

● "Those groups which rule over economic Empires have usurped the sovereignty of the people in international relations."

HENRY WALLACE,
*Vice-President of the
United States,
September 11, 1943*

THE SECRET EMPIRE

By
GORDON SCHAFFER

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● "Cartels and trusts have within their grasp powers over fields of public well-being and public policy far greater in practice than Parliament itself wields."

HERBERT MORRISON,
*Minister of Home
Security,
October 30, 1943*

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THE SECRET EMPIRE

WHILE the common people of Germany were celebrating the foundation of the Weimar Republic, in which they hoped to find peace and freedom, the German industrialists and militarists began to plan for the day of revenge.

With cold-blooded genius they set out to find a counter weapon to the British blockade, which had defeated the Kaiser's armies. They harnessed the technical and scientific knowledge for which Germany was famous to the building of a new war machine. They found in the laboratories the raw materials of war which formerly could be obtained only from across the sea. Germany had no natural oil; therefore, she must develop synthetic production from coal. She was without rubber; therefore her resources must be directed to synthetic substitutes. Tin was denied her; therefore, she must develop beryllium. Through the whole range of German war needs, the chemist and the scientist began systematically to fill the breaches in her national economy.

When the time was ripe, Hitler, the creature of German big business, was brought in to smash democracy and prepare for the coming war. The path of the Fuehrer was made easy by the appeasers in Britain and France who saw this great German war machine as a protection against Bolshevism, and who were ready to make any surrender because they were convinced Nazi Germany would march to the East and not to the West.

But, it was not enough for the German war-mongers to build up their own strength, they had to find means of weakening their potential opponents. They found a way. Through the international cartels, they pursued a policy of restricting in the democratic countries the production of those very materials which they knew to be essential to a nation at war. Like every brilliant idea, it was fantastic in its simplicity. The great monopolies in the democratic

world had one main object—to keep up profits. They were afraid of the abundance which science had placed at the disposal of mankind. They feared new inventions which might destroy the market for goods they were already selling. The Germans offered to help them. They set out to conclude agreements with monopolists in other countries, dividing up world markets, artificially restricting production outside Germany, while giving to the Reich the right to produce to the limit of its capacity. Another weapon came easily to their hands. Patent legislation in America and other countries can be used, not to increase the scope of science, but to retard it. A manufacturer can buy a patent and file it away so as to prevent any rival from making use of it.

The Germans knew they had no monopoly in scientific research, but by pooling their patents with fellow-members of the cartels they could prevent any firm outside the cartel from setting up competitive factories in countries outside Germany. Through the cartels they could prevent the patents being fully utilised. That was Hitler's Master Plan. It was carried through with diabolical skill. It came within an ace of success.

NAZIS' INDUSTRIAL BASE

When the Nazi armies smashed across the Polish frontier in 1939, they had behind them a war industry equipped to the limit. France, boasted as Europe's greatest military power, had no industries capable of sustaining a war output on the scale necessary to meet the German juggernaut. Britain, which had spent £2,000,000,000 on rearmament in the immediate pre-war years, had not even begun to develop the industrial base necessary for the production of war supplies. America, for all her great production capacity, was equally short of vital war supplies when the Japs struck at Pearl Harbour.

How much of this weakness in all the democratic countries can be traced to the policy of artificial scarcity pursued by the cartels? We do not know. As far as Britain is concerned, we are not allowed to know. We do, however, know this: official inquiries in America have revealed that cartel restrictions had honeycombed American industry and were directly

responsible for many of the defects of her war production. We also know that official documents have come to light revealing not only the pre-war activities of the cartels, but also disclosing plans to carry over certain agreements until after the war and to repay the German firms for the money they would lose during the period of hostilities.

These facts have come out in America because that country has Anti-Trust laws and machinery for bringing the activities of the international combines into the light of day. When Japan captured most of the world sources of rubber, the people of America found that synthetic rubber production had been held back by an agreement between the Standard Oil Company of New Jersey and the German chemical combine, known as I.G. Farben. An inquiry was held before the Truman Committee of the Senate. The most startling and damning facts came to light.

Since then, America has wakened to the menace of the cartels. Progressive papers have carried articles analysing the extent to which these agreements undermined the strength of their country. Vice-President Henry Wallace, who captured the imagination of the world with his speech demanding justice for the common man, launched a bitter attack on the cartels, which he described as "economic empires, usurping the sovereignty of the people."

"GERMANY'S MASTER PLAN"

Two officials of the Anti-Trust Division of the American Department of Justice, Joseph Borkin and Charles A. Welsh, men with access to a vast wealth of material, wrote a book called "Germany's Master Plan" in which the whole story was told. After I had drawn attention to this book in "Reynolds News," questions about it were asked in the House of Commons.

Mr. Hugh Dalton, President of the Board of Trade, replied that the book was mainly concerned with relations between American and German firms. He added that the Government was studying the question and that he was frankly doubtful whether a further investigation would disclose more than they already knew.

From Mr. Dalton's reply it would almost appear that the Government is taking the same line over the international

cartels as it took before the war in regard to the private manufacture of armaments. Then an American inquiry disclosed damning details about the international arms combines. After resisting public pressure for a considerable time, the British Government consented to an inquiry, but took no steps to secure documents from the firms involved and, in fact, blanketed the activities of the arms combines.

As early as July 15, 1943, Lord Strabolgi drew the attention of the Government to charges made by the U.S. Department of Justice against three American companies who were accused of conspiring with German, British, Italian, and Japanese companies to create a trade monopoly. Lord Simon, Lord Chancellor, and Lord Maughan, a former Lord Chancellor, hastened to assure their lordships that, whatever American law might say, there was certainly no suggestion of any breach of British law. Lord Cranborne, another Government spokesman, declared that there was nothing to inquire about.

The Government, of course, is right. Even if British companies acted like their counterparts in America, they did not break the law. Their pre-war activities were no more illegal than their political parallel—the appeasement policy of Mr. Chamberlain. No doubt some of the men behind the Trusts believed they were acting for the benefit of the nation.

The people of Britain, however, have the right to answer that question for themselves, and they have the right to full information on which to base their opinion. Now see what Mr. Thurman W. Arnold, Assistant Attorney-General of the United States, has to say about it. He writes an introduction to "Germany's Master Plan" in these terms:—

"The vast centralised cartel organisation of Germany became a tool in the hands of a Dictator who no longer operated for private profit, but solely to serve a ruthless ambition. The cartels of the democracy were easy dupes. Hitler was able to aid them in restricting their own production, while Germany's production went ahead by leaps and bounds. The soft and opulent business organisations of England and America were intent on the pursuits of their short-run policies of restricted production, high costs, and low turnover. They saw in German cartels an ally, not an enemy.

"To such international cartels we owe the peace of Munich. To our own cartels we owe the failure to expand American industry prior to Pearl Harbour. To the interests

of these cartels in stabilising prices and restricting production we owe our present scarcity in all basic materials.

"To a large extent our present industrial unpreparedness of this war is due to the fact that Germany, through international cartels, built up its own production and assisted the democracies in restricting their production in electrical equipment, in drugs, in chemicals, in basic war materials such as magnesium and aluminium. International cartels, with the active assistance of American interests, have operated to deprive us of markets in our own hemisphere by giving them away to Germany. . . . We cannot turn over our future economic policy to private groups without public responsibility as we have done in the past. We not only must win the war, but the peace which follows. We cannot win the peace if the cartel problem remains unsolved."

POSITION IN AMERICA

Mr. Arnold, who clearly does not speak without a sense of responsibility, appears to believe that there is quite a lot to inquire about, not only as regards America, but in respect of the other democracies included in his indictment.

When America got down to the job of inquiring into the rubber shortage, it was found that Standard Oil of New Jersey had supplied the Germans with information on an American synthetic rubber called butyl, while putting every possible obstacle in the way of developing buna rubber, the formulæ for which it had secured from the Germans.

A letter came out before the Truman Committee in which Standard admitted that "certain difficulties" prevented their "I.G. friends" from giving full technical information, but until they had German permission there was nothing they could do about it and that, in the meantime, the only thing they could do was to "loyally preserve" the restrictions put on them by the I.G. company.

The agreement between Standard and I.G. was signed on November 9, 1929, before Hitler came to power. The two organisations promised to assist each other everywhere in the world and to make common efforts to gain world control of new synthetic production. Standard Oil recognised "the preferred position of I.G. in the industries known as chemical and I.G. recognised the preferred position of Standard Oil in the industries known as oil and natural gas."

It was, of course, no one's business among the

Standard Oil negotiators to point out that the section reserved to the German combine included just those products which Germany had to create if she were ever again to make war. Instead the two companies went on to a further agreement under which they agreed to co-operate in the event of an attack by a third party on any of their patent rights.

Standard Oil was thus pledged to resist all research outside its own laboratories and those of I.G. It was in a position to register patents covering the widest range of products, and to bring expensive litigation against any firm encroaching on its preserves. There were no patent restrictions on German firms in the Nazi Reich. I.G. went ahead with all the resources of German technical research behind it. Soon I.G. was beginning to call the tune. As the Nazis prepared for war it began to close down on passing on details of processes which it had secured under the original agreement.

SYNTHETIC RUBBER

"The Hitler Government does not look with favour upon turning the German synthetic rubber invention over to foreign countries," a Standard official reported to his chiefs in 1935. Standard was well aware that the German decision was due to military expediency, but that did not appear to worry them overmuch. In the words of a report to the executive committee of the company, they deplored rather that the German decision had prevented Standard "making material progress in the American field, particularly as there is some indication that the American rubber companies are making independent progress."

In other words, Standard was concerned not at the menace from Germany, but at the danger of competition from other American firms who might arrive independently at formulæ for synthetic production.

When Japan swooped on Malaya, cutting off from the democracies sources of rubber, one of the essentials of war, outside the Soviet Union, the free countries had practically no synthetic rubber output.

It may be possible to credit the blindness of the international cartels before Hitler actually embarked on his military campaign for world empire, but it is difficult to fathom blindness

which allowed negotiations to continue even when the armies were fighting. Yet a member of the Anti-Trust division told a Patents Committee that "after the outbreak of war I.G. still received information on technical development from Standard Oil without any reciprocity." On July 3, 1940, Standard Oil cabled to I.G. in Berlin: "On the whole we think agreement is still practically workable and satisfactory, but we are increasingly concerned over the basic legal situation." In October, 1939, Mr. Frank Howard, a leading Standard Oil executive, had visited Europe. The story is told in another American book on the activities of the cartels—"Patents for Hitler," by Guenter Reimann, Vanguard Press, New York. Mr. Reimann describes how, with the assistance of the American Embassy, Mr. Howard was given permission to visit Holland, which had not then been conquered by the Nazis, in order to undertake discussions with Germans interested in the same problems. Mr. Reimann says that the "British were informed about his planned meeting with I.G. executives, but at that time the close association between I.G. and Standard Oil interests was known only in part."

A letter written by Mr. Howard describing his trip was later read to the Truman Committee. This is what it said:—

"I was able to keep my appointments in Holland, where I had three days of discussion with the representatives of the I.G. They delivered to me assignments of some 2,000 foreign patents, and we did our best to work out complete plans for a *modus vivendi* which would operate through the term of the war whether or not the U.S. came in. All of the arrangements could not be completed, but it is hoped that enough has been done to permit closing the most important uncompleted points by cable."

Mr. W. S. Farish, president of Standard Oil, told the Committee:—

"Our contracts with I.G. were to run until 1947. As you, gentlemen, doubtless know, contracts such as these are not in law abrogated, but merely suspended when the parties' nations are at war."

Peace or war the empire of the oil kings was to go on. Europe might be threatened with subjugation by the worst tyranny in history, but contracts remain intact.

Hitler Germany knew all about "the sacred nature of con-

tracts." She studied in every detail means of taking advantage of the legal codes in the capitalist countries. She set up companies in Switzerland under Nazi control. To evade the American Anti-Trust laws, companies able to take part in the cartels were registered in Canada. She thought of everything, even Liechtenstein.

The tiny State of Liechtenstein has been regarded almost as a joke in Nazi Europe. It has a population of 12,000 and no means of defending itself. Yet neither the Nazi Army nor the Stormtroopers have crossed its frontier. Mr. Guenter Reimann tells the story in "Patents for Hitler."

"We must not forget," he writes, "that the administration of this tiny State offered hospitality to corporations which sought a neutral centre for private empires free from the struggle of national States and from taxation. This little country in war-torn Europe has been selected by I.G. (the German chemical combine), by Standard Oil, and also by Shell as one of the centres for the super-national world empires. Liechtenstein is sheltering an important national corporation which deserves our special interest, the International Hydrogenation Patents Company, Ltd."

Mr. Reimann wrote his book in 1942. The situation may have changed since then. We have no means of knowing. "Documents and files, which deal with these and other agreements between private empires and representatives of the Nazi State," Mr. Reimann says, "have been deposited in the vaults of lawyers and banks in Liechtenstein, the neutrality of which, we recall, is respected even by Adolf Hitler."

When war came, it was natural that the partners to these world agreements should seek a means of dealing with the emergency, particularly in America, which, until Pearl Harbour, remained in diplomatic relationship with Germany. Thus, according to the evidence before an official United States inquiry, Standard Oil of New Jersey was quite prepared to supply countries from which I.G. was cut off by the British blockade. Aviation petrol was sent to Brazil for the Italian air line. A temporary arrangement was prepared by which Standard retained the German company's share in royalties until after the war.

"The fact was," writes Mr. Reimann, "that part of the money the American Army and Navy—and in part also the British—paid for their aviation petrol was to be set aside on behalf of the Nazi Trust"

Mr. Reimann takes the charge further. He says if the allegations of the American Government are correct, "It is a permissible inference that Nazi planes which bombed Great Britain in 1940 may have been flown with aviation petrol supplied by Standard Oil. . . . This was all a part of the secret oil international which divided, re-divided, and re-distributed world markets, patents, and technical experiences in peace time, with special provisions to tide over 'suspension' in war time."

It was very difficult for these super-world empires to face the fact that their whole system was incompatible with a war aimed at smashing Nazi Germany. As the authors of "Germany's Master Plan" point out, I.G.'s cartel arrangements with British, American, Norwegian, Dutch, French, Belgian, Italian, Spanish, and Polish concerns were, until the outbreak of war, "a true society of nations, industrially speaking."

CARTELS' INTERNATIONAL

After all, the world monopolies had known all along what was happening in Germany. As early as 1925 German firms involved in the cartels, in defiance of the Treaty of Versailles, were openly selling munitions of war. In 1932, before Hitler burned the Reichstag and murdered German democracy, a letter was filed by Du Pont de Nemours, the American arms and explosives combine, stating "it is a matter of common gossip in Germany that I.G. is financing Hitler. Other German firms who are also supposed to be doing so are Krupps and Thyssen." That evidence came out before the war when the United States Senate held an investigation into the munitions industry, but I.G. still went on attempting to undermine American democracy as it had already undermined and destroyed that of Germany.

Now that in the school of hard experience we have learned how war industry relies on a comparatively few essential products it is possible to get a bird's eye view of the Nazi plan.

Take the case of light metals and the new metal alloys. These substances are the kings of the twentieth century. Any nation deprived of these resources is helpless. Should any country secure them in overwhelming superiority she can become master of the world. Germany set out to win such a position for herself. Thanks to the cartels she nearly succeeded.

Aluminium.—The cartel formed in 1931 was based on agreed restriction of world production and allocations of quotas between the various countries. Anti-Trust laws in the United States barred the Aluminium Company of America from becoming a party, but this company set up a subsidiary in Canada and followed a policy always coinciding with that of the cartel.

A year after Hitler came to power Germany announced that, whether the other members of the cartel liked it or not, she intended to produce aluminium beyond her agreed quota. The other members of the cartel protested, but succumbed when Germany agreed not to export any of her additional aluminium.

As long as Germany piled up her own war equipment, the cartel was quite content to keep the restrictions in operation. It was a victory worth a thousand bombers to the Third Reich, for in 1941 she was producing more aluminium than any of her enemies.

Magnesium.—Early in her rearmament Germany found that magnesium was in many ways superior to aluminium. She tried out magnesium alloy shells on the people of Spain. The blind monopolists of the democracies saw in magnesium a competitor with the aluminium industry. I.G. and the Aluminium Company of America formed a joint company to produce magnesium and agreed to pool their patents and, as events proved, to curtail magnesium production outside Germany. Heinz Menking, one of the officials of the new company, used to sign his letters "Heil Hitler."

In Europe I.G. dominated the magnesium market. Britain in 1938 imported 186 tons of magnesium from America and 1,500 tons from Germany. In 1940 Germany had an estimated magnesium production of 19,000 tons. America, for all her vast resources, produced 5,680 tons.

Beryllium.—This metal is the most magic of all. It is a substitute for tin, production of which—until the Japanese occupied Malaya and the Dutch East Indies—was mainly in the hands of the British-dominated International Tin Committee. Bronze made with beryllium is harder than steel. Alloyed with nickel, beryllium gives a tensile strength greater than any substance in the world and with an endurance thousands of times higher than the finest steel.

Germany began experiments with beryllium in the 1920's. When an American, Andrew Cahagan, began beryllium research in the United States, he became suspicious that patent rights had already been tied up in the United States. It took him years before he found out that an American company, acting for the German firm of Siemens and Halske, had filed the patents.

A letter disclosed at an American official inquiry stated quite bluntly that the patents had been filed "so that outsiders could not secure any ground in beryllium heavy metal industry."

Mr. Cahagan, in 1933, went direct to Germany, and finally was offered a division of interest, the Germans taking Europe and Cahagan the American continent. On his way back he saw "two unofficial representatives of the British Government," who told him, "We are not going to permit some international agreement whereby we are held up for military purposes."

That, at least, was to the credit of the British Government, but the fact remains that up to the outbreak of war beryllium production outside Germany was negligible.

Tungsten Carbide.—This is the best material discovered yet for machine-cutting tools. In many processes it multiplies production by as much as 500 per cent. Only by using tungsten carbide was Germany able to build up her mighty war industry in six years. In 1938 she had twenty times as much tungsten carbide as the United States. General Electric, an American Corporation, and Krupps, the German armament firm, had an agreement, giving G.E., America, and Krupps the rest of the world. The agreement laid down that General Electric could grant no one permission to manufacture or sell tungsten carbide, other than those licences already granted, without the approval of Krupps.

The result of this agreement was that tungsten carbide was sold in Germany at approximately £10 per pound and in America for £65 per pound. Yet long before the war a research engineer employed by General Electric wrote to the executives of his company saying that he was mystified to know why tungsten carbide should be sold for so high a price when the basic material cost about 30s. a pound. "As a matter of fact," he added, "the manufacture is just about as complicated as making a good grade of concrete for a side walk!"

When war came American industry had not learned how to use tungsten carbide, nor had it the machines capable of making swift use of a substance invaluable for war production. Only after Pearl Harbour were the international tungsten agreements broken off.

The range can be extended almost indefinitely. For example:—

Military Optical Goods.—By agreement between the German firm of Zeiss and the American Company Bausch and Lomb, Zeiss received rights over all the world with the exception of the United States. The personnel of the military department of the Bausch and Lomb organisation had to be approved by Zeiss. Since accounts of all royalty payments had to be sent to Zeiss by their American partners, the Nazi Government was able to ascertain exactly what kinds of equipment the U.S. Government was buying. In 1935 Bausch and Lomb refused contracts for military instruments from Great Britain and France. In 1940 the United States Government in an official document ranked shortage in optical instruments as the fourth most serious bottleneck in war production. In May, 1940, Bausch and Lomb were fined £8,000 under the Anti-Trust laws. Mr. Thurman Arnold revealed that the firm had threatened to delay furnishing range-finders for cruisers for six months because it had been served with an Anti-Trust indictment.

Quinine.—Many British and American soldiers have died in the Far Eastern war because of shortage of quinine. As early as March, 1928, the U.S. Government indicted the international cartel in natural quinine on which Dutch, German, French, English, Japanese, and American manufacturers were represented. America, however, had no international jurisdiction and the cartel, basing its policy on restricted output, continued to operate. The Nazis knowing they might be cut off from natural supplies developed a synthetic quinine called atabrine. The Germans carried out the usual policy of giving an exclusive licence for this new drug to an American counterpart. As Thurman Arnold stated in October, 1942, "a single patent, controlled by I.G. Farben, dictated the terms by which this essential drug could be manufactured in the United States."

In the pre-war years the Dutch Quinine Syndicate of Java burned annually as much as 50 per cent. of the crop of cinchona bark from which quinine is produced.

So the story goes on. It can be repeated through a wide range of other products, but, happily for mankind, there is another side of the story. There was one country in the world which could not be bribed or blackmailed into joining the cartels. The Soviet Union, building Socialism across one-sixth of the world, gave full encouragement to scientific development.

SOVIET INDUSTRIAL POWER

In the very year that Hitler came to power, the State Planning Commission for the U.S.S.R. issued for all the world to know the official report on the first Five-Year Plan. Reading this Report to-day, with the knowledge of how Hitler's "Master Plan" was at work, it is striking to find that the industrialisation and military preparedness of the Soviet Union was based on just those new scientific products, which Germany was preparing for herself and of which she was depriving the Western democracies.

"The U.S.S.R.," said the report, "has created its own production of super-hard alloys, an industry which is of the greatest importance for increasing the productivity of machine tools. Apart from an alloy on a tungsten basis which is similar to the German alloy, a number of alloys were produced which do not require rare and expensive materials."

The report went on to tell of the discovery of new ferro-alloys and the development of aluminium production. It said that with the equipment available "there is not a single machine that cannot be produced in the U.S.S.R." It told how Russia, dependent in Tsarist days on imports of chemicals, had built up a "new modern technically advanced chemical industry."

Beginning the Five-Year Plan without any rubber production, the Plan had carried out production of synthetic rubber and cultivation of natural rubber to a point where 6,000,000 tyres and thousands of tons of other rubber products were being manufactured annually.

Was it any wonder that the appeasers of the international cartels marched hand in hand with the political appeasers in their hatred of the one Socialist country which was striking at the roots of their empire?

Is it not here that we find the explanation for the achievement proclaimed by Mr. Churchill in his speech at the Mansion House on November 9, 1943, when he said

"there was nothing in the whole world, nor could there have been created for several years any military organism which could ever have given the blows which Russia has given or survive the losses which Russia has borne"?

WHOLE WORLD AFFECTED

The story I have briefly outlined relates to the effects of the cartel arrangements on the war situation. The full story goes far deeper. It affects the lives of hundreds of millions of people in all parts of the world. Enough was learned before the war about the activities of the international arms combines to provide proof that the private manufacture of arms was carried out with blatant disregard for any consideration except private profit.

The oil monopolies dominated the pre-war world. They preferred to allow Mexico to sell her oil in the first years of the war to Italy and through Italy to Germany because they would not recognise the right of the Mexican people to control their own oil resources.

When, years before the war, vast quantities of oil were discovered in the Dead Sea area of Palestine—oil which could have been of inestimable value to the Allied Armies in the present war—the whole Palestine Mining Laws were altered to ensure that any exploitation of the Palestine oilfields "should be made to conform to the policy and direction of the Iraq Petroleum Company." As a result, the oil was never exploited.

Vast quantities of potash and magnesium salts were also found in the Dead Sea area. Again they were not exploited, and in view of the known policy of I.G. Farben and its international associates, it is a fair assumption that these resources were allowed to remain idle because they would have conflicted with the programme of the international trusts.

Combines with special interests in the British Empire have an authorised capital of approximately £500 million.

Unilever's, with an authorised capital of £141 million and a large number of subsidiary undertakings, controls marketing and processing of vegetable oils, together with production and distribution of soap and edible fats from collection of raw material to retail distribution. It controls

80 per cent. of the soap output of the British Empire. The United Africa Company, of which Unilever owns 80 per cent. of the capital, covers British West Africa, French West Africa, Liberia, Portuguese and Spanish Guinea, East Africa, and Morocco.

Since the war it has extended its activities to Iraq, Mesopotamia, and Persia. Even in a war against Fascism the cartels march with the liberating armies.

Imperial Chemical Industries (authorised capital £95 million), with interest in explosives, fertilisers, dyestuffs, plastics, non-ferrous metals, pharmaceutical products, artificial fibres, and diamonds, had up to the war subsidiary companies in Japan, Australia, New Zealand, South Africa, Chile, China, Egypt, India, Peru, Turkey, and Canada.

Courtaulds Ltd. (authorised capital £32 million) has many factories in Britain and interests in Canada. The company's American interests were acquired by the Government in 1941. Before the war it had connections with the Vereinigte-Glanzstoff Companies of Germany and France.

Dunlop Rubber Company (authorised capital £20 million) has subsidiaries in all five continents and in 23 countries.

Anglo-Iranian Oil (authorised capital £33 million) had subsidiaries in Australia, India, Germany, Denmark, Austria, Sweden, Norway, and France, and an interest in the Iraq Petroleum Company.

The British Match Corporation (authorised capital £8,500,000) is linked with the Swedish controlled International Match Corporation, and between them have interests in practically every country in the world.

Amalgamated Metal Corporation (authorised capital £5,600,000), according to latest figures, holds all shares in British Metal Corporation, which directly controls the Swiss registered firm of Brametta. It also holds the shares of Henry Gardner and Company, which, until the outbreak of war, had an interest in Metallgesellschaft A.G., of Frankfurt, Germany. Metallgesellschaft has wide interests in German and other mining companies, and owns jointly with the Rio Tinto Company of Franco-Spain all the shares in European Pyrites Corporation Ltd. Until the war Mr. Oliver Lyttelton, the present Minister of Production, was managing-

director of British Metal Corporation and a member of the board of Metallgesellschaft.

This is the story of the combines as it affects millions of families:

The schoolboy cycles on combine-made tyres. His big brother runs a motor-cycle on combine-distilled petrol and lubricants. The girl-friend on the pillion wears combine-made artificial silk frock, scarf, and stockings. When she is married she will feed her babies on combine-prepared food and combine-made vitamin concentrates. Her husband will fill his pipe with combine-made mixture and light it with combine-made matches while he listens to the combine-produced radio set. The family will eat combine-milled bread spread with combine-manufactured margarine. If any member of the family goes abroad he will keep in touch by combine-operated cable.

CHALLENGE BY CO-OPERATIVES

The grip of the combines, as far as domestic consumption is concerned, is not complete. Just as the Soviet Union in the international field carried out a policy totally opposed to the restrictive programme of the combines, so in the domestic sphere the Co-operative Movement alone has challenged the grip of the monopolies. The British Co-operative Movement is the principal competitor of the trusts in regard to flour, soap, margarine, tobacco, drugs, and many other products.

When the gramophone and wireless monopoly tried to impose a condition on the Co-operative Movement that it should not pay dividend on sales of their goods, the Co-operative Wholesale Society arranged to market its own radio sets. In Switzerland the Co-operatives fought the German potash combine. The Swedish Co-operative Movement organised a constant battle with the trusts. They found that the rubber monopoly was keeping up the price of goloshes, an essential article for the mass of the people, so they set up goloshes factories and later went on to make other rubber products. In the same way, they forced down the price of margarine and electric lamps. The electric lamp combine brought actions against them for infringement of patents, forcing them to spend considerable sums on litigation.

In America the Co-operative Movement challenged the oil combines first by setting up its own petrol pumps and finally by acquiring oil wells and building refineries.

The people thus have one powerful weapon against the monopolies, but the battle must be fought not only in the sphere of economic co-operation. First, the people must demand a public inquiry into the pre-war and war-time activities of the cartels and the interests associated with them. Mr. Dalton told the House of Commons on November 9 that "all relations between United Kingdom and enemy firms have been prohibited since the outbreak of war and any agreements in existence between them have been legally frustrated." He said that I.G. Farben companies carrying on business in neutral countries were, early in the war, specified in the black list of enemy firms. Previously Mr. Dalton had also stated that the Government was inquiring into the position of the cartels and that these would be matters for the peace treaty.

These promises are not enough. There must be an inquiry into the pre-war policy which allowed the men behind the international trusts to lead the democratic countries to a position in which they almost became junior partners in a Nazi-dominated world.

Irrespective of motives, the cartels were forced into these agreements because they pursued the economics of scarcity. They were afraid of the abundance which science had placed at the disposal of mankind. They clutched at every method of preserving their profits. Germany knew the potentialities of this abundance and directed it with cold-blooded genius to the preparation of war.

It is no accident that interests now demanding an end to "controls" restricting "individual liberty" are precisely those who defend, and have always defended, the right of the trusts to organise their independent empires.

The democratic countries can use abundance in war: they have found no way of consuming abundance in peace. The policy of the cartels which denuded the democratic countries of goods essential to war was another facet of the same policy which closed Britain's shipyards and curtailed production of scores of vital commodities because peace provided no profit-guaranteed markets.

In America the Government has made some attempt to

deal with the problem. In Britain no effort of any kind has been made. The monopolies in Britain are stronger to-day than when war broke out in 1939. Throughout the vast control machinery set up by the Government, representatives of the monopolies are in most of the key positions. Where concessions are made to develop post-war research, it has been mainly monopoly firms who have benefited.

In order to mobilise the people for the war against Fascism, the engineers were asked to give up their craft privileges, the trade unions sacrificed their right to strike, and to demand wage standards commensurate with the monopoly value of their labour. The trusts have not sacrificed any vestige of their power.

It is not a coincidence that to-day many of the people who made no protest when reactionary forces armed and sustained Hitler, and when the cartels divided up the world with Nazi Germany as the dominating partner, now demand the obliteration of Germany.

They would like to destroy the German people, who, as much as the people of the Western democracies, were the victims of international monopolies. They want to smash Germany as an industrial competitor, even though German industry be taken over by the German people and out of the hands of the monopolists.

Even if Germany could be eliminated from the world picture, the combines would still be forced by their very nature to a policy of restricting production in the interest of profit.

There is a dangerous tendency to-day among certain sections of the trade union movement to agree to a situation in which they will become junior partners in the profits of the cartels—a policy of Mond-Turnerism (the pre-war policy of co-operation in industry) on an international scale. That way lies disaster.

The only policy which can succeed in the post-war world is that laid down at the Hot Springs Conference, under which the production of the world is governed not by profit, but by the needs of the consuming countries. There is no hope of achieving this objective while the international cartels remain in being.

The Atlantic Charter, with its pledge of freedom from want, and the Moscow Charter, with its affirmation of the right of all nations and peoples to control their own destinies, cannot live side by side with the private empires of the monopolists.

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