

PRESTO CHANGE

By J. RAMIREZ.

John D. Ryan, chairman of the Rockefeller-controlled Anaconda Copper Mining Co., has just been created a Knight of the Order of St. Gregory by the Pope. Coming at this time, the pontiff's gracious act naturally causes one to wonder whether it is intended as a tribute to the extraordinary success with which Mr. Ryan and his associates have been inducing the dear public to buy \$150,000,000 worth of Anaconda securities. The bonds and debentures just issued by the Anaconda Copper Mining Co. represent the biggest piece of copper financing in the history of the world. The purpose of the issue is to secure funds with which to acquire control of the Chile Copper Co., Anaconda officials having already arranged to take over from the Guggenheims 2,200,000 shares of Chile Copper at the rate of \$35 a share.

Chile Blocks the Way.

Everybody acquainted with Wall Street knows why Anaconda is purchasing control of Chile Copper. Chile Copper is a "low cost producer;" it is mining copper, refining it and laying it down in New York at a cost of less than 6 cents a pound, including selling and delivery charges. Because of the competition of Chile Copper, the American copper kings have failed in their persistent efforts to push the price of copper up to 22 cents a pound; the red metal is now selling around 14 1/2 cents a pound. Under these circumstances the Rockefellers and Ryans could hardly be expected to feel that competition is the life of trade. They are buying out Chile Copper so that they can charge what they like.

This latest acquisition brings to Anaconda the largest known deposit of ore in the world—approximately 700,000,000 tons, enough to last 100 years at capacity operation. It rounds out the plan conceived a short time ago when Anaconda gobbled up the American Brass Company, and, as The Wall Street Journal so aptly remarks, "it will make Anaconda the great manufacturing-producing company that the United States Steel Corporation is in iron and steel." In other words, it means the final flowering of the Copper Trust.

It will be seen that this is no petty deal. It is going to put millions of dollars into the pockets of certain financier-magicians who have never mined an ounce of ore nor participated actively in the management of a single copper company. Some of the profits have already been cashed in.

Financial Wizardry.

There are two stories that might be written here. One is the story of the future development of Anaconda as the absolute lord and master in the copper industry. The other is the story that has already happened: the story of those 77 million dollars which have fallen into the lap of the Guggenheims as a result of the sale of their stock in the Chile Copper Company. This latter story involves the entire past history of Chile Copper. When it is told the reader will have an inside view of one of those bewildering adventures in financial trickery by which great fortunes are made out of nothing.

The Chile Copper Co. was incorporated on April 16, 1913, with an authorized capital stock of \$95,000,000. The company owns about 7,500 acres in the copper district of Chuquibambata, republic of Chile, besides mining equipment, smelting plant, storage facilities and 12 miles of railroad. The mining properties comprise several groups of claims which formerly were owned by various companies and individuals, but which later were combined into one compact group. For some years prior to 1913, a certain A. C. Burrage of Boston had been quietly examining and picking up the properties that now comprise the Chuquibambata deposit. It was he who planned and inspired the present company.

When Burrage brought the Chuquibambata deposit to the Guggenheims he had spent about \$140,000. The Guggenheims were quite willing to join with him, and so the Chile Exploration Company was formed with \$1,000,000 capital. Of this \$1,000,000 neither the Guggenheims nor Burrage put in one cent. They merely "capitalized" the company at a million dollars and sold the shares to the public. Shortly thereafter the Chile Copper Co., with \$95,000,000 capital stock, was created as a holding company for Chile Exploration. Burrage was paid back the \$140,000 he had spent and given 1,000,000 shares of Chile Copper Co. for his interest in the Chuquibambata deposit and as a

reward for having been so kind as to bring it to the attention of the Guggenheims. The remaining 2,800,000 shares were divided among the Guggenheims (the five brothers and some other members of the family.)

How the Millions Grew.

Beyond a few hundred thousand dollars for preliminary work no cash went into the Chile enterprise except that provided by the public. In May, 1913, \$15,000,000 of convertible bonds were offered to the public. These bonds were convertible into Chile stock at \$25 per share at any time up to maturity—but that did not affect the perpetual control of the skillful Guggenheims, who were careful to see that, in spite of new issues, the majority of the stock remained in their hands.

As Chile's development progressed—and it advanced faster than its creators expected—more money was required. Consequently, in April, 1917, additional bonds to the tune of \$35,000,000 were sold to the ever ready public.

For the development of the Chile Copper Co., therefore, \$50,000,000 worth of bonds were sold to the public and \$40,000,000 of additional stock was authorized to provide for the conversion of the bonds, making Chile's authorized share capital \$135,000,000. This money, plus the vast amount poured back into development each year since the company began producing in 1916, has brought the Chile Copper Co. to the point where it is today the lowest cost copper producer of magnitude in the world. Of course there is another reason why the Chile Copper Co. is such a low cost producer: intensive exploitation of the "cheap Chilean labor"—but that is a story by itself.

Now we are in a position to understand how Messrs. Guggenheim, the great copper magnates, happened to be the fortunate possessors of property which they could sell, with the control of the Chile Copper Co., for 88 million dollars. They have seen the value of their shares grow from nothing to a present stock market appraisal of \$30 and a sales value to Anaconda of \$35 a share. Meanwhile, in the entire ten years that the Chile Copper Co. has been in existence not a single penny has been paid out in dividends. Profits which might have been distributed among the individual stockholders have been sidetracked somewhere, or else put back into the business to build up the value of the Guggenheims' shares.

Get the Slave's Dollar.

While the development of great corporations, modern capitalism has put even the wage slave's savings at the service of his exploiters. Any skilled worker may own a \$50 share of Anaconda Copper Mining Co. stock, but ownership of that share merely signifies that he has put \$50 into the hands of the company's board of directors, to do with as Rockefeller and Ryan may see fit. If instead of buying stocks or bonds the worker places his money in a savings bank, he finds that the bank itself is dominated by the big interests and that its deposits inevitably become their working capital.

In effect everywhere throughout the country there are innumerable agencies through which the dollars are kept rolling into the laps of the little circle of money lords who sit at the top of the system.

Day by day in every way the capitalists are doing it better and better. Daniel Guggenheim rubs a little lamp; "presto changeo," and 77 million dollars appear out of nothingness. But only apparently out of nothingness. Intelligent people no longer believe in the wizardry of the stage magician; they know that the 77,000,000 dollars must have been extracted secretly from the pockets of the men and women who toil to produce them.