversified line of highly finished steel products than any other manufacturer in Germany. The Rheinelbe Union is moreover linked with the big Siemens electrical interests in the Siemens-Rheinelbe-Schuckert-Union.

"The Rheinelbe Union," says the bankers' advertisement, "is the largest unit in the pending consolidation of German steel and coal companies in the Rhur district." As a matter of fact the plans for this plunderbund are not limited to the Ruhr, nor to

Germany itself. A huge international iron and steel cartel is in process of formation, with French and German manufacturers taking a leading part. All of the powerful trusts involved are in agreement regarding the necessity for combination. But on what basis? That has been the difficulty. The big German concerns occupy a strategic position in the European industry and have insisted on a controlling interest. The French felt they had a strategic position militarily, so they said it with soldiers. One of the motivating factors back on the French invasion of the Ruhr was to force the establishment of the international plunderbund on terms favorable to the French "Comite des Forges." France's financial breakdown took away all hope of success by this means. Now, under different circumstances, negotiations are again well advanced. Establishment of the combine is a practical certainty but the terms of agreement have been kept strictly secret.

France has no capital for new financing but the United States has. The \$25,000,000 loan to the Rheinelbe Union, as well as other similar ventures, indicate that American finance capital is to become the real center of gravity in the combine.

The American financial oligarchy is interested in the iron and steel cartel not only from the standpoint of the investment of surplus capital but also from the standpoint of the iron and steel industry itself, from the standpoint of domination of the world's markets. When Judge Gary of the United States Steel corporation was in Italy in 1922, he was asked whether or not he would favor a world-wide steel combine, with U. S. Steel as a unit. His answer was: "In my opinion such a union is absolutely necessary to all concerned. It will have to

come to pass, but I do not think the time is yet ripe for it."

Since that time the French and German capitalists have mutually worn down each other's resistance, French finances have collapsed, Germany has been put into the strait-jacket of the Dawes plan and American finance capital has secured foothold after foothold in the money markets of Europe. Undoubtedly things look different to Judge Gary now. Conditions for the establishment of the world-wide steel cartel are more "ripe," from the point of view of the American steel trust. The American trust, even before 1922, was fully awake to the tremendous profits that could be realized by "internationalizing" the steel industry. But unlike the French and Germans, who squabbled with each other over terms, the American interests were unwilling to offer any terms at all. The time is not ripe, said Gary. U. S. Steel felt itself so strong that it could compete in its own right with any foreign cartel, until its hegemony should be recognized. Power—industrial, financial, military—is the final arbiter in all international agreements under capitalism. That is why it is a long way from agreement "in principle" regarding a proposed cartel, to the practical establishment of the combine. It is also why, once established, the combine has no guaranty of permanency. There is always the question of "terms"—of the share each unit is to have in the booty.

The international iron and steel cartel represents a menace to all oppressed peoples and to the workers of all countries. It means further extension of monopoly price beyond national tariff walls; it means still greater domination of markets, "systematizing" of production, and exploitation of workers. It means playing off the workers

of one country against another, in wages, living conditions, strikes and every phase of the day-to-day class struggle. Inevitably it means war. Side by side with international steel partnership goes an intensified struggle for colonial territories on the part of each national unit of the cartel. There is a universal speeding up of armament production. International partnership is merely a masked form of international rivalry on the basis of assured monopoly profits. This is especially true in the iron and steel industry, which besides being the basic industry for each imperialist power, besides being the industry most intimately bound up with export of capital and colonial exploitation, is also the war industry.

In the face of all this it is useless for the handful of unruly senators to declaim against America's entry into the world court, on the ground that it places this country within the danger-circle of the clashing antagonisms of Europe. American governmental policy is the instrument of American capitalism, and both have been deeply involved in the European danger-circle for a long time. American capital is being exported to Europe at a rapid rate, especially to Germany, where it is controlling greater and greater sections of German industry. One week's issue of the New York Commercial and Financial Chronicle announces offerings by American bankers of "a limited amount" of stock shares of the Dresdner bank, 600,000 Reichsmarks of capital stock of the Hamburg Vereinsbank and 100,000 shares of preferred stock of the German Credit and Investment corporation. The last-named is an American firm organized "to participate in investments and loans in Germany."

American capital is thus reaching not only into German industry but

also into German banks. The offering of Rheinelbe Union bonds by Dillon, Read and company helps us to complete the picture. In the gossip of Wall Street brokers' offices, Dillon, Read and company, whose recent meteoric rise to prominence has puzzled the uninitiated as much as that of the Van Sweringen brothers in the railroad industry, is spoken of as "the back door to Kuhn, Loeb and company." The latter is the outstanding representative in investment banking of the great network of Rockefeller interests and their allies. Together with J. P. Morgan and company it stands at the top of the investment world. The United States Steel corporation unites the interests of all. With the Rockefeller interests on the board of directors and J. P. Morgan as head of the finance committee—and President Coolidge himself a small stockholder—the steel corporation is the example par excellence of what Lenin described as the "personal union" between banks and industry, on the basis of which a financial oligarchy is created dominating the economic and political life of the country.

Ostensibly a democracy, the United States is, like every imperialist country, ruled by an oligarchy. Ostensibly isolated from Europe, American capitalism is in fact struggling for hegemony there. Whether or not the world court "leads inevitably to the league of nations," whether or not the court will be "a factor for peace"—all these are worse than useless as points of discussion and no light can be thrown on them, unless we consider at the same time recent trends in the development of American capitalism. And none is more significant than the bold drive of American finance capital for hegemony in a pirates' agreement to dominate the iron and steel markets of the world.