

Current Topics : the European Tangle

Article 5: BY ROBERT KIRK.

A Summary of Previous Articles.

THE "Allied" nations in 1920 decided to make Germany pay the equivalent of 56½ billion dollars in goods and gold divided into periods covering 42 years. This after taking away from her Slesvig and Upped Silesia besides breaking up into many "independent" republics the countries of Austria-Hungary, who were in reality vassals to Germany. So aiming to destroy not only the military and political power of Germany but her commercial power as well.

Having succeeded in this wise to reduce Germany to economic servitude, Britain and France are now opposed to each other on the question of reparations, and a bitter jealousy is growing while they exercise their imperial powers in new fields of exploitation.

Britain, because her manufacturers can not produce goods on equal terms with the Germans,—the cost of production of the latter being much less than that of the former,—considers German reparations to be "sour grapes."

On the other hand, France considers these goods to be the most delectable of morsels she has indulged in for decades. This, because her industries differ widely in character from those of either Germany or Britain, so that she is enabled to dispose of these without any injury to her own industries.

Instead of breaking the industrial power of Germany, as the Versailles treaty was so intended to do, the "allied" nations have forced Germany to concentrate this power within a smaller geographical area. Thus making her as dangerous a commercial rival in 1922 as she was in 1914.

So far I have contented myself by stating such facts as would be familiar to the reader, my intention now is to use these in an argumentative fashion. Should Britain, by some chance occurrence, succeed in abrogating this treaty, or, at least in reducing the amount of indemnities to a figure well within the compass of Germany to fulfil; what then? Would such a change help the manufacturers of Britain, in view of recent developments in German industries and transportation, to recapture the European market? Whatever hopes these folks may have, the financiers of the country do not share in them, for capital is constantly being diverted from British industries to countries overseas, to Australia, Canada and New Zealand, India, Egypt and Africa. If there was room for expansion, a possibility of profits from fresh investments, improved machinery in already existing industries, the capitalists of the country would speculate in this field. Instead, we find such astute labor-skinners as the soap-boilers of Port Sunlight opening huge plants in China, a tacit admission that there is no room for expansion in England. A cursory survey of her natural resources is sufficient for observant people to see that Britain can never again become the "workshop of the world."

But repeal of the treaty or, failing this, a reduction of the sum of reparations would leave Britain with not only a dangerous commercial rival in Germany, but a more implacable foe in France—unless France was compensated for the loss of reparations, some squaring of debts between herself and America and Britain, not to mention many alternate proposals France could very logically make. Yet, without a reconciliation of the many conflicting interests between herself and Britain and Germany, she could use the military and political power, which she undoubtedly possesses in Europe, and near eastern countries, to stir up more trouble in India and in Egypt, than Britain is ever likely to handle—with that success which has attended many of her

activities up to date—Gambler's luck. And in view of recent happenings throughout Egypt and India, the simile is not altogether inapt.

While many schemes have been submitted for the reduction of indemnities not a single one has touched at the roots of this Franco-German problem. The exigency of the present occasion may induce the British government to offer many, more or less, plausible proposals to settle these differences, but the possibility of achieving any satisfactory solution is, indeed, remote. British propaganda in the United States since 1920 has left the political mind of the country unimpressed by British needs, or the needs of Europe, so that little encouragement or assistance can be expected from this quarter. And yet without any concurrence on the part of America to bring about some kind of satisfactory agreement in this problem, either in regard to cancellation of all debts between herself and France, any offer of Britain's along this line will simply add to the losses of her capitalist class. And to force Germany to reconstruct France, in the way most desirable by France,—that is, by payment of gold,—will simply increase the problem of stabilizing currencies, by forcing Germany to once again start her printing machines producing more "promise-to-pay" bills in order to purchase gold. But we can dismiss this matter without further ado, as something for the capitalist class to wrangle over until the world is involved in another war.

You will remember, I hinted at the start of this discussion that there was more than one obstacle in the road of the "peacemakers." Oil is one of these. This innocent disturber of the world's peace has lain, quiescent under a thick coverlet of the earth till yesterday, when the necessities of trade discovered in it a use-value greater than gold. It will be the motive-power of future merchant fleets and navies of the air. At present, its chief use is to reduce the cost of labor-power in the carrying trade of nations who control the source of oil.

The reader should keep in mind the immense quantity of coal consumed on a big Cunarder, or a White Star liner, on a trip between Liverpool and New York, or on all the big merchant and passenger ships plying for trade between countries; and the number of men required to dig this coal for one trip or all the trips made in a year, together with the number of railroad "hands" required to convey this coal to ports, to be loaded into the bunkers by another army of dockworkers. Then add to these the number of trimmers and stokers required to keep up steam on these ships on their voyages. Imagine now what happens when this vast amount of labor-power is turned loose, displaced by the use of oil! But what happens is no concern of transport companies; their main concern being to reduce the cost of operations, in order to reduce the cost of freighting.

This oil is not found in Britain, yet her merchant fleet is the largest in the world. Nor is it found in many countries, yet all countries employ ships, either on the seas or in river traffic. And when you understand that whatever gives one country an advantage over another in competing for trade is quickly adopted by all you know the cause of the present scramble for oil.

Just before the curtain fell on the farce staged in Genoa, the newspapers splashed "Oil" in big headlines giving us one brief but sufficient view of this obstacle preventing the establishment of trade relations between Soviet Russia and those more civilized (!) nations. When:

"The talk of "Germany," of "Russia," of "France," of "England," and of their political spokesmen faded; instead the excited correspondents cabled columns about the "Royal Dutch," the "Shell," the "Anglo-Persian," and the "Standard Oil." The great oil companies assumed the

centre of the stage; the politicians appeared plainly as the puppets; for a day or two we were even permitted to read the names of the men who pull the strings.

"The 'Shell Transport' had negotiated a contract for exclusive sale of the Russian oil product. Or perhaps it was for only half the Russian oil; and perhaps the contract had been drawn up but not signed; or perhaps it had been signed in January. Accounts differed; open diplomacy does not yet apply to these fundamental negotiations. Everybody denied something or other; but the denials sometimes conflicted. Colonel H. W. Boyle, representing the Shell interests, admitted that he had just returned from Russia and the Caucasus, that he had negotiated with Krassin about oil in January, and that he had mentioned oil in casual conversations with Krassin at Genoa.

"That was enough to set the world afire. Barthou was recalled to Paris; "Belgium" playing catspaw for "France," refused to accept the British draft of a joint note to Russia, and that British draft suddenly appeared in a sharp and sinister light. The abstract discussion of Russian recognition of property rights became concrete. An obscure phrase declaring that while foreign-owned properties must be returned to foreign owners wherever possible restitution was not compulsory in the event that 'exploitation of property cannot be assured except by incorporating it in a general group' suddenly assumed form as meaning that the small Belgian and French holders of oil properties in the Caucasian fields would be squeezed out and the big British firms would get their property. Many innocent sounding diplomatic phrases have some such meaning, but the public seldom learns what it is." Excerpt from article, "The Diplomatic Smell of Oil," in the "Nation" May 17, 1922.

I have no desire to take the reader back into history in order to show him or her how necessity for fertile plains and valleys, gold and silver, coal and iron, has been the most fruitful cause of wars. But, if such a one is inclined to think that oil, a prime necessity today, in the age of enlightenment will never cause another war, let such remember Mexico.

That I am not exaggerating the importance of oil the reader may learn from the following news clipping from the "Vancouver Province" of June 19, 1922:—

London, June 19.—There is every indication from sub-surface rumors that are cropping out that events of far-reaching importance in the oil world lie behind the recent acquisition of approximately \$28,000,000 worth of stock in the Shell Oil Company by British interests. One fact is that it puts English capital in such a position as to have its fingers in more than half of the existing distributing agencies for oil in the eastern hemisphere.

Hitherto the division has been about equal among the Anglo-American, representing the Standard Oil Company; the Royal Dutch and Shell groups, representing Holland; and the Anglo-Persian Oil Company, which is purely British in character.

Recent Purchases.

Recent purchases have given English capital control of the Shell group, which, in turn, is controlled by the Royal Dutch, so that Holland has not been eliminated, even though British interests have been advanced.

The fact remains, however, that the Shell Company has been the most active industrial factor in the Royal Dutch Oil Company and through this transfer of stock English capital will be able to array the Anglo-Persian and Shell companies against the Anglo-American if it so desires.

Building Refinery.

At the same time, the Anglo-Persian company, the majority of whose ordinary shares are owned by the British Government, is constructing a refinery in England, six thousand miles from its source of supply, which will enable it to produce enough gasoline to meet half or more of the English demand.

Men interested in oil say that such activity on the part of British capital can only mean two things, either actual competition for European markets with a real oil fight in prospect or some form of agreement along the several interests.

But, besides oil there is still another obstacle: There are vast sums of capital for reinvestment in profitable exploitation and only an extremely small area to be still exploited. This will take us into new fields: the near and far East, which we will explore in the next issue of the "Clarion."