No. 36

HOW MELLON GOT RICH

by
Harvey O'Connor

5c

INTERNATIONAL PAMPHLETS
799 Broadway New York

PUBLISHER'S NOTE

☆

THIS *pamphlet, prepared under the direction of Labor Research Association, is one of a series published by International Pamphlets, 799 Broadway, New York, from whom additional copies may be obtained at five cents each. Special rates on quantity orders.*

IN THIS SERIES OF PAMPHLETS

Printed in the U. S. A. (*1933*)

COMPOSED AND PRINTED BY UNION LABOR

HOW MELLON GOT RICH

BY HARVEY O'CONNOR

The Mellon Fortune

Towering among the financial giants is the Mellon family with its billion-dollar hoard, probably the largest in America. The Pittsburgh titans of finance capital, are directly interested in corporations with assets of $10,500,000,000.

Although he is usually described as king of aluminum, Andrew Mellon, former Secretary of the Treasury, raked in his billion from an amazing variety of industries. In this the Mellons differ from the Fords and their auto fortune, the duPonts and their chemical millions, the Rockefellers and their oil empire. For the Mellons draw tribute from real estate, banking, steel, railway equipment, oil, coal and its myriad by-products, aluminum, utilities. Workers in almost every industry you can name are being exploited to enhance the financial power of the Mellons.

Count off the major enterprises of Mellon and you will include most of the basic industries. His hundred Pittsburgh Coal Co. and Koppers Coal Co. mines stretch all the way from western Pennsylvania through feudal West Virginia into Kentucky. He probably draws more interest and dividends from the labor of steel workers than any other person in America. His family has important interests in Pittsburgh Steel, Crucible Steel, and Bethlehem Steel and a sizeable block in U. S. Steel.

Coke links coal and steel. It is the pure fuel left when gases have been driven out of coal, and it is used to smelt iron ore. Through his Koppers Co., Mellon is the most important commercial coke producer in the United States and Canada. The by-products derived from coal constitute the base for explosives and all war gases. The Mellons hold key positions in the war industries through steel, coal, and by-products of coal gas and petroleum.

Bethlehem Steel cashes in handsomely by the sale of armor plate for battleships built in Bethlehem's own yards.

The Mellons sell the gas from their Koppers coke ovens to domestic consumers in scores of cities. They have become major owners of so-called public utility systems. Gigantic holding companies in which they have an interest include Eastern Gas & Fuel Associates in Boston, Plymouth and New Haven; United Light and Power, which sells gas and electricity in a thousand communities; U. S. Electric Power Corp., and others. They are big stockholders in the Philadelphia Co., the monopoly which controls all the gas, electricity and street car services in their home city, Pittsburgh. Their Brooklyn Union and Brooklyn Borough Gas companies "soak the poor" in Brooklyn. They make a minimum charge of $1 a month, although most working class families actually never consume a dollar's worth of gas in any month.

Most famous of all Mellon's corporations is Aluminum Company of America, which, through its control of raw materials and patents, holds a 100 per cent monopoly on the manufacture of this extremely useful light-weight metal. Aluminum is one-third the weight of steel and just as strong when properly alloyed. Aluminum Co. of America, ever since its organization way back in the 80's, has enjoyed the express protection of the United States government through patents, tariffs and failure of government departments to prosecute it under the anti-trust law. Its tremendous profits have exceeded $20,000,000 in one year. The sweatshop inquiry in Pennsylvania in 1933 found that Aluminum was firing men, earning $4 and $5 a day, from some departments, and hiring women to do their work at 18 cents an hour.

Biggest of all Mellon companies is Gulf Oil Corp. with gross assets of $743,000,000, and exceeding those of the Ford Motor Co., whose owner has been considered the second richest man in the country. Gulf, like Aluminum, also profits from monopoly for it has quiet price-fixing agreements with Standard Oil and other big oil companies.

The full list of Mellon companies fills many pages. They are heavy stockholders in the Pullman sleeping car monopoly, Pittsburgh Plate Glass, American Tar Products, and National Lumber & Creosoting.

The Mellons are the perfect example of the fusion of industrial and finance capital. Their $250,000,000 Union Trust Co. in Pittsburgh has the highest cash dividend rate in the banking world: 200 per cent. Their $250,000,000 Mellon National Bank finances industries far and near. Another $250,000,000 is represented in a chain of banks which covers western Pennsylvania. The Mellons maintain close relations with the Morgan and Rockefeller banking interests in Wall Street, and have considerable holdings in other corporations dominated by one or both of these groups.

Judge Thomas Mellon

Andrew Mellon was born rich. His father laid the foundation of the family fortune in Pittsburgh as a corporation lawyer and money-lender. As soon as he was out of law school, Thomas Mellon began buying mechanics' liens, making loans on notes. Then he went into real estate. Through marriage he acquired control of East Liberty, most important of Pittsburgh suburbs, and made millions as the city grew, through mere ownership of land that other people had to have to build homes. He became the trusted confidential attorney of corporations and later he organized corporations of his own. After serving ten years as judge, he opened the T. Mellon & Sons bank in 1871. Here young Andrew learned the secrets of using money to make money.

Old Thomas Mellon was the perfect embodiment of the small competitive capitalist and money lender of the middle nineteenth century, before the age of imperialism. He was a studious old skinflint. More far-sighted than many, he foresaw the inevitable conflict between the classes. "The employees and their families in the larger manufacturing and mining establishments," he wrote in 1885, "are often designated each by his number and live in numbered tenements, and are all subjected to the same routine, and treated alike; too much like the soldiers of an army or inmates of a prison. The opportunity to work up and out and better their condition is rendered so remote as to appear to them hopeless."

But when the "hopeless" workers rebelled, Judge Mellon was for drastic action. "The vicious classes," he wrote, "seem to be greatly on the increase or at least show more boldness than ever before. It indicates a demoralized condition of public sentiment, which may require blood to purify." Two years later the Haymarket anarchists were hanged in Chicago.*

Judge Mellon hated Karl Marx and studied Herbert Spencer to find arguments against Marx's statement that labor is the author of all wealth. He believed in religion, not so much for himself as to assure the stability of the capitalist system.

Aside from amassing more millions, Judge Mellon's chief satisfaction in life was to see his sons develop into "smart business men." Very smart they were. The older brothers kept on subdividing real estate and selling it at a handsome profit. Then their lumber firm sold building materials for houses to be built on the lots. Their street car companies carried people back and forth from Pittsburgh to East Liberty.

When Judge Mellon retired, it was Andrew who took charge of the money-making end of his fortune, that of T. Mellon & Sons bank, already the largest in Pittsburgh. He early formed a close alliance with Henry Clay Frick, the coke king, whom Judge Mellon had helped by loans to acquire control of Fayette County, source of much of the country's finest coking coal. From Frick, Andrew Mellon learned the technique of open shoppery. Frick engaged in bloody wars with his coke workers until in 1889-90 by starvation and bullets, he stamped out their union. Carnegie took him into his steel corporation as general manager, and in 1892 he smashed the steel workers' union at Homestead and established industrial tyranny in the steel industry that was unchallenged until 1919, when William Z. Foster led the great steel strike.†

Frick sat on the board of Union Trust, Mellon's new bank, along with representatives of the Pennsylvania Railroad and the big corporations of the Pittsburgh district. The two men made millions speculating in downtown real estate. In one deal Mellon made as much as $200,000, although he added not a penny to the real worth of the property.

* See *The Frame-Up System,* by Vern Smith. International Pamphlets, No. 8.

† For the story of Homestead, the 1919 strike and other struggles of steel workers, see *Labor and Steel,* by Horace B. Davis. International Publishers.

War has been the Mellons' best ally. The peace-time stride of their fortune then quickens into the double march. The Mexican War started Pittsburgh off, and with it old Judge Mellon, chiefly through his transactions in real estate, laid the foundations for his fortune. The Civil War placed him in the millionaire class. The Spanish-American War, with its fat contracts for guns and ammunition, made his son Andrew a peer of Wall Street bankers and the lord of Pittsburgh, the seat of war industries.

The Mellons did not believe in fighting during the war. There was no money in that. Old Judge Mellon, instructing his sons during the Civil War, wrote: "It is only greenhorns who enlist. You can learn nothing useful in the army. . . . In time you will come to understand and believe that a man may be a patriot without risking his own life or sacrificing his health. There are plenty of other lives less valuable or others ready to serve for the love of serving."

The conquest of Cuba, Puerto Rico and the Philippines, the coming to age of imperialistic America, stuffed the Mellon banks to bursting with the profits wrung from the workers in Pittsburgh's glowing mills. Armed with the profits of war, promoters began forming whole industries into gigantic trusts. Mellon worked feverishly in Pittsburgh. He helped form two coal combines in 1900-01 from which emerged Pittsburgh Coal Co., at that time a monopoly in western Pennsylvania coal mining. Mellon's banks sold their watered stocks to the public and then obtained mortgages on every scrap of the coal combine's property in return for floating bond issues. Crucible Steel and a score of corporations were products of Mellon financing in this era. Nearly every big enterprise in Pittsburgh was financed by the Mellons in return for mortgages which covered all their property and gave them the right to foreclose in case they didn't pay.

About this time Andrew Carnegie fell out with his general manager, Frick, over the division of the tremendous wartime profits which flowed into Carnegie Steel Co.'s treasury—$40,000,000 in the year 1900. Frick was fired. In revenge he and Mellon formed Union Steel Co. and threatened to build mills rivalling Carnegie's. A company town was built around the new rod and wire mill at Donora, Pa. Eventually the new Union Steel Co., Mellon and Frick threatened, would add blast and open hearth furnaces to offer thorough-going competition to Carnegie's mills.

Carnegie capitulated before this threat and settled with Frick to the tune of $31,000,000. The bluff had worked so well for Frick and Mellon that Carnegie himself used the same tactics in forcing J. P. Morgan to pay a fancy price for Carnegie's steel mills when the New York promoter organized U. S. Steel.

Mellon watched the success of these tricks as used by Frick and Carnegie, and decided to take a hand at the game himself. So he announced that his Union Steel Co. would build a rail mill that would put the U. S. Steel Corp.'s rail mill at Braddock, Pa., out of business. Further, he would construct a railroad from Pittsburgh to Lake Erie to haul his iron ore cheaply. He bought out the Sharon Steel Co., a big independent, and was in position in 1902 to compete with the steel trust in nearly every branch of steel making.

The U. S. Steel Corp., thoroughly frightened, bought Mellon's company for $75,000,000. Mellon had put only a few million into Union Steel. An example of his tremendous profit from this deal was an ore mine for which he had paid $150,000 and which he sold to U. S. Steel for $4,000,000.

It was a handsome piece of poker-playing that brought perhaps $20,000,000 into the Mellon pockets.

Industrial Capitalist

Up to the Spanish-American War, Andrew Mellon had been primarily a banker and real estate promoter. Then he began to blossom out as a first rate industrial capitalist. Back in 1888 the owner of patents for refining aluminum in electric furnaces sold a share in their Pittsburgh Reduction Co. to the Mellons in return for $250,000 to set up a mill at New Kensington, Pa. This company controlled by the Mellons has grown into properties valued at $300,000,000, known as Aluminum Co. of America and its Canadian affiliate, Aluminium, Ltd.

Monopoly is the essence of Aluminum's success. The government protected Mellon's monopoly rights through patents until 1909. From the first, subservient U. S. Senators saw to it that Mellon's company had a high tariff to keep out foreign aluminum. It has ranged from 2 to 7 cents a pound and is now 4 cents. The Mellon company has understandings with the European aluminum companies regarding production and prices. These agreements also provide that the Mellons are to be sole sellers of aluminum to the United States government, while the German, French and British companies are guaranteed no competition in selling aluminum, made into a multitude of war uses, to their respective governments.

Mellon's monopoly ran smack up into the opposition of powerful industrial interests—particularly automobile and airplane interests—who wanted to buy the lightweight metal cheap. They succeeded in 1912 in getting the U. S. Department of Justice to file suit against Aluminum Co. of America. The court ordered Aluminum Co. not to monopolize bauxite, the ore from which aluminum is refined, not to delay shipments, or ship defective material to companies which competed with Aluminum's subsidiaries in fabricating the raw metal into finished products.

How utterly useless the court order was, came to light in 1924 when the Federal Trade Commission found that Aluminum was not only continuing its price-fixing and its discrimination against competitors in fabricating aluminum, but had gained a 100% monopoly over the mining of bauxite and the refining of raw aluminum.

The full extent of this monopoly was brought out in court when George D. Haskell, a Springfield, Mass., manufacturer, sued for $15,000,000 damages for conspiracy in restraint of trade. The jury awarded him an $8,000,000 verdict, but the court of appeals, happily for Mellon, reversed the verdict. Haskell had formed an aluminum company with James B. Duke, the Carolina tobacco magnate who had cheap water power in Quebec. The Mellon company bought out Duke for $15,000,000. Testimony also revealed that the Mellons had forced the Canadian government to get bauxite concessions in British Guiana for them, in return for furnishing aluminum during the war.

Aluminum was a gold mine during the war, for the Mellons charged the United States government 32 cents a pound for this indispensable war metal. After the war was over, the price dropped to 22 cents and even now the government has suits pending against Aluminum for wartime over-charges.

Oil and Imperialism

When a penniless prospector struck the Lucas oil gusher in Texas in 1901, he unwittingly gave the Mellon family a big boost toward their $743,000,000 oil corporation. This was the biggest gusher ever struck and the first one in the Southwest. Lucas and his backers, Pittsburgh men, had to turn to Mellon for cash to develop the new oil field. The result was Gulf Oil, a profitable and completely integrated independent oil company.

The Mellons had their hands in oil before. They speculated in the western Pennsylvania field and trimmed Standard Oil to the tune of $2,000,000 when in 1895 they forced the Rockefeller company to buy their pipe line from Pittsburgh to Philadelphia. That involved changing the Pennsylvania law forbidding pipe line mergers, but the Mellons and the Rockefellers took care of that in the legislature, thus illustrating their control of the government machinery.

Gulf Oil Corp., in on the ground floor in the great Texas field, was too big for the Rockefellers to push under, especially when the Mellons stood behind it. So Standard Oil, Gulf and a few other big companies came to an agreement regarding prices and production and a virtual monopoly was set up. The little fellows, the owners of the wells, protested long and loud to the Federal Trade Commission and the courts against the price-fixing tactics of Standard and Gulf. But all to no avail. The big companies encouraged the little fellows to take all the chances in developing new wells. Standard, Gulf and others then stepped in and dictated the prices at which the small producer could sell. Profits naturally were fantastic. In one year Gulf made $40,000,000.

"Oil is as necessary as blood in the battles of tomorrow," said Clemenceau, war premier of France. Mellon understood the patriotic importance of oil in the next slaughter; for that reason his Gulf Oil Corp. made use of the U. S. State Department to gain vast reserves of oil in Colombia, to uphold, with other United States interests, the gruesome dictatorship of Gomez in Venezuela, and to change Mexican oil legislation.

Independent oil producers of the southwestern United States fought bitterly against the flood of Mexican, Venezuelan and Colombian oil which poured into the United States market, ruining them. They claimed the imported oil was "foreign"; but to the Mellons and the Rockefellers, the countries along the Caribbean are just as American as Oklahoma or Texas. As a matter of fact, from the towers of Wall Street, Colombia and Venezuela are even more American, for there are bigger profits in petroleum wrung from the forced labor of semi-colonial countries than in the domestic product.

For that reason the little independents were never able to get a tariff on oil comparable to the tariff that kept foreign aluminum from competing with Mellon's Aluminum Co. of America. They failed to understand that tariffs, as well as other government measures, are framed by the big industrial capitalists to suit their private interests, regardless of the effect on petty competitors or exploited workers.

Soon after the workers and peasants of Mexico declared a social revolution in 1910, the Mellons, along with the Dohenys, Sinclairs and Rockefellers, found themselves in mortal combat with theories of social ownership which declared Mexico's natural resources belonged to the people. For the next decade the oil interests played cleverly among the politicians and generals of Mexico, subsidizing this one, overthrowing that one, hiring guerilla bands of their own. All the while, the U. S. State Department threatened invasion to protect oil rights and twice American troops marched into Mexico.

In the meantime, oil was discovered around Lake Maracaibo in Venezuela, and there the Mellons followed Standard and Deterding's Dutch-Shell, to exploit rich concessions. Venezuela was different. There dictator Gomez, rivalled only by the recently overthrown Machado of Cuba, held power, thanks to his army and his jails. He gladly signed concessions giving British and American companies the right to Venezuela's oil in return for subsidies to maintain his own rule. The oil companies thereupon threatened a boycott of Mexican oil. The Mexican government made peace by 1928. A branch of the National City Bank was opened in Mexico City. Dwight Morrow, until then a partner in Morgan & Co., was sent as ambassador, and Lindbergh, soon to be his son-in-law, flew down to cement good will between Wall Street and the rising bourgeoisie of Mexico.

With Mexico safe for Mexican Gulf Oil and Venezuela pouring liquid gold into Mellon tankers, the Pittsburgh bankers now turned their attention to Colombia. Right next to the Venezuelan border was the Barco concession, owned by a firm composed of H. L. Doherty, the oil magnate, and J. P. Morgan & Co. The Mellons paid Doherty $1,500,000 for his share of the concession, which the Colombian government had just announced it was about to cancel.

If this cancelled concession was worth $1,500,000 to Mellon, why did Doherty let go of it? There were two reasons. Millions of dollars would be needed to lay pipe lines and develop wells before the first barrel of oil was pumped into a tanker. Standard Oil already being busy in the Carare district of Colombia, the Mellon company was the only one with enough free capital to undertake the development. Even more important, however, were the diplomatic angles involved. Tremendous pressure would be needed to get the cancelled concession validated. Gulf Oil, whose proprietor, Mellon, was Secretary of the Treasury in the Harding-Coolidge Administration, could see that the proper pressure was applied.

Colombia had distrusted the United States long before the seizure of Panama in 1903 by Theodore Roosevelt who wished by building a canal there to assure United States naval supremacy in American waters. The United States government tried to buy off Colombia's hatred with a $25,000,000 payment in a deal which let Standard Oil into the Carare district. This deal involved a scandal in Colombia comparable to the Teapot Dome exposé in the United States and resulted in the resignation of the Colombian president. The Colombian Congress thereupon passed legislation which stated that petroleum resources were national property, and that the Mellons must show documentary proof to their title in the Barco concession.

The Mellon and Rockefeller firms retaliated. They hired Francis B. Loomis, former State Department official who had helped Roosevelt in the Panama grab in 1903, to present their case to the State Department and President Coolidge. Secretary of State Kellogg ordered the United States minister in Bogota to intercede for Mellon. Allen W. Dulles, another former State Department official, joined Loomis in the fight for the Mellon-Morgan concession.

When Colombia refused to knuckle down, Herbert Hoover's Department of Commerce declared a practical embargo on loans to the Caribbean country. That crippled Colombia and, in the resulting industrial paralysis, discontent increased. At this juncture the presidential election was held, and the Colombian minister to Washington, Olaya, a man thoroughly imbued with the Wall Street point of view, campaigned for the presidency. He was elected by 121,000, a thumping majority in a country where workers and peasants have no vote.

President Olaya immediately invited National City Co. (National City Bank affiliate) to send a representative to Colombia, and he himself visited Wall Street and Washington where he talked with the bankers and with Secretary Mellon. Mellon, of course, later denied that he had mentioned his concession when he talked with Olaya.

As a matter of fact, Olaya shortly after the interview got a $20,000,000 credit from the National City Co. and returned to Bogota to force Mellon's concession through Congress. With him went a Princeton University professor and the oil law expert who helped Ambassador Morrow clean up the Mexican oil tangle. As soon as the Mellon oil law was passed by the Colombian Congress and signed by Olaya, the National City Co. released the last $4,000,000 of the loan.

All this came out in testimony before a U. S. Senate committee investigating the flotation of foreign loans. Witnesses revealed that excited cables flew back and forth between the State Department and Bogota while Mellon's concession was hanging fire and that Secretary of State Stimson was concerned in helping with the deal.

The upshot of this piece of dollar diplomacy was that the

Mellons were confirmed in ownership of oil lands valued by a U. S. State Department official at from $350,000,000 to $2,000,000,000, and all for the trifling price of $1,500,000 plus the pressure of the United States government.

International diplomacy was again called into use when the Mellons shouldered their way into Iraq oil. When Standard Oil learned that the British oil companies had staked out the rich Mosul field in Iraq as their own, thanks to a British mandate from the League of Nations, it indignantly protested to the State Department that the principle of the "open door" for all capitalists was being violated. It was arranged finally that Standard Oil was to have one-fourth interest in the Turkish Petroleum Co.

When Gulf Oil executives heard that, they boiled over with indignation. They demanded that the State Department pry the door open even wider so they could get in. Accordingly, the Near East Development Corp. was formed by the Standard Oil companies and Gulf, and the Mellons were given one-fifth interest.

Profits in Explosives

War brought another rich treasure to the Mellons. That was the Koppers Coke Co.

Dr. Heinrich Koppers was a German scientist who had come to America before the World War to introduce a type of coke oven which made use of the valuable gases which the old-fashioned beehive coke ovens wasted when converting coal into coke. When war broke out in 1914, Mellon saw that explosives meant millions, and these explosives were made out of those very gases that Dr. Koppers saved in his by-product coke ovens. So he bought out Dr. Koppers' patents and business giving him $300,000 worth of shares in the new company and a salary of $10,000 a year. Mellon proceeded to sign fat contracts with agents of the Allied nations.

When the United States entered the war in 1917, the "alien property" law was passed. The law declared that all German and Austrian property, including patents, in the United States, was to be confiscated.

Mellon's Koppers Coke Co. immediately informed the government that one-fifth of its stock was owned by Dr. Koppers, a German citizen. Accordingly, the stock was confiscated and then offered for sale at auction in 1918. The Mellon company bought Dr. Koppers' share for a mere $302,500. Profits for the first six months of 1918 alone easily exceeded what the Mellons paid for Dr. Koppers' one-fifth share in a $15,000,000 company.

The Koppers company hastily erected by-product gas plants throughout the country during the war, to cash in on the high prices paid for ammunition. The government designated the Koppers units as "war order" plants whose products were essential to the manufacture of explosives. After the war was over, the Mellon company continued building these gas plants, and became a big factor in the so-called public utilities companies which sell gas to industrial and to domestic consumers. Koppers Gas & Coke Co. was organized and grew rapidly until in 1931 its assets were $177,000,000. To control big gas properties in New England, the Mellons then organized Eastern Gas & Fuel Associates, a $203,000,000 firm. In 1931 this company alone had profits of $5,775,000.

Through their control of valuable St. Lawrence River power for use in their aluminum plant at Massena, New York, the Mellons acquired 21% ownership in the Morgan-Niagara Hudson Corp., a vast holding company which controlled light and power throughout New York State. They became powerful in the United Light & Railways Co., a $498,000,000 concern; in United Light & Power Co., a $575,000,000 concern; and in U. S. Electric Power Corp., whose assets are $1,257,000,000.

Low Taxes for the Rich

Banker Mellon's rise to command of the U. S. Treasury was logical. What more reasonable than that one of the nation's greatest money masters should take charge of the nation's finances? A variety of reasons dictated the choice of Mellon as Secretary in 1921. First, the war had been terribly expensive, and the question came up as to who should pay for it. For the Republican Party there was only one answer. Those who had coined millions out of the war must not be called upon to pay for it. What better assurance was there that taxes would be eased on the wealthy than to have the richest banker in the key tax position?

Second, the Republican Party had incurred a tremendous deficit in the 1920 campaign and somebody had to pay for that. Andrew Mellon made the biggest contribution, reported by the *New York Times* as $1,500,000. He must be rewarded.

Mellon was glad enough to change from Pittsburgh to Washington. His corporations gathered dividends as the earth soaks up rain; the process was nearly automatic. Although he was on the top rung of the millionaire ladder, hardly anyone outside Pittsburgh had ever heard his name. He felt the need for public acclaim in keeping with his position. Further, no family ties bound him. His two children were away in private school and he had divorced his wife back in 1912.

That divorce showed Mellon's power. Mrs. Mellon came from a wealthy Irish brewer's family, liked gaiety, hated the smoke and grime and coldness of Pittsburgh and her husband's concentration on financial affairs. She obtained a legal separation, but Mellon refused to permit her to have their children part of the year. She defied him by moving back to the Mellon house in Pittsburgh. Thereupon he sued for divorce. The Pittsburgh newspapers refused to publish Mrs. Mellon's statements defending herself against his charges, and even the telegraph agencies helped to keep any news of the sensational divorce from getting out of the city.

Mrs. Mellon found a parallel between her position and that of thousands of foreign-born workers who toiled in Mellon mills. "It crept over me," she wrote, "that perhaps I, too, a foreigner like his Huns and Slavs, had been weighed coldly, dispassionately, on the scales of demand and supply and as a wife ranked merely as a commodity in the great plan of this master financier's lifework. The babies were there; even the male heir was there. Was the wife to be laid off like other hired help when the steel mills shut down?"

Mellon wanted no publicity on his divorce. Accordingly Boss Penrose had a law passed quietly in the Pennsylvania legislature providing for secret divorce hearings. Then the banker discovered he wanted testimony taken in Europe. This too was arranged by Penrose.

Nevertheless news leaked out and was published in certain eastern newspapers. Mrs. Mellon demanded a jury trial and the court granted it. Then Mellon was all for settling. Grounds for divorce were changed to simple desertion and the decree was granted in 1912.

The whole incident illustrated Mellon's influence on Pennsylvania politics in obtaining passage of special laws to suit his needs, in hushing publicity and controlling courthouse officials. Boss Penrose naturally was anxious to please the powerful Pittsburgher; Mellon was a heavy contributor to Republican Party funds. These gifts had run as high as $150,000 at a throw. Penrose and other bosses of Pennsylvania, then as now, got their support from Mellon, General Atterbury of the Pennsylvania Railroad, Joseph Grundy of the Pennsylvania Manufacturers Assn., and similar big employing interests. No wonder all efforts to obtain minimum wage, child labor, and old age pension legislation invariably failed in the legislature!

In Pittsburgh, Mellon worked hand in glove with the Magee-Flinn Republican political machine and its successors, including the Coyne machine. Vice, poverty and corruption flourish, making the name of Pittsburgh pre-eminent in that regard among American cities. The big employers care not at all about that. Their workers live in miserable houses and shacks in the steel and coal towns surrounding the city, work long hours, or not at all, and get barely enough to hold body and soul together.

Senator Penrose and Senator Knox, faithful servants of the steel and coal interests and political messenger boys for the Frick-Mellon interests, both saw to it that their friend Andrew Mellon was made Secretary of the Treasury. Mellon's first job in Washington was to see that the excess profits tax on the fat earnings of the big corporations was done away with, and to reduce income taxes in the "higher brackets," that is, upon the very rich. Besides sparing the rich the burden of keeping up their government this also avoided leaving extra money in the Treasury for the veterans' bonus, for federal unemployment insurance or any other social legislation.

Money which might have gone into social insurance funds was dumped into the stock market, into further expansion of industrial plants and into foreign loans. Building more factories when those already built were not being used to capacity hastened the inevitable crash of 1929, and the foreign loans brought nearer the day of United States participation in the next imperialist war.

Under the Mellon regime the Bureau of Internal Revenue made tremendous refunds to great corporations and wealthy persons. These refunds were returns to them of taxes on war-time profits years after the war ended. Refunds to the capitalist class totalled close to $3,000,000,000.* U. S. Steel alone received $96,384,000. Mellon served not merely himself but his class, and in serving his class served himself. He made refunds to his own corporations totalling about $14,500,000. His own personal refund amounted to $405,000.

Mellon himself, as the result of these favors to fellow-millionaires, and corporations, became the idol of the Big Business press. He was regarded as more powerful by far than President Coolidge, and as the Greatest Secretary of the Treasury since Alexander Hamilton! He was undoubtedly the power behind the throne in Washington from 1921 to 1929.

As befitted such a power in finance and government, Mellon had his daughter married to the son of a reactionary Maryland Senator in a million-dollar wedding that was the talk of society, and recalled those feudal rites in Pittsburgh where Mellon girls were married to the sons of steel magnates in made-to-order medieval castles. Hundreds of thousands of dollars were lavished on these affairs, even though thousands of Mellon miners might, at the time, be living on starvation rations while striking against Pittsburgh Coal Co. On the very day Sarah Cordelia Mellon was married, Mellon coal and iron police were evicting miners from their homes.

The Mellons did not believe much in charity and gave little. One exception was the $3,000,000 given to build the East Liberty Presbyterian Church in Pittsburgh, known locally as the "Mellon fire escape." Millions were invested in the Mellon Institute, a research laboratory for manufacturers and for Mellon corporations. The Mellons and allied magnates controlled the board of the

* See *Wall Street,* by Anna Rochester, p. 12. International Pamphlets, No. 30.

University of Pittsburgh, which became notorious for firing professors and radical students and suppressing freedom of thought on the campus.

The Mellons continue to invest heavily in the Republican Party. They gave and lent $250,000 in the notorious 1926 Republican primary in Pennsylvania. Mellon defended his gifts on the ground that they were the same as gifts to the church. Each vote for the Mellon candidate for U. S. Senator in Pittsburgh cost $4.14. The Mellons also controlled the Democratic Party in Pittsburgh, through alliance with its chiefs, a fact that became doubly important after the Democratic victory in 1932.

Mellon's Workers

Mellon is a staunch believer in long hours and low wages for his workers. The state sweatshop investigation in Pennsylvania in 1933, as we have noted, revealed that his aluminum factories paid 18 cents an hour to women. His aluminum plants worked the 11½-hour night shift even in 1933.

Strikes periodically convulsed his spy-ridden factories and mills. In 1913 his aluminum workers in New Kensington revolted, and wives of strikers used blacksnake whips to beat off strikebreakers. State police were rushed to the plant to break up meetings and picket lines. After six weeks, the workers were forced back under promise of arbitration.

In 1915, at Massena, New York, his aluminum workers struck, took possession of the aluminum plant and threw up a barricade in front of the main gate. Governor Whitman (Republican) of New York, sent in companies of militia which stormed the barricades and finally drove the workers out in a series of bloody encounters. Strikers' homes were raided and a strike leader later died of wounds inflicted by guardsmen. A hundred workers were jailed. The strike was soon settled with the company promising slight wage increases and correction of grievances over rents.

Again in 1916 the Aluminum workers in New Kensington struck, demanding the 8-hour day and recognition of A. F. of L. unions, but were defeated when the company shifted its war orders to other plants. The workers were forced back after three months.

In the Standard Steel Car Works at Butler, Pa., in 1919, state troopers beat back workers who joined the great steel strike. The troopers' horses were trained to kick in the doors of workers' homes and to enter, scattering terror among wives and children of the strikers.

In Pittsburgh Coal, however, the Mellon labor policy came to highest fruition. R. B. Mellon, once chairman of the company's board, practically admitted before a Senate committee that "you can't run coal mines without machine guns." Pittsburgh Coal, Charley Schwab's Bethlehem Mines Corp., and Rockefeller's Consolidation mines, took the lead in 1925 in breaking a contract with the United Mine Workers and smashing that union. Miners were evicted from the company towns in which they had been forced to live; coal and iron police, licensed by the state and paid by the coal and steel companies, terrorized strikers. Tear gas and machine guns helped the operators. When miners joined the National Miners Union in 1931 and conducted another great strike, Pittsburgh Coal Co. exceeded its previous efforts. Dozens of miners were shot, hundreds were gassed, others were sent to prison for long terms, their families evicted and starved. But a Pittsburgh Coal superintendent and a bunch of company guards at Arnold, Pa., who shot and killed John Philipovich, a strike sympathizer, were convicted of mere manslaughter and paroled. Two Pittsburgh Coal guards who tortured Mike Barkoski to death in their police barracks were given light sentences.

Company towns are an integral part of the Mellon apparatus of oppression. Andrew Mellon's partner, Henry Clay Frick, found the company store convenient in the hard times of the 1870's, for paying his miners and coke workers when he was short of cash. He gave them scrip redeemable at the company store, and found the practice so profitable that it was continued and adopted by other coal companies. Workers were forced to trade there, and high prices kept them in debt to the company. Popular outcry against these "pluck me" stores became so vehement that the Pennsylvania legislature abolished them. Thereupon the coal and steel companies organized dummy firms to operate them, and they flourish under this thin disguise to this day.

In the company town the company owns not only the stores, but all the drab, monotonous shacks, the school, the church and everything else. The company is also the "law." It hires and pays the private police who patrol the streets and roads, help keep organizers out, spy on militant workers, and try to disrupt their organizations.

The East St. Louis race riots of 1917 were laid at the door of the Aluminum Co. and other employers by a Congressional investigating committee. Aluminum Ore Co., fighting its low-paid white workers then on strike, imported hundreds of Negroes from the lower Mississippi valley. So many were brought in that there were jobs for only part of them. Race hatreds were fanned. In the terrible riots that followed at least 25 Negroes, men and women, were burned to death, shot, drowned, hanged and their homes burned. The police and militia refused to interfere.

In 1933, the Aluminum Co. signed a code stipulating 30 cents an hour as the minimum wage in the industry. But even this hunger wage was too much to suit the Mellon company, and within a few weeks it was paying hundreds of its women workers at New Kensington, Pa., 25 cents an hour, in flat defiance of its own code. The workers at the New Kensington plant made their opposition felt by an overwhelming vote against the company union which was to be set up on the basis of the code.

Mellon's Pittsburgh Coal Co. signed a N.R.A. code and a working agreement with John L. Lewis of the United Mine Workers which took away from the miners, on strike at the time, the right to strike. Under this agreement between Pittsburgh Coal and Lewis, the checkoff was forced on the miners, to be paid into the district office instead of to local unions, the previous practice. In this way the local unions were robbed of their financial autonomy.

The Panic Helps Mellon

During the 11 years he held the office of Secretary of the Treasury, Andrew Mellon's private fortune and that of his family, leaped from the hundreds of millions to over a billion. The policies he sponsored—low taxation of the wealthy, easy money for speculators, unchallenged sway by the big corporations—padded his own fortune and those of his fellow-millionaires.

After the economic crash of 1929, his usefulness to the Republican Party declined. During the years of stock market prosperity he had been praised extravagantly as the author of good times; when stocks crashed, factories closed and millions roamed the streets looking for work, he was blamed. Veterans whose demand for a bonus he defeated; workers who knew his anti-labor policies had been responsible for low wages during "prosperity" and for lack of adequate relief and unemployment insurance during the crisis; and farmers who had been "deflated" since 1921 under his pro-corporation program, joined hands to denounce him. President Hoover thereupon sent Mellon as Ambassador to Great Britain. This, of course, meant no change in U. S. Treasury policy as millionaire Ogden Mills out-Melloned Mellon in his favors to his class.

Mellon used the crisis of 1929, as he had those of 1893 and 1907, and as his father had used the panic of 1873, to "clean up." His corporations, if necessary, paid interest and dividends out of vast surplus funds which had been piled up in good times. They bought up small companies in distress for a song. Mellon acquired numerous banks in western Pennsylvania when they became insolvent. He could have saved these banks and the workers money deposited in them. Instead he waited till they went on the rocks and then bought them up.

His Union Trust Co., keystone of his financial structure, continued to pay 200% annual dividends. An analysis of his family's income showed hardly any decline during years which saw at least 15,000,000 unemployed. In 1929 the Mellons received about $35,000,000 in dividends alone. In 1930, their estimated income went up to $38,000,000 and even in the panicky year 1931 the figure declined only to about $33,000,000. (These figures are based on our estimate of Mellon share of control or ownership of particular companies.)

Despite this personal prosperity, however, his companies ruthlessly slashed wages and working forces. Some of his aluminum workers, by 1933, were working for as little as 18 cents an hour. Thousands were laid off by Gulf Oil. No unemployment insurance protected them. In 1931 Mellon and his brother gave a grudging $300,000 to Pittsburgh charity, less than 1% of their income for the year. Later they were obliged to contribute $750,000 more. But that was just a fraction of the sum that Andrew Mellon spent in that year for art treasures alone! From Union Trust in 1931 his family drew dividends of more than $2,400,000, and other banks yielded him a million more.

President Roosevelt, seeking desperately to save the capitalist system from collapse, announced the "New Deal" in 1933, and instituted the National Recovery Act. Mellon continued to fight unionism, higher wages, and shorter hours with all the forces at his command.

Mellon—A Class Symbol

Mellon is the supreme expression of predatory, acquisitive capitalism. In this system of exploitation and individual acquisition, he did his best to search out, control, acquire and hold on to everything he saw that looked as if a profit could be made out of it. The more he, and all capitalists, acquired, the deeper in misery became the masses.

Mellon did not create this wealth, which he today controls. He sought only to gain control over wealth, that he might intercept the profits. And he used these profits to gain further control—the process being almost endless. But the source of this wealth and these profits remained as always—the exploitation of the resources of the country and the labor of the masses.

It is against this system of capitalism—mass exploitation for individual gain—that the workers fight. It is capitalism that produced Mellon, just as it produced the wretchedness of workers' lives, the horrors of our civilization and the army of half-starved unemployed.

Capitalism yesterday produced its great fortunes, today produces its Mellons and Rockefellers and Morgans, and tomorrow another set. Under capitalism all wealth becomes concentrated. It is for a new order of society, granting no place to exploiters, as in the Soviet Union, that we fight. The workers, creators of this wealth, will then have its use.