

# The Passing of Pittsburgh Plus

BY J. RAMIREZ (Gomez)

THE West is full-grown now. News that Pittsburgh Plus may soon disappear into the limbo of played-out phrases marks the passing of a whole epoch. In place of the Wild and Woolly West of the old Jesse James days, we have—Hollywood, with its salaried armies of movie desperadoes, manufacturing reel after reel of standard "westerns" for a worldwide market. Seattle has become the fourth greatest port in the United States, and Los Angeles one of the most populous cities. . . . But there was always another, more familiar West, without definite geographical limits, a West which spread out persistently year by year from its early enclaves in the foothills of the Alleghenies. It was for this West, with its headlong industrial development, that Pittsburgh Plus was invented.

Steel for the new industries was shipped from the East, first from Philadelphia and then from Pittsburgh. Later, the all-powerful Steel Trust began to establish mills farther west, closer to the western ores and shipping terminals; but the Steel Trust did not proceed to lower the price of steel accordingly. All metal was sold "Pittsburgh Plus." Regardless of where it was fabricated, the imaginary freight from Pittsburgh was added to the selling price. Thus a Chicago contractor might get his steel from South Chicago or Gary, but he paid the same price for it as tho it were actually shipped from Pittsburgh.

Pittsburgh Plus has become a basic consideration in the constructional activities of the West. Business men reckon with it in their financial calculations. It enters into every phase of industrial planning. The imaginary freight on steel paid by the so-called ultimate consumers last year, in only eleven middle Western states, amounted to more than \$30,000,000—and those states include only a small percentage of the Western and Southern population affected by Pittsburgh Plus!

Obviously, Pittsburgh Plus is a symbol of monopoly. The existence of the practice bears ample and candid testimony to the dominant role of the Steel Trust in American heavy industry. "Combinations in restraint of trade" may be persecuted so earnestly that workers are thrown into jail every time they go on strike, anti-trust laws may come and go, Bob LaFollette may shake his pompadour ever so menacingly; but the \$2,430,000,000 assets of the United States Steel Corporation continue to make themselves felt in one way or another. Pittsburgh Plus takes the place of the old steel pools and other outlawed schemes for cashing in on monopoly power. Nor will the passing of Pittsburgh Plus put an end to all this.

It is merely a question of finding a new basis for the exaction of monopoly price. Steel pools furnished the medium at one stage of economic development, Pittsburgh Plus at another. Big capitalists are planning to do away with Pittsburgh Plus voluntarily now, for the simple reason that it no longer corresponds to all their interests. Perhaps "voluntarily" is not the right word. Some capitalists are merely responding to pressure from important business allies; the whole movement is also influenced by political considerations, and the inherent issues in the present election campaign have had a whole lot to do with hastening the progress toward a new policy. The fact remains that there is a great and growing sentiment among the leading capitalists themselves, in favor of the abolition of Pittsburgh Plus. This, of course, implies a change in the relation between the money-power of the East and the industrial forces of the West.

It must be kept in mind that, in addition to being a mechanism for the maintenance of monopoly price, Pittsburgh Plus signified the exploitation of the West by the East.

The West has been a sort of colony of the East. Students of imperialism long ago pointed out that America's delay in getting into the race for world

empire was due to the existence of vast, rich and undeveloped lands lying within its own borders. This territory was not long allowed to remain unproductive. Hardy pioneers, starting out over the mountains, conquered the Indians and wild beasts, felled the forests, planted the fields, and overcame innumerable obstacles in preparing the way for the hosts of settlers who were to follow. The story of "the winning of the west" is a great epic of human courage, resourcefulness and indomitable will. But the early settlers possessed only their strength and skill; they had no capital, and as a consequence they were soon paying interest to the merchants and money-lenders of the East.

The attitude of the East toward the West was much the same as that of Great Britain toward the American Colonies in the pre-Revolutionary War days. It was dominated by a single, guiding principle, and that was to get

because of the extra profits they were making there and because of the protection Pittsburgh Plus afforded to their undertakings in the East.

Equilibrium could not be maintained on that basis, however. The West grew up. Its power multiplied. The importance of its manufactures steadily increased. It too began to have a surplus of commodities, for export to the East and to foreign countries—and it could not afford to tolerate discriminatory charges against its output, if it was to meet the competition of the general market. An aggressive local capitalism had sprung up, with interests distinct from those of the absentee investors. The local capitalists resented the subordination of Western initiative to the economic imperialism of the East. Circumstances like the continued domination of the state of California by the Southern Pacific Railroad, united native capitalists with ranchers and farmers

and management of the big-boss in Wall Street. Control is exercised now directly, now indirectly. Sometimes it is merely on the basis of a tacit business alliance—and this is an important factor in the rule of Eastern finance capital over the West. I have already referred to the class of smaller local capitalists who grew up with the developing West. These capitalists have been dominated, of course, by the big interests, and they are quite prepared to continue in the role of satellites; nevertheless, they demand a certain freedom of movement. If they are to remain at such an obvious disadvantage in competition, if there is to be a sort of internal customs barrier constantly raised against them, they will simply refuse to play the game.

LaFollettism carries with it a threat that the Wall Street buccaneers cannot afford to ignore. They are obliged to find a way out, a way which will satisfy Western aspirations and turn the LaFollette ferment into a diffused and meaningless "equal rights" movement—without at the same time injuring their own always paramount interests.

That is not so difficult as it may seem. As a matter of fact, it is no longer to their interest to impose sectional restrictions on industry. Their stake in the West is so great that the capital involved can not wisely be treated as "colonial capital." The West must become completely absorbed into a unified American economic system! That is the substance of the Western demands, that is the desire of finance capital, and that is the development which is actually being consummated.

All over the world, capitalism tends to become national capitalism, with the national tariff boundaries as greatly extended as possible.

In the light of the changed economic relations between the East and the West, the abolition of Pittsburgh Plus became an issue of much greater significance than may appear to the casual observer. Instead of being a simple anti-trust maneuver, a blow at price-fixing, the plan to do away with Pittsburgh Plus is a move for a homogeneous capitalist industry. Pittsburgh Plus did not disappear when the Federal Trade Commission ruled against it, declaring it to be in violation of both the Clayton Act and the Federal Trade Commission Act (The Commission just discovered this last month!) Elbert H. Gary and others, whose holdings are primarily in steel, may oppose the ruling in the Supreme Court; they may temporarily defeat it; but the chances are that Gary will have to take his orders from the real bosses of the United States Steel Corporation—the finance capitalists of J. P. Morgan & Co. The end of Pittsburgh Plus is clearly in sight.

No one need suppose for a minute that we are about to witness the capitulation of monopoly. The capitalist press editorializes sagely on "the decentralization that will now take place in the steel industry," but the truth is that, if the Pittsburgh Plus practice is discontinued, there is likely to be a real squeezing out of "independents," who are able to compete in the industry now only because of the big margin of price protection assured them by Pittsburgh Plus. The passing of Pittsburgh Plus means not less, but more centralization. It does not signify the end of monopoly price for steel, but the extension of monopoly price from a sectional to a nation-wide proposition.

All over the world, capitalism tends to become national capitalism, and the national tariff boundaries are as greatly extended as possible. The finance capitalists have come into their own in the United States. They can now give their undivided efforts to the extension of the imperial dominions in South America and overseas.

If it were not for Organized Labor the working classes would not be getting a third of the wages they do.—Gladstone.

One hour spent in the execution of social justice is worth seventy hours of prayer.—John Ruskin.

## THE CHANT PROPHETIC

By JOSEPH KALOR.

Oh, the bones and the blood and the hearts of men!  
Tirra boom boom boom—tirra boom boom boom!  
Oh, the sobs and the cries and the tears of men!  
Oh, the scars and the scabs and the wounds of men!  
Tirra boom boom boom—tirra boom boom boom!

Hear the tramp and the stamp and the roar of feet!  
Tirra boom boom boom—tirra boom boom boom!  
See the grass and see the trees and see how fresh they be!  
Hear the clang and hear the bang of dropping chains!  
Tirra boom boom boom—tirra boom boom boom!

See them laugh and see them smile and see their joy!  
Tirra boom boom boom—tirra boom boom boom!  
Hear the bang and hear the clang and see the chains slip free!  
See the hearts and see the souls and see them fresher grow!  
Tirra boom boom boom—tirra boom boom boom!

as much out of the newly-opened-up territory as possible. The welfare of the West was never considered. It was thought of only as an inexhaustible, exclusive market which should and must pay tribute to the "homeland." For a long time, the Eastern capitalists consciously and deliberately retarded the development of the West. They objected to the apportionment of public lands in the West; they have steadfastly opposed the development of Western waterways. The famous Aaron Burr Conspiracy was based on Kentucky's fear that the East would prevent the river settlements from gaining the mouth of the Mississippi and the markets opened there. The Whiskey Rebellion was a protest of trans-mountain grain growers against the excise tax with which the East was burdening their toil.

As capital began to accumulate in the East, the irresistible call of the higher rate of profit led the Eastern capitalists to invest more and more of their surplus out West; the conception of imperial purpose was therefore modernized. This period corresponded with the rise of the Republican Party, the party of expansion. Rails were laid everywhere. Industries were opened up. New cities were built. And at every stage of the process the Federal Government, owned body and soul by the Eastern money power, defended the imperial interests of the exporters of capital. Subsidies, scandalous grants of Western lands to the railroads, discriminatory legislation and other abuses became fixed in practice.

Periodically, the West revolted against the investment-holding seaboard; the revolts found expression in the granger movements, the soft money agitation, the free silver campaign and, to a large extent, in populism.

Iron and steel are the backbone of modern industry, and steel was now a basic factor determining the form of export of capital to the west. Pittsburgh Plus came into its own, as a levy on Western production. The big security holders with interests in the Western states were quite satisfied to pay a premium on steel for the West

in energetic protest.

Not being the outgrowth of actual colonial exploitation, the "national liberation" movement of the West expresses itself in the struggle of local capitalism for equal competitive opportunity inside the circle of American economic life. This is the basis for the "new radicalism" of the West. It is the secret of the resurgence of a militant movement of the lower middle class in a country where Big Business long ago consolidated itself in power over the wreck of a vanquished petty bourgeoisie. We often refer to LaFollette as the spokesman of the middle class, but it is not always appreciated that the middle class element actively supporting him are almost exclusively Western. Aside from the condition of the farmers, LaFollettism has for its principle background the insurgent attitude of native Western capitalism toward the East. LaFollette's appeal to the workers is merely for the purpose of exploiting the political power of the masses in the interests of the rich middle class.

There has been another struggle between West and East—in the field of large-scale industry. This is really a phase of the historical rise of American banking capital; the struggle of finance capital against industrial capital in the United States became a struggle on the part of Wall Street to complete its hegemony over the new West. That the struggle is already virtually won is shown by the recent absorption of Western shipping interests and by the gradual lapse under banking control of the Armour, Morris and Wilson packing business, representing the last important stronghold of independent capital in the West.

The financial kings of the East now have a tremendous stake in the West. Theirs is the dominant influence there, politically as well as economically. Thus the same individuals control both East and West. But in a different measure. It is a mistake to think of modern American monopolistic capitalism as a single, perfectly co-ordinated mechanism, fitting neatly into place under the direct ownership