

The International of Money Bags

By J. T. WALTON NEWBOLD

[In the following article Comrade Newbold continues his revelations regarding the operation of international finance-capital. By studying these articles carefully we are able to unravel the reason why the Premiers and statesmen of the large capitalist States require to meet in secret conferences to settle "important international problems." The nature of these problems may be understood when we see the names of the expert financial advisers who accompany the various statesmen upon their trips to Cannes, etc. It is the financial advisers who *dictate* the policy of the statesmen of the "democratic" States. Here, again, we notice the correctness of the policy of the Communist International, which is based upon the recognition of the power wielded by a minority of plutocratic dictators over the so-called democratic governments of the world.—Editor, COMMUNIST REVIEW.]

I.

From Motherwell to Mülheim*

SOME few weeks ago there returned from Germany, where he had been observing the commercial and industrial situation, a gentleman of the name of Andreae. He is not a figure very well known to the general public, even that section of it which follows fairly closely the world of stocks and shares, of debits and credits. That does not, however, mean that he is not a person of some consequence in the sphere of finance capital. There are many gentlemen in the realms of money trading, with whose credulity and operations the working class and their industrial and political leaders are all too little aware. The individual in question was in the nature of a pioneer in the re-discovery of Germany as a country whose trade and manufactures it was eminently desirable to revive. He was a harbinger of that new evangel of friendly co-operation with Germany—with the capitalists of Germany—which has now become the fashionable cult in the best circles in the City. There are two gentlemen of the name of Andreae in the *Directory of Directors* for 1921. The first is E. P. Andreae, a director of the *Russo-Asiatic Consolidated, Ltd.*, whereof Leslie Urquhart is chairman. The second is Hermann Anton Andreae, one of the three partners in a firm of merchant bankers of the name of *Kleinwort, Sons and Co.* It was the latter who was scouting around in what would seem to be the land of his fathers. Whence, precisely, he came—he and his clan—we know not, but there was a firm of merchant bankers in Frankfurt-on-Main some years ago called Andreae, and there is an F. Andreae on the directorate of the *Reichsbank*, and a J. Andreae on that of the *Bank für Handel und Industrie* of Darmstadt. It is not exactly an English sounding name.

Messrs. Kleinwort, Sons and Co. are already represented in the *Anglo-Danubian Association, Ltd.*, one of the recent creations

* Mülheim is the headquarters of Hugo Stinnes.

having in view the commercial development of Central and Eastern Europe. They are now, evidently, interesting themselves in another European "coolie plantation," the German Empire (or is it a "Socialist" Republic?). Their operations are the more interesting by reason of the fact that two gentlemen who sign for them, by what the lawyers call "procuration" in London, hold 5,000 £1 Preference and 14,408,562 1/- Ordinary shares—much the largest holding—in the *Northumberland Shipbuilding Co., Ltd.* This concern owns, or controls, the following concerns—some of them slowing down, some closing down, and some of which have long since closed down:—

Wm. Doxford & Sons, Ltd., Shipbuilders, Sunderland.
 Fairfield Shipbuilding and Engineering Co., Ltd., Govan.
 Monmouth Shipbuilding Co., Ltd., Chepstow.
 Workman, Clark & Co., Ltd., Belfast.
 The Lanarkshire Steel Co., Ltd., Motherwell.
 John Watsons, Ltd., Coal Owners, Lanarkshire.

The Ordinary shares of the Northumberland Company, nominally worth 1/-, are now offering at 6½d. or 7d. They and their employees have been struck with devastating force by the policy of Reparations in German cargo-steamers.

Sir E. M. Edgar, a director of all these companies above named, as being in association with the Northumberland Company, owner of the "Saturday Review," and earnest advocate of an economic *entente* with Germany, laid it down in "Sperling's Magazine" for June, that conditions in the coal industry could only be restored as follows:—

- (i.) The pit-head price of coal must be brought down to £1 per ton.
- (ii.) Lower wages, longer hours, fewer men and increased output.
- (iii.) These conditions can only be secured if the coal industry is run on a free labour basis, or if the trade unions make a clean break with their ca' canny practices.

Sperling and Co. are interested, also, in the Russo-Asiatic Consolidated, Ltd., and McKay Edgar is one of the directors. Last week the *Financial Times* informed us that *Krupp*, of Essen—the All Highest yet unchanged—used to be the second shareholder there, and *Mendelssohns* have acquired a shareholding in the Russo-Asiatic Consolidated. *Mendelssohns* are not musicians, but "the well-known bankers" of Frankfurt. *Krupps* have been making, since the war, a speciality of locomotive construction and the building of railway wagons and carriages. They are, also, very big coal owners.

II.

The Rising of Revisionism

THERE is much talk of the desirability of the German Government pledging, i.e., mortgaging, all its railways, canals, telegraphs and other public utilities to the big German industrialists, like *Stinnes*, *Krupp*, *Thyssen*, etc., and to the German great banks, who, in turn, should mortgage them to the British and other Allied capitalists.

Public utilities in Germany have been running at a loss, and assisted by heavy government subsidies to enable the German industrialists to transport their commodities at low competitive rates and undercut the capitalists of other countries. The German Government has borrowed money from the banks and industrialists to pay the subsidies and make good the losses. Now that the German Government is threatening to tax these capitalists to pay the interest and pay back the principal on their own loans, the latter are, in chorus with MacKay Edgar and other British specialists in company promoting, proclaiming the bankruptcy of State enterprise and the failure of "socialistic" experiments. The creditors of the German Government will not be taxed to pay themselves. Instead, they demand the forfeiture to them of the debt-ridden properties of the Government. Nowhere outside of the "ring" of money-lenders, the International of Money Bags, can the debtor Government look for financial aid.

This is the inevitable doom of the vaunted "collectivism" of the Webbs, Snowdens, Vanderveldes, and Wallheads, to be broken on the reefs of financial dictatorship submerged beneath the smiling and treacherous surface of "democratic government." Thus must the "practical" politics of the social-pacifists and the vote-catching illusionists drift to the certain shipwreck of a hollow statecraft.

The futility of "statism" and municipalism without the conquest of economic power is being revealed to the uttermost in Germany, as is that of "sane" trade unionism and "parliamentarism" in Britain.

The magnificent transport services and means of communication which have been the glory of Germany and the wonder of the world are now to fall into the clutches and under the domination of the bondholding and shareholding cliques of London, Paris, Brussels, Amsterdam and Frankfurt. These, the finest of all the material manifestations of capitalist investment, the most stable and enduring expressions of industrial achievement, the foundation necessities of the economy of the ever more rapid circulation of commodities, the actual tangible bases of capitalist commerce and civilisation, the TRANSPORT SYSTEMS OF EUROPE—these are the coveted prize of the creditors of Europe.

There will be haggling and bargaining, intrigue and competition within the councils and between the counting-houses of capitalism.

III.

The Collapse of the Steel Trades

BUT let it be remembered that the extended duration of the trade and industrial depression has put enormous economic power into the hands not only of the great joint stock banks, but of certain elements represented on the boards and in the control of those banks. The war-profiteers, the shipowning, coal-exporting, steel-making, engineering financiers have had to borrow money from these banks, have had to lose their own grip on these banks, have had to have recourse to the old-time masters of these banks, the merchant bankers, the money merchants. The depression was

engineered, was contrived, was aggravated by a financial interest that was losing its grip. This interest has largely succeeded in foreclosing upon its rivals. Clients have become entangled debtors whose businesses and plants have fallen to their creditors. Often, this state of affairs is not obvious at a glance, but, without hesitation, I say that it is the case and becoming more and more the case with every day that passes.

The long-established, closely connected and not too numerous groupings of cosmopolitan financiers are coming into their own again. The intensive development of the metallurgical and chemical industries which was so marked a phenomenon of the war years, and of the period of acute rivalry in armaments preceding it, was effected on a very insecure and impermanent basis.

In "How Europe Armed for War," I showed the truly parasitical nature of the armament trades. They stimulated to an intense activity certain industries or phases of industries. They called for the embodiment in material form of an immensity of productive energy, as, for instance, gun and armour-plate, ship-plate and heavy forging plants at Sheffield, Elswick, Openshaw and Parkhead; shipyards at Clydebank, Govan, Wallsend, Jarrow, Walker, Barrow, Birkenhead; engine shops at Newcastle, Sunderland, Dalmuir, Stobcross, etc. They caused intermittently extravagant demands on the steel trades of Middlesbrough and Motherwell. When the War came and developed into one of shells and ships, machine-shops and shipyards sprung up, mushroom like, in every part of this and the combatant countries. Large scale and rapid production over a limited period placed immense volumes of surplus value in the hands of manufacturers, shipowners and insurance brokers. There appeared then the Furnesses, the Dalziels, the du Cros family, the MacAlpines, the Isaacs, the Ellermans, the Sperlings and their like in this and every country affected by the phenomenal production of wartime values. Their onrush was tremendous. Politically, they swept the Asquithians on one side and smashed the Liberal Party to match-wood. Economically, we saw their factories—brick, plate-glass and ferro-concrete by the mile, and interspersed with these, high piled dumps and endless lines of motor-chasses. The show was very brave—until the Armistice. Their owners (and managing owners) made millions upon millions of profits. These they turned to invest somewhere, anywhere, in everything. They bought socially unnecessary embodiments of labour power and have steadily found that their millions were all illusion. True, there ensued a great trade expansion in 1919 and up to the autumn of 1920. Certain trades had phenomenal outputs to market and immeasurable profits to re-invest. It is this problem of re-investment which has proved beyond their capacity to solve in a profitable manner. To-day, some shares have slumped terrifically, and only a trust in the future recovery of the market for an immense productivity of the broken millions of trade unionists maintains thousands more at their present insecure levels as readily marketable securities.

The years 1920 and 1921 have revealed not only the illusion of Armistice and Wartime prosperity, but the yet more terrible fact that the industrial plants on the Clyde, Tyne and at Sheffield,

Birmingham and in Manchester as well as the bloated steam coal export businesses of South Wales are far in excess of the requirements of the country that has "won the war to end war."

The German ships obtained by way of Reparations and the ships of the now derelict U.S. Shipping Board have brought about a state of affairs such that in October, November and December last, in *all* the shipyards of the United Kingdom, orders were received for only *two* new cargo steamers. Ten years or more ago, the shipbuilding industry absorbed between 30 per cent. and 40 per cent. of the British steel output, and to-day, there is not a single warship of any class on any slipway in Great Britain and Ireland, and 90 per cent. of the yards are working on their last orders for merchant ships. The industries of capitalist imperialism in Great Britain and Ireland are in grave and immediate danger of being reduced to the exchange value of scrap iron.

IV.

Get Out or Get Under!

IN France, the *Banque Industrielle de Chine*, a concern representative of industrial entrepreneurs in would-be successful revolt against the financial dictatorship of interlocked finance capital, has been allowed by the big banks to drift to disaster irreparable. Berthelot has had to depart from the position of permanent Secretary to the Ministry of Foreign Affairs and the would-be electrical financiers—as distinct from financiers exploiting electricity—have gone down to defeat.

In Italy has occurred, with deafening clatter, the collapse of the *Banca di Sconto*. The President is Signor Guglielmo Marconi, head of the *Marconi Wireless Company*. Seemingly, the *Banca Commerciale Italiana*, the *Banca d'Italia*, and the *Credito Italiano* have either failed to shore it up by means of their projected salvage consortium or have hesitated to involve themselves in the peril of a common ruin. Its *débâcle* was brought about by reason of its enormous losses in the floating of ventures on behalf of *Gio Arwaldo and Co.*, the mighty armament, shipbuilding and engineering syndicate of Genoa. The Perrone brothers, who had sought to elevate this concern into the Italian equivalent of Vickers, Ltd., have failed to realise the results which they too confidently expected. Apparently, a year ago, they tried unsuccessful conclusions with the dominant forces in the *Banca Commerciale Italiana*. Whether the *Società di Terni* and the *F.I.A.T.* will follow the *Ilva Steel Company* to collapse remains to be seen. The whole fabric of Toeplitz-Castiglioni speculations must be perilously poised in these days of closing bourses, sagging exchanges and state instituted *moratoria*. So far, we are assured, there are but slight reactions from the Italian catastrophe, but if it should spread its confusion amongst its allies, well, one of its associates is *Barclays Bank, Ltd.*

Italy has been an extensive buyer of South Wales coal, and we know that there are accounts with Swansea and Cardiff that are not yet settled. Barclays Bank, Ltd., entered South Wales to participate in the finance of the coal export trade. It must be distinctly

unpleasant for one partner in the *Anglo-Italian Syndicate, Ltd.*, to contemplate the plight of the other.

Only the concentration of capitals and the systematic combination of industrial concerns and their connection with the big banks have enabled the British capitalists so successfully to encounter the manifold difficulties of the last year and a half. Farsighted were the old-established capitalists who sold out their plants, as did the owners of the *Lanarkshire Steel Co., Ltd.*, for £25 per £10 of shares, or the *Steel Company of Scotland, Ltd.*, for £35 per £10 of shares, at the top of the market. Happy were those expert and well served investors, chiefly banks, insurance and investment houses, and cautious manufacturing concerns, who bought debentures and left the *petit bourgeois*, the thrifty proletarians and the rag-tag-and-bobtail of the would-be *nouveaux riches* to buy ordinary shares in the innumerable companies whose lying prospectuses kept the printers working overtime in Britain and France throughout 1919 and 1920! Knowing ones were those directors of public companies, who bought British Government and Allied War Loan and laughed at the cranky I.L.P. politicians amusing themselves and their helpless auditors with schemes for belling the tiger-cat of capitalism with a capital levy!

In this inevitable and progressively manifest shrinkage of capital values and of share prices, the advantage naturally belonged to those who were most experienced in the transaction of credit business and money changing, and who knew how, when and where to move their wealth, to anticipate the less expert company promoters and to checkmate the manœuvres of Governments and a Supreme Allied Council, pre-eminently reflecting the interests of the war profiteers and their type of capitalist imperialism.

During and after the War the cosmopolitan moneylenders, trading in the more abstract forms of money and with the most liquid assets, were regarded as German in sympathy and affiliations, and had against them in high places the tools of magnates, or the magnates themselves, who desired to use popular passions to weaken the political boycott, their quondam creditors. Latterly, however, the old-established financial oligarchy and their historic complement, the landed aristocracy promoted from the ranks of the *grande bourgeois* of the mercantile period of capitalism, have rallied their forces, and their ideas are to-day receiving publicity in the press and the earnest attention of premiers.

The money changers who assisted the governments of Counter-Revolutionary Europe at the time of and subsequent to the Napoleonic Wars; the merchant bankers of London and of Holland who waxed great upon the trade of the Baltic and the traffic of the Indies, lending their gains during the 19th century to promote the commercial and industrial development of Europe and the Americans; the Jewish moneylending houses of Frankfurt who acted as stewards and agents to the clerical and aristocratic owners of mineral estates and ironworks in Westphalia, and who, later, acquired immense wealth from their own business enterprises in the line of industrialism around Düsseldorf; these are the people who,

by one subterfuge or another, are intriguing and manœuvring to conserve and to enhance their financial pre-eminence in Europe.

The Rhine seems to act as a great magnet of money, and in the towns along its navigable reaches and, especially, about its mouths and those of its greater tributaries, are set clusters of money traders. Needless to say, political and religious liberty have had considerably to do with the attraction to Holland and to the formerly free towns of Protestant Germany of Jews driven out of Catholic countries. The victory of the *bourgeoisie* in France in the closing years of the 18th century, naturally drew numbers of them to Paris. It should be unnecessary to dilate upon the historic development of commercial economy and the peculiarities of racial custom and consequent environment which have led to the success of the Jews in the money trades.

V.

Hamburg via New York

BEFORE the War, when the United States was yet a debtor country and a field of investment for the surplus capital of Great Britain, Holland and Germany, it was evident that there was not complete solidarity on Wall Street. There were two great interests which had cooperated, competed, tried to cut each other's throat, and found it advisable to make the peace, but which, nevertheless, did not love each other overmuch. One was *J. P. Morgan and Co.*, and the other was *Kuhn, Loeb and Co.* There were others, but these were the great protagonists. The former was an agency for the import of British and Dutch capital and the export of American interest and dividends upon it. The latter was an agency for the same trade in German capital. The strength of the former capital enabled *J. P. Morgan and Co.* to become the monetary dictators of America, but these agents to His Britannic Majesty's Treasury were never "the 100 per cent. Americans" they claimed to be. Over against these negotiators for foreign capital was a *bonafide* "100 per cent. American" industrial group seeking the services of competing capitals. This was *Standard Oil*. It had dealings with Morgan, but, most of all, in the personal embodiment of *W. A. Harriman*, it employed *Kuhn, Loeb and Co.* to emancipate American railroads from the exclusive control of the British bondholder.

Kuhn, Loeb and Co. had great influence whilst the Democrats were in office. One of their partners, *Paul M. Warburg*, was selected by the Wilson Administration to preside over the Board of the *Federal Reserve Bank*, set up by Secretary *McAdoo* to weaken the Morgan influence and to bring American money under the control of "the American people." Since his retirement into private life once more, *Paul M. Warburg*, a cousin of the Warburgs in the *M. Warburg Bank* of Hamburg, has been made President of the *International Acceptance Bank*, a concern two-thirds American and one-third European, and including, on this side, *Hope and Co.*, *N. M. Rothschild and Sons* and their bankers, the *National Provincial and Union Bank of England, Ltd.*

L'Information (31/12/21) reports that there have been many kites flown in New York regarding a loan to Germany "since the visit of M. de Rothschild," and there follows as the next paragraph:—

"At the same time great interest is being taken in the news telegraphed from Berlin to the effect that an American should be put at the head of the Reichsbank. It is thought that M. Paul M. Warburg would be the man for that post, in view of his German origin, his very extensive experience of international finance and his capacity shown as head of the Council of the Federal Reserve."

Mark them—M. de Rothschild, Paul M. Warburg, C. E. ter Meulen; Rothschilds, Kuhn, Loeb and Co., Hope and Co.

The brother-in-law of Otto H. Kahn, of Kuhn, Loeb and Co., is Herr Felix Deutsch, head of the *Allgemeine Elektrizitäts Gesellschaft*.

What has happened is that the families who made money in Europe and invested it in America are now using their profits made in America to invest again in Europe. Here we have three financial dynasties taking the cream off the classic capitalism of Europe, then hastening to exploit the virgin resources of the New World and returning to profit out of "the coolie labour" of decadent civilisation in Europe. We see them using diplomacy and politics, the rivalries of states and the conflicts of parties and the antagonism of industrial and commercial interests to advance their dominion. But above all we see the International of Money Bags.

Besides the Warburgs and the Rothschilds, there are the Sterns, the Lazards, the Speyers, the Schroeders and the Kleinworts.

First, to take the *Sterns*. One of them, Sir A. G. Stern, was head of the Tank Corps in 1917. This specialist in street fighting is, apparently, the indispensable gentleman who is of Mr. Lloyd George's party at Cannes. He is a partner in *Stern Brothers*, a member of the London board of the *Imperial Ottoman Bank*, and a director of the *Bank of Roumania, Ltd.*, and is associated with the *Anglo-Persian Oil Co., Ltd.*, in Roumania. His other partner is a director of the *London Joint City and Midland Bank, Ltd.*

According to *L'Information* (30/12/21), the German banking house of *Jacob S. H. Stern*, of Frankfort,

"has international connexions, having ramifications in Paris and London."

E. Stern, of the Paris firm of *Stern Brothers*, is a director of the great *Banque de Paris et des Pays Bas* and the *Banque de l'Indo-Chine*. The former concern had two representatives at the Conference of Allied Experts at Paris, attended also by Sir R. M. Kindersley on behalf of the British bankers.

The *Lazards* are another shining light in the firmament of international exploitation. The parent house of *Lazard frères et Cie.*, of Paris, founded in 1854, has been very active of late in Central Europe. The London firm of *Lazard Brothers and Co., Ltd.*, is held as to 155,906 shares by the Paris house, and 155,906 shares by *S. Pearson and Son, Ltd.*, the contractors, and the Hon. Clive

Pearson. The New York house of *Lazard frères* is also controlled from Paris, but amongst the five partners only one has a name that sounds French. The others are: Blumenthal, Baerwald, Greenbaum and Altschul.

The Lazards are reputed to be in the same grouping as the Rothschilds, colour to which is lent by their alliance with the Pearsons, whose oil interests have been absorbed by the *Royal Dutch "Shell,"* and who have found employment for one of Mr. Lloyd George's sons.

Their chairman is Sir R. M. Kindersley, Governor of the *Bank of England*, chairman of the *Hudson Bay Company*, with whom Rathenau and other German industrialists have been deliberating, and who was present at the Allied Council of Financiers at Paris and has gone on to Cannes. Another director is Emile Pasch, a naturalised Russian, and director of the *International Russian Corporation, Ltd.*, and the *Anglo-Caucasian Oil Co., Ltd.*

A third director is the Hon. R. H. Brand, who represented the Ministry of Munitions at Washington in 1917-18, was financial adviser to Lord Robert Cecil as Chairman of the Supreme Council in 1919, and was the British Government's nominee to the Brussels Financial Conference called by the League of Nations in 1920, at which the ter Meulen credit scheme was propounded and adopted. He is brother-in-law of Lady Astor, M.P., that friend of Mrs. Snowden and J. H. Thomas, M.P.

Then there are *Speyer Brothers*, of London, whose senior partner has been degraded from his Privy Councillorship and lost his title quite recently. The New York house is *Speyer and Co.*, and very influential indeed upon Wall Street, and then there is the old firm of *Lazard-Speyer-Ellissen, of Frankfurt*, in which the head is E. Beit von Speyer of the Wernher Beit family on the Rand.

Another very old and powerful concern is that of *J. Henry Schröder and Co.*, whose senior partner, Baron Bruno Schröder, was naturalised in 1914 with more haste than dignity to avoid what the Home Secretary described as "a disaster," which would have occurred if he had not become British. The other partner is a gentleman called Tiarks, who is a director of the Bank of England and the Anglo-Persian Oil Co., Ltd. Schröders are heavily involved in the coffee trade, helped to form the Anglo-Danubian Association, Ltd., and are the London representatives of Speyer and Co. of New York.

We have already alluded to the *Kleinworts*, whose New York agents are the very influential firm of *Goldman, Sachs and Co.* These are the types of cosmopolitan financiers who, with the Goshens, Barings, Glyn Mills, Currie and Co., Ruffers and others, will probably do all in their relatively growing power to bring about a European financial *consortium*.

The Castiglionis have had their day. The company promoters and their clients, the speculative industrialists, have more to do making their books balance than considering how to invest their

profits. The traders in money, the credit merchants, having at their backs the mortgaged Governments of every land, are preparing to advance purchasing power to the customers, to give credit to those who are selling or hoping to sell; preparing to get a mortgage on the vendor and on the buyer; preparing to profit by trade, by manufacture, by finance; preparing to rake in the assets of industrialists, the good-will of merchants, the resources of states. Everywhere the peoples of the world are going into pawn. Everywhere the offensive is, for the present, with the International of Money Bags. It only needs a stucco frieze of Second and "Two and a Half" Internationalists in court dress to complete the Temple of a "True Democracy"!

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