

The Rift in the Entente

By J. T. WALTON NEWBOLD

In last month's COMMUNIST REVIEW, Comrade Newbold most ably dissected the clash of interests and the conflict of policies among the Allies in the Near East. This month he continues his analysis of the economic antagonisms which are surging beneath the international political crises which break out periodically in Paris and London. We venture to assert that Newbold's masterly examination of "The Rift in the Entente," in which he lays bare the game of the European Allied financiers, is one of the most brilliant exposures of High Finance that has been written in recent times. So far our contributor, as in the following article, has dealt with coal, iron and steel, but when, in future articles, he passes on to examine modern imperialist policies in relation to oil, we promise our readers some amazing revelations. We thank our talented comrade, J. F. H., for the splendid map he has drawn to illustrate the points made by Newbold.—(Editor, COMMUNIST REVIEW).

I.

Blood and Iron

THE theory, expounded by Louis B. Boudin, in "Socialism and War," abundantly illustrated from the facts of armament development by myself in "How Europe Armed for War," and elaborated by Eckel in "Coal, Iron and War," the theory that connects in the relation of cause and effect, the expansion of the iron and steel industries and the growth of imperialism and the intensified rivalry of the great Powers, is receiving constant substantiation from the events and tendencies, both economic and political, which have been happening in rhythmic sequence and with convulsive reactions in Central Europe since the signing of the Armistice. Repeatedly, during the war, in *Plebs* and elsewhere, I drew attention to the facts concerning the iron-ore deposits of Lorraine, their influence on the incidents of the campaigns as, for instance, at Verdun, and the importance which they had so far as the war aims of the belligerents were concerned. The advance of the American armies upon the St. Mihiel sector, thrusting, as it did, between the iron-fields around Nancy and those of Briey, convinced me, in the early autumn of 1918, that the war was, practically, at an end. This conviction, stated on the platform, at the time, was borne out two months later.

In October, 1917, the *Bulletin* of the Federation of British Industries had thrown a flood of light athwart the scene when it remarked:

If Germany loses the Lorraine ores and the Basin of Briey she will never be able to go to war again. In reality, the iron-ore beds of French Lorraine are the crux of the whole struggle (October 2nd, 1917).

Still earlier, in May, 1915, a group of German patriotic associations, including the Central Union of German Manufacturers, the League of Manufacturers, and the Union of the Middle

Classes of the Empire, had circulated a memorandum in which they said:—

... We demand ... the annexation of ... the mining area of Meurthe-et-Moselle, as well as the French coal areas in the department of the North and the Pas de Calais, besides the Belgian areas.

They went on to state that:—

The security of the German Empire in a future war demands the possession of all the deposits of oolitic iron-ore, including the fortresses of Longwy and Verdun, without which these deposits could not be defended. ... From to-day, as is shown by the embargo on coal by England, this material is one of the decisive elements of political influence. Industrial neutral states are forced to make themselves the instruments of that belligerent party which can assure them their supply of coal. ... If our hostile neighbours secure the sources of mineral oil, Germany must take care to secure the necessary supplies of coal. ...

These were the arguments of German industrialists in 1915. They might, with the substitution of "France" for "Germany," be taken as equally representative of the views of French capitalists in 1921. They are arguments which, in their more general application, hold good for all great states at the present stage of economic evolution.

Six years ago the great protagonists of capitalism were Britain and Germany. At present, so far as Europe is concerned, they are, without a doubt, Britain and France.

The reasons for this growing antagonism of the two European Powers of the first rank, and the fundamental nature of their divergence of interest and, hence, of policy, as well as the more noteworthy details of their capitalist activity in Central Europe will, therefore, be the theme of this article.

For many centuries, by reason of their geographical juxtaposition, England and France have been hereditary enemies, save during limited periods of intermission, when some common hostility to Spain, Holland, Russia or Germany, may have drawn them together in an ill-assorted *entente* or alliance. Their rulers have in the past seen in each other's border warfare, as in their several dynastic quarrels or attempts at national consolidation, opportunities for plunder or for glory. Raids and battles and sieges, recorded in song and story and document, have bred a tradition of enmity that no seventeen years of the *Entente Cordiale* have really destroyed. Onward, from the close of the Middle Ages, two peoples, welded into two nations and two State systems, have conceived themselves as struggling for the primacy of Europe. Two centralised autocracies, the governments established in London and Paris, have woven their several webs of diplomatic intrigue, *always*, in peace and war, in alliance and in crisis, striving each to overreach the other. Two governments, strong in the enthusiastic approbation of their subjects, have struggled for the mastery of the Narrow Seas, the Channel, the Mediterranean and the ocean. Two

governments, employing all the arts of war and the artifices of diplomacy, have fought each other for Empire on every continent.

England—now become Britain—knowing how to raise up against her rival enemies upon her land-frontiers, has passed France in the race for world hegemony.

Britain, by means of the Balance of Power, has sought and largely succeeded in securing for herself freedom of action outside of Europe and liberty to expand her Empire on every hand. France, needless to say, has not yielded pride of place in any kindly humour. She has not forgotten nor has she forgiven the nation that drove her out of America and made her of little account in Asia.

II.

The Age of Coal and Steel

SHE has, however, been labouring, for more than a century, under another handicap more serious even than her necessary pre-occupation with the growing power of Germany and Italy. Things have happened in the world which have enhanced immeasurably the potentialities of Britain, but have not, at the same time, made an equivalent improvement in the fortunes of France.

The change which we call the Industrial Revolution made the machine, the giant tool built of iron and worked by steam raised by coal, the most important factor in the production of wealth. The increasing circulation of commodities—the basis of the system of capitalist production—required the development of railways and of steamship services. Production and distribution called for the expansion of the iron and steel trades and the mining on a great scale of cheap coal.

No country in the world was so favourably situated as Britain in respect of the natural resources essential to the high development of capitalist production. It had numerous extensive and valuable coalfields, near to the coast line and to good harbours, in proximity to or even containing within their own measures, comparatively large deposits of iron-stone. France, on the other hand, had her considerable supplies of iron not so much upon the coalfields or conveniently situated with regard to her sea-ports but, for the most part, so far as these were valuable prior to the invention of the basic converter method of steel production, close to the German frontier, and lost one-third of her entire ore-production capacity when she had to give up Lorraine to Germany in 1871.

Still more unfortunate was France in respect of her coalfields which, with the exception of the large field in the Nord and the Pas de Calais, a field extending into Belgium and even into Germany, were small in extent and scattered about the centre and southern parts of the country, two of the more notable being those around St. Etienne and Le Creusôt, respectively.

Thus handicapped, France has not been able, at any time, to build up large-scale undertakings comprising collieries, blast furnaces, steel works and engineering plants economically placed

with regard to each other and, consequently, has been at a marked disadvantage as compared both with Britain and Germany in those key industries which are vital not only to the advanced development of capitalism within a country, but to the equipment of a State with the undertakings necessary to transform man-power into effective military might under the conditions of modern warfare.

This circumstance has been quite well understood by the French capitalists, although opportunity has only come to them at and since the Congress of Versailles to remedy the injury not only of 1871, when they lost the orefields of Lorraine together with such part of the Saar coalfield as lay within that province, but also to take from Prussia the greater portion of the Saar field awarded to her by the Allies of 1815, and to secure its certain enjoyment for a period of years that might be extended eventually into a term *sine die*. Ever since the beginning of the epoch of railway and steamship construction and use, French capitalists have had reason to appreciate the disadvantage under which they were labouring, mainly by the niggardliness of nature but, also, to some extent, by the mischance of frontier-drawing and the subsequent watchful jealousy of their industrialised neighbours and rivals of Britain and Germany. The former has, in days gone by, put a ban on her too great friendliness towards Belgian Liberalism and any relations that might have resulted in acquisition of the coal-bearing territory abutting upon the frontier.

The latter has, also, in the past, deprived her of coal and iron, employing the forfeited resources to enhance the industrial and military power of an even more detested adversary.

We must take into account these experiences of the French bourgeoisie when observing and commenting upon the aggressive policy and impatient tone of French diplomacy as regards all questions concerning coal and iron. We must realise the difficulties and the disadvantages which have impressed themselves with their indelible lessons upon the mentality of the rulers of the Third Republic and have caused Millerand, Briand, their colleagues and their critics, relentlessly to struggle to gain and to maintain control of coal and iron, those prime necessities of capitalism and the capitalist State.

Capitalism in France appears to be characterised by a dominance of the banker over the business man. Until lately, at any rate, the men at the head and in control of the great financial houses of France seem to have been engaged primarily in assembling together and in manipulating the deposits of innumerable *petit bourgeois* and in providing for these same people means of profitably investing their savings in all kinds of undertakings both at home and abroad.

Two institutions particularly engaged in discharging these functions on behalf of the generality of the French bourgeoisie are the *Crédit Mobilier Français*, formed in 1852 in competition with the Rothschilds who, up to that time, completely controlled the investment operations and stock-broking business of Paris, and the *Crédit Lyonnais*, established in 1863 and now the largest

joint-stock bank in France and, formerly, possessed of exclusive privileges from the Imperial Russian Government.

Another and, probably, more influential institution is the *Banque de Paris et des Pays Bas*, formed in 1872 by the union of two business men's banks, one in Paris and one in Holland. This great concern does not accept deposits from the general public, but works with its own capital, the capital of its directors, "who are all rich people and some of them bankers," and the deposits of big companies which the bank has promoted or whose stock it has issued. We shall have much to say about this bank as we proceed, for its activities well repay careful attention.

An undertaking, trading chiefly as a discount bank and dealing "with commercial people" and older than any of the other joint-stock banks of France is the *Comptoir National d'Escompte de Paris*.

In 1901, there was formed, presumably, with the very active assistance if not at the instance of the Banque de Paris et des Pays Bas and the Crédit Mobilier Français, the *Banque Française pour le Commerce et l'Industrie*. Three years later, as a result of a re-organisation, there came into being what is now the second largest business bank in France, an institution in which all the big Paris banks participated, viz., the *Banque de l'Union Parisienne*. This bank is called "The Schneider Bank" because of the intimate association and continuous co-operation between it and the great French armament concern. It has, in recent years, become the great financial house co-operating with and assisting the firms in the heavy industries.

In 1917, the other great group of French armament and colliery interests, headed by the Compagnie des Forges et Acieries de la Marine et d'Homecourt and the Forges et Acieries du Nord et de l'Est, together with the Banque de Paris et des Pays Bas, and the Crédit Mobilier Français bought up the *Société Générale de Paris* and made themselves masters of credit facilities for use both at home and abroad.

This undertaking, the associate of the *Russo-Asiatic Bank*, will, also, come in for further notice as we proceed.

In France, as in all countries of high capitalist development and military or naval activity, the reader will have observed there is the same tendency displayed of the iron and steel interests taking pride of place in the sphere of finance. The phenomenon, which we remarked in a previous article, wherein we dealt with the British Trade Corporation, of the great British armament syndicates promoting their own medium of overseas credit service, is to be seen manifesting itself in France.

During the war there existed in France, as in this country, the closest connection between the syndicates and associations of producers of war material and the departments of State. The Committee of Forges was entrusted with the purchase of steel from this country. The purchasing agent in London was a great iron-master in France, one of the de Wendels, and the military attaché, whose duty it was to check his activities, was his brother-in-law. Clem-

ceau's brother was high up in the French branch of the Dynamite Trust and Millerand was a one-time attorney of the Committee of Forges.

In Britain, the benefited profiteers of the Ministry of Munitions raised their benefactor, the creator of the department, to the post of Premier.

In France, the same kind of people made their beloved attorney President of the Republic and flattered his vanity and increased his utility to themselves by agreeing to an enlargement of his customary powers of initiative.

Steel having blasted the way to victory, the owners of steel works handed the most coveted political laurels to their puppet statesmen and bade them "carry on" with the politics of steel in the internal and external affairs of their respective countries.

III.

The Calculations of Cardiff

PRIOR to the war, France had a consumption of coal amounting to somewhere in the neighbourhood of 60,000,000 tons per annum, and, of this, produced herself only some 40,000,000 tons. The balance of her needs she had to import and she derived a very considerable part of this from the collieries of South Wales. First, coal merchants in Paris and the French ports had bought coal in Cardiff and carried it over to their dépôts in France. Then, they had, as in the case of the Guèrets and the Plisçons, acquired interest in coal mines in Glamorgan and had entered into competition with the producers and the salesmen of South Wales. These latter tended to eliminate their French competitors by purchase or agreement. Particularly during the last ten years the great coal-masters, operating their commercial and industrial undertakings from Cardiff, have extended their chain of transport services and buying and selling agencies to take in such ports of import as Rouen, La Rochelle, Nantes, Bordeaux and Marseilles and, thoroughly, to entrench themselves on the coal market of Paris. Recognising, as they have done, that the steam coal market—the primary source of South Wales prosperity—is going into permanent decline, the capitalists of the city which produced more than a score of war-time millionaires, have been all the more anxious to increase their control of the French import trade and to bring France into complete dependence on Welsh sources of supply.

For nearly half a century the blast furnaces of Guest, Keen and Nettlefolds, who are now within the Cardiff colliery syndicate, built up by the late Lord Rhondda and his successors, have been dependent on overseas supplies of iron-ore. The steel works of South Wales are now, for the most part, built close to the sea-coast and often on the dockside, convenient to receive ore, to transform it into steel and to send it abroad once more.

Their owners, all of whom have collieries as well, regarded with satisfaction the development of the ore mines of Soumont, in

Normandy, and the determination of the French to recover the enormous ore-fields of Lorraine from the Germans. The latter contained reserves estimated at 5,600,000,000 tons. Its annexation to France would, according to the general secretary of the Committee of Forges, compel France to import 28,000,000 tons of coal per annum.*

France, thought the ardent Coalitionists of Cardiff, would have to import nearly 50,000,000 tons of coal a year if she desired to work up her iron-ore at home and they knew, from experience, that iron-ore gravitates to coal more readily than coal to iron-ore. France would import coal and export iron-ore. In this happy exchange, what wonderful returns there would be in freights for those many over-capitalised shipping companies which they had floated during the "boom" years of that blessed submarine blockade, what profits for their repair-yards and shipyards, what orders for their steel mills, what transports of rapture for their own covetous, rapacious and notoriously shallow-pated selves!

These profiteers, who held Italy to ransom in the more critical years of war and excited the wrath of the French coal consumers during the Armistice, are losing many illusions besides the fictitious values of their high-priced shares. They are doing so in no good humoured fashion and the measure and intensity of their discontent are reflected in the abrupt tones and interrupted harmony of Mr. Lloyd George's conversations with the French Government.

IV.

The Liberation of Saar, Lorraine and Belgium

THE French capitalists were not so simple as to subordinate themselves to the interests of the British coalowners. They had suffered severely by reason of the damage done to their coal-mines in the region of the German occupation and were, in consequence, handicapped by the diminution in output of the pits which they recovered with the retreat of the Germans from Northern France. Temporarily, at an even greater disadvantage than usual, the French took the first step towards the recovery of their economic independence by ensuring the incorporation in the Treaty of Versailles of the famous Clause 45, which secured to France, for fifteen years, the absolute and exclusive control and operation of the coalfields of the Saar Valley, together with all their equipment about the collieries, by-product plants and all accessories. It was also laid down that at the end of the term of fifteen years, the inhabitants of this territory, who were meanwhile mandated to France under the League of Nations, should decide by plebiscite their future incorporation whether with France or Germany.

The Saar coalfield was estimated at an international congress of geologists at Toronto in 1910 to contain 16,500,000,000 tons of coal as against 17,500,000,000 tons for the whole of the coalfields of France of that time. During a debate in the Chamber of Deputies in June of this year, a member stated that this year it

"Where Iron is, there is the Fatherland," p. 49.

has been possible to raise 20,000,000 tons of coal in this region as against 13,000,000 tons raised by the Germans in 1913. This seems an over-statement though it may be correct. Some five or six million tons would be required in the locality and the rest released for use elsewhere. Whatever were the actual figures of present output, the coalfield has great potentialities and the Minister of Public Works said, in winding up the debate in the Chamber, that the policy of the Government in the Saar "tends to reduce the tribute that we pay abroad, to develop the exploitation of coal, to feed the Lorraine industry by improving the manufacture of coke, to increase the prosperity of our metallurgy by the increase of our exports."

The coalfield of the Pas de Calais and the Nord extends into Belgium and the contiguity of French and Belgian collieries is reflected in the co-operation of French and Belgian banks interested in the development of their respective coalfields and steel works.

The Banque de l'Union Parisienne, the associate of Schneider and the metallurgists generally, is very closely connected with and, in part, owned by the *Société General de Belgique*, the oldest and the most influential of the Belgian credit banks. This latter concern is "widely interested in Belgian coal mines." It is financially concerned in some twelve colliery companies with an output last year of about two and a half million tons. It has, also, heavy holdings in the iron and steel industry, including new French companies in Lorraine and Luxemburg.

Associated with its creation, the *Banque d'Outremer*, we find the Banque Française pour le Commerce et l'Industrie, co-operating in the development of coking plants.

We hear loud complaints to-day of the serious competition of Belgian steel producers who can undersell their British rivals by as much as £4 a ton. This competition is rendered more effective by reason of the interested assistance of French banks likewise connected at home with the steel-masters. It may have been to check the influence in Belgium of the Schneider and other French armament firms, lurking behind the Banque de l'Union Parisienne and the Société Generale de Belgique, that banks like the *Banca di Sconto* and the *Banque Transatlantique* have become closely associated with the other big Belgian institution, the *Banque de Bruxelles* and its subsidiary the *Bank of Commerce* at Antwerp. The Banca di Sconto has for its chairman, Guglielmo Marconi, chairman of the Marconi Wireless Telegraphy Company, and is connected intimately with Barclays Bank, which does great business with coal and iron and shipping interests on the North-East Coast and in South Wales. The Banque Transatlantique, whilst a French institution, is, presumably, one of Sir Basil Zaharoff's affiliations and, consequently, in the orbit of Vickers Limited.

In fact, it is quite plain to be seen in Belgium that British and French banking and heavy industrial interests are struggling for mastery. It is all part of the politico-economic game that began in superficial conjunction against Germany and is now developing along lines of mutual antagonism. Belgium is a country of importance in matters pertaining to coal and iron and conse-

quently remains to-day, as in 1914 and before that date, a useful make-weight in the balance of opposing forces.

Meanwhile, the steel companies of France and Belgium were making their industrial position continuously more secure by a number of expedients with which we, in this country, have become very familiar. Singly or, more often, in collaboration with each other, they acquired control of subsidiary undertakings, such as machine-tool shops, wagon works, collieries, new steel plants and metal smelters and foundries. They issued, or had issued for them, new stock to the total of hundreds of millions of francs and so handed on the cost of extensions, improvements and acquisitions to the eager investing public whose money was as easily raked over the counters in France, in 1919-20, as it was in England. Then, having secured the appointment of their darling Millerand as Governor-General of Alsace-Lorraine in February, 1919, the French steel-masters stood ready to avail themselves of the opportunities which the sequestration of German holdings in mines and works would afford them. During 1920 the liquidation of German properties in Lorraine was completed and 166 concessions of mineral iron were ready to pass into new hands. The allocation of 138 of these brought nearly 90,000 acres of mining rights into the possession of some eighteen syndicates and companies.

Schneider and the Chatillon-Commentry companies took up large shares in the iron mines and steel works of the *Terres Rouges* which, together with the Aumetz works, had constituted amongst the very finest properties of the great German syndicate, the Gelsenkirchen Co., the head and origin of the world-famous Stinnes combine. Schneider, also, took over another big German concern, the *Burbach-Eich-Dudelange* works.

The Société de la Marine et d'Homecourt, other four French and two Belgian steel companies, the Société Generale de Belgique, the Banque d'Outremer and the Company of Railways and Electricity, of Brussels, took over the *Société Hadir*, with a capital of 110,000,000 Luxemburg francs and the properties formerly known as the "Deutsche Luxemburgische." The Company of Railways and Electricity, elsewhere associated intimately with Schneider, has amongst its leading directors, D. Berthelot, brother of Monsieur Berthelot, Permanent Secretary to the French Ministry of Foreign Affairs.

Then, the Société de la Marine and other four steel companies took up the *Dillingen Works*, which used to be one of the two armour-plate-making plants of Germany.

The head of both these firms, the "Hadir" and the Dillingen, is a near relative of the French Ambassador in Berlin.

In the same way as the above mentioned concerns, all the great iron and steel properties of Lorraine have fallen one after another to the Longwy Works, the Forges and Works of the North and East, the de Wendels or one or more of the more prominent French metallurgical groups or families.

In the spring of this year, *L'Information* was able to record that the French output of iron has risen, thanks to the recovery of

Lorraine, from 5,000,000 tons in 1913 to between 10,000,000 and 12,000,000 tons, and to add:—

By amalgamations and grouping of interests, our great metallurgical companies are already prepared to reduce their net costs and to develop their commercial strength, in fine, to build up a stronger position on foreign markets. As a large export of our metallurgical production is in the national interest and would favourably affect our exchange, the question is being considered by the Ministries of Commerce, Public Works and Industrial Reconstruction, together with the representatives of heavy metallurgy.

These figures and these facts must have proved interesting reading for the masters of idle steel works in Middlesbrough, Motherwell and South Wales. Doubtless, they felt that much had happened since, in May, 1918, they and others, to the number of seventeen representative British iron-masters, had come together in a prospecting association called the French Iron Ore Company, Ltd., to explore the iron-ore yielding capacity of France with a view to using it to their own particular and patriotic profit!

V.

Buying up the Bankrupt

WHILST all this was happening at home "a powerful French group" was availing itself of the state of the Central European market and the terrible stagnation of industry and the demoralisation of the exchanges to buy up valuable properties particularly in the domain of the former Austro-Hungarian Empire.

In April, 1920, to take over, to consolidate and to extend the interests already acquired and to provide adequate finance for the gigantic projects involved, Schneider et Cie and the Banque de l'Union Parisienne took the lead in forming the *Union Européenne Industrielle et Financière*, with an initial capital of 75,000,000 francs.

There collaborated with the promoters of this "great French trust," whose purpose is stated to be "to strengthen abroad the influence and control of the French metallurgical industry," all the greater Parisian banking institutions with the apparent exception of the Crédit Mobilier Français which would, however, be indirectly involved.

In the Union Européenne we have the very quintessence of modern capitalism as it prevails in France. This concern is the equivalent in influence and more than the equal in aggressiveness of the British Trade Corporation. It is the embodiment of the will of the French bourgeoisie to conquer economic power, to build upon an impregnable material foundation the armed might of France and to make an invincible reality of the flashing sabres of Foch's imperial vision.

Let us note the undertakings which the Union Européenne was formed to acquire and to develop. They are located, ominously enough, in Austria, Czecho-Slovakia and Poland.



They comprise, first, the world-renowned *Skoda Works* of Pilsen in what was known as Bohemia and is now called Czechoslovakia. This was, formerly, the principal armament works of Austria-Hungary, and there were made the great mortars used to batter down the forts of Liège and Namur. It had a capital, at the time it was taken over, of 144,000,000 crowns and gave employment normally to about 15,000 workers.

Then, there is the *Austrian Mining and Metallurgical Company* in the region, the plebiscite region whose situation Mr. Lloyd George did not know, of Teschen. The French financial paper, *L'Information* says (July 13th, 1920) of this company "It occupies, however, a preponderating place in the industrial organisation of Central Europe: it possesses, in fact, important collieries, blast furnaces and steel works in the district of Teschen, as well as iron mines situated in the same neighbourhood. The average output of this company can be estimated at: Coal, 3,000,000 tons; coke 800,000 tons; steel 250,000 tons. The simple statement of these amounts shows the importance of this company, which is the chief producer of coal in the Mährisch-Ostrau region and possesses very important deposits (500 million tons of coal at least) from which it obtains coking coal considered to be amongst the best in Europe."

Thirdly, there is the *United Workshops and Mechanical Construction Company*, at Pilsen, Prague and Koninggratz, with a capital of 50,000,000 crowns, controlled by the Skoda Company and making agricultural and other machinery. Fourthly, there is the *Forges and Steel Works Company of Huta-Bankowa*. This concern "exploits important steel works at Dombrowa in Poland. It possesses, likewise, in Poland, iron mines and controls a certain number of mining and metal companies in the Donetz."

L'Information (July 28th, 1920) further announced concerning the Union Européenne that "Agreements have been concluded with the *Hungarian Credit Bank* which would undertake the rôle of agent of the company in Eastern Europe and would favour the concentration, in its hands, of mineral and petroleum affairs in the Balkans." The Union Européenne, moreover, took up 200,000 out of 300,000 shares of 400 crowns each, issued by the Hungarian Credit Bank.

Subsequently, this latter concern, together with another and pre-war creation of the Banque de l'Union Parisienne, viz., the *Banca Commerciale Romana*, acquired the Banat coalfields, in Transylvania. Schneider and Co. also acquired, on behalf of consumers, of magnesium products in France, the Saar and Luxemburg, important interests in the *Veitscher Magnesitwerke A.-G.* in Styria.

VI.

The German Coalfields and the Entente Split

THUS, Schneider and the great banking concerns of France, during the spring and summer of 1920, acquired collieries and iron and steel works, as well as valuable reserves of coking coal, undeveloped coalfields and iron-ore deposits in Czechoslovakia, Austria, Roumania and Poland. They, also, registered a claim to anything there might be worth appropriating in

Hungary. Whilst private interests were thus availing themselves of the results of the blockade and in this manner furthering the cause of French imperialism, the French Government was driving a hard bargain at Spa and thereby securing the delivery by Germany of 2,000,000 tons of coal per month.

Having gained this much, the French capitalists commenced to clamour, in their own name and through the dutiful mouthpiece of their government, for further impositions upon Germany or, in default, the occupation of the Ruhr coalfield. In one way or another, occasion was sought, an excuse canvassed, for entering, with a view to its exploitation, a coalfield having, in pre-war times, an annual output of 140,000,000 tons and, at present, of about 85,000,000 tons, an amount equal to twice the French coal production in 1913.

At the same time, in devious ways, quite obviously opening out of the counting houses and the coal market of Paris, a tremendous ferment and agitation was worked up around the question of Upper Silesia.

In "Industrial Germany," written in 1912, W. H. Dawson says (p. 22):—"The Upper Silesian coalfield is believed to be the richest quantitatively in Europe. Nearly two-thirds of the Silesian coal beds are situated in German territory, while one-third is in Austria and under five per cent. in Russia" (p. 22). Again, on page 23, Mr. Dawson says, writing of the actual output of coal: "The production of Upper Silesia (1910) was 34,461,000 tons."

Now, the five per cent. was what fell to Poland when carved out of Russia, together with a portion of the one-third part pertaining to Austria. The remainder of this one-third, by other means, became available to the Union Européenne. But more than sixty per cent. lay out of effective reach in Germany. There, in Upper Silesia, along with it and by reason of it, were fine steel plants, zinc smelters, Portland cement works and chemical factories. These were held in the capable hands of Stinnes and other great financiers of the Fatherland and nowise to be bought up at bankrupt prices by the syndicated agencies of the greedy little bourgeois of France.

Hence, remembering how Schneider had fallen heir to Stinnes in Terres Rouges and others to the Deutsche Luxemburgische as a result of the liberation of Lorraine and new orientations in the Grand Duchy of Luxembourg, someone or other commenced to agitate violently for the liberation of Upper Silesia and to endeavour from the turmoil that was bound to ensue, to obtain one or both of two advantages. One, political in character, was the reversion of Upper Silesia to Poland, that, the vassal republic of Monsieur Noulens and his colleagues of the *Banque Franco-Polonaise*, might sequester the mines and factories of Stinnes and allocate them to the French steel syndicates. The other, economic, aimed at the systematic depreciation of values of the coveted properties that, if the political plot failed, nevertheless French capitalism might be able to buy them up for an old song.

It is not surprising that, coming latest—one does not hazard to say “last”—in such a series of official and semi-official manœuvres, all having for their end the acquisition of an industrial independence that, in its development, becomes rather an industrial preponderance, the French attitude and policy towards Upper Silesia should have encountered an opposition from Mr. Lloyd George that becomes more obdurate and inflexible. By procrastination or some more or less plausible pretext, the British Prime Minister avoided yielding to France on the question of reparations or a further entry into the Ruhr Valley. Latterly, a more direct blow has been struck at the French coal and iron interests in the matter of adjusting payments between the Allies out of the reparations. Reporting the results of a conference of Allied Finance Ministers, held in accord with the Treaty of Versailles, the *Manchester Guardian Commercial Supplement* (August 25th, 1921) says:—

It transpired that France would have to hand over surplus receipts amounting to the difference between the value of the Saar and the cost of the French Army of Occupation, a considerable sum, while Great Britain has an unsatisfied claim of approximately 500 million gold marks, although some measure of relief was given to France by the distribution of payment over a term of years.

France obtained the reversion of the Saar coalfield, which is being operated by or on behalf of the State, on the grounds of gross damage done by the Germans to the collieries in the Nord and the Pas de Calais. This damage was greatly over-estimated and will, certainly, be made good by 1925 or 1926 at the latest.

The value of a coalfield is estimated in terms of coal production and “the surplus receipts,” mentioned above, to be handed over by France to Britain, mean payments in coal. The British Government is not a coal merchant, but it has “unsatisfied claims” upon it, year by year, for interest on and principal of War Loan subscribed by coal exporters who are, at the same time, coal owners. These British coal owners see in the adjustment of payments between France and Britain in the form and medium of Saar coal production a means of juggling with the books of coal companies, which will show losses whilst their owners, as merchants, are making profits. At one and the same time, the British coal owners hope to over-reach the French capitalists and hoodwink that brilliant French linguist, Mr. Frank Hodges.

Needless to say, the French are very angry about this interpretation of the financial clauses of the Versailles Treaty, and there is doubt as to whether or not they will accept it.

The British capitalists and their tools, Messrs. George, Horne and Baldwin, would not have tolerated so long this French campaign for the conquest of coal and iron but that they realise several things, some agreeable and some aggravating in the extreme.

To begin with, the French colliery and iron and steel properties are scattered about an unsettled and semi-bankrupt series of small States. Their values are steadily falling with every slump in the comic opera currency of Poland, Roumania and Hungary, and the

ramshackle credit of Austria and Czecho-Slovakia. Again, France is in debt to Britain and, at the same time, British coal merchants are well entrenched on the French coal exchanges and, having more experience and abundant resources, can make much money out of the deliveries of coal from Germany to France and France to Britain. Furthermore, the surplus coal available in France or French hands during 1920-21 was very useful to stock against the miners or to release on the market to make a bogus "slump" at the end of the autumn strike. The other side of the picture may be described as "a study in oils" and belongs to the great exhibition of Anglo-American rivalry in the petroleum market. France is to America as Belgium is to France, a pawn in a great game of capitalist empires. She may be a make-weight, economically, diplomatically and militarily, to the United States. She knows her value and adjusts her price accordingly. The capitalists of Britain know this. Hence, the Entente survives—that and nothing more!

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