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Highly Concentrated Finance Capital

Controls Even the Largest Corporations

# WHO REALLY RULES AMERICA?

*Richard Pelton*

Published By:

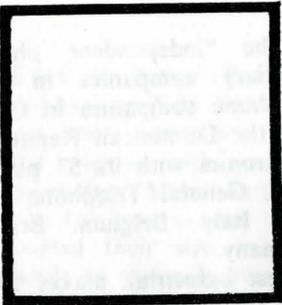
New England Free Press  
60 Union Square  
Somerville, Mass. 02143

Why Concentrated Finance Controls Even the Largest Corporations

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This article is reprinted from the February 1970 issue of PL, the national bi-monthly magazine of the Progressive Labor Party. Copies of PL are available from: Box 308, Brooklyn, N.Y. 11201.





'Hawks' and 'Doves' Have One Master...

# WHO REALLY RULES AMERICA?

by Richard Pelton

*Never has capital in the United States been so concentrated. Today in the hands of an extremely small number of financiers run the threads of the entire imperialist economy. From the corner gas station to a copper mine in Chile extends an empire controlled by a handful of closely allied financial groups that directly control the bulk of basic domestic industry, the bulk of domestic finance and all the overseas empire of American capital; indirectly the rest of the economy is under their sway. These are the real rulers; they have all the power and they share it with no one.*

**I**N 1965 there were some 340,000 industrial corporations in the United States. The biggest 500 of these, amounting to .15% of the total, had 60.2% of the industrial sales and 71% of the industrial profits. In 1969 the biggest 200 controlled well over 60% of the industrial assets. The biggest 100 industrials, only .03% of the total number, had nearly 40% of the industrial sales. More than 68% of the workers in the 340,000 industrial corporations worked for the biggest 500 in 1968.

A similar state of affairs existed in other branches of the economy. The 50 biggest merchandising chains had a net income of over a billion dollars in 1966; 62.5% of that net income went to the ten largest chains. The three biggest commercial banks owned one-eighth of the assets of the some 13,000 banks in the country. There were 1,718 life insurance companies in the country with total assets of \$167-billion. The ten biggest of these held \$94-billion, or 56½% of the life insurance assets. Even more striking, the two biggest, Prudential and Metropolitan Life, owned 36% of the life insurance assets. American Tel & Tel owned 84% of the telephones in the country, while General Telephone, its "competition," owned 50% of the remainder.

While the telephone industry—like auto, steel, oil and some others—has for some time been highly

monopolized, the recent period has seen a sharp increase in mergers in other sectors of the economy. The food, textiles, retail trade, aircraft and electronics industries are increasingly being controlled by two or three corporations. Just since 1965 we have seen: (1) Consolidation Coal, itself the biggest amalgamation of coal mines, taken over by Continental Oil; (2) Douglas Aircraft, maker of the DC-8, merged with McDonnell Aviation; (3) Atlantic Refining combined with Richfield Oil and then merging with Sinclair Oil; (4) Sunshine Biscuits acquired by American Tobacco; (5) North American Aviation merge with Rockwell Standard; (6) Signal Oil & Gas taking over Mack Trucks; (7) Gulf & Western Industries digesting Consolidated Cigar, then E. V. Bliss & Co., and finally Universal-American; (8) Container Corporation of America bought by Montgomery Ward; (9) Kern County Land merge with Tenneco Oil Co. (10) Sunray DX Oil by Sun Oil; (11) Peabody Coal by Kennecott Copper; (12) Hooker Chemical by Occidental Petroleum; (13) Crucible Steel by Colt Industries; (14) General Precision by Singer; (15) Westinghouse Air Brake by American Standard.

These are just some recent highlights of a general trend. When billion dollar outfits like Douglas Aircraft are being gobbled up, thousands of smaller fish are also going under. In fact, while from 1948-1957 there were 4,303 mergers, in 1967 alone there were 1,496 mergers; 607 of those com-

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panies taken over were worth \$50-million or more. Twelve companies, each worth over \$250-million were gobbled up in 1968. In the first three months of 1969, 43 large manufacturing firms worth \$45.5-billion were taken over.

While monopolization in each industry has increased, most of the large corporations, unable and unwilling to take on the giants in their own industry, use their surplus capital to move into other industries where monopolization is not yet complete. This forces an increased rate of monopolization in those few sectors of the economy where some competition still prevailed. Almost all of the big industrial corporations now have interests in a wide variety of industries. Some, like Litton Industries or Gulf & Western, are called conglomerates because of their extreme diversification.

An example of the latter is the Dallas-based Ling-Temco-Vought. Organized only in 1953, it has, with the backing of big money (Rockefeller) from the East, become one of the 100 largest industrials. It started as Ling Electronics; when in the late nineteen-fifties it fell under the sway of Eastern money, it began a campaign of rapidly gobbling up other electronics companies; more than 10 were taken over from 1957-1960. In 1960 it entered the aircraft industry by merging first Temco Aircraft, then Chance-Vought. Then in rapid succession, refrigeration, chemical, pharmaceutical, mobil communications and missile companies were bought up. In 1967 Wilson & Co., itself a conglomerate of meat, pharmaceutical and sporting goods equipment, was taken over. Then Goldschmit Chemicals was taken. In 1968 the company bought out GreatAmerica, giving Ling-Temco-Vought control of Braniff International Airways, National Car Rentals, a big California bank and three insurance companies. It sold the bank and with that money bought control of Jons & Laughlin Steel, the sixth largest manufacturer of basic steel. Thus by the company's 16th birthday, it occupied an important monopoly position in the meat, aerospace, electronics, wire and cable, sporting goods, airline, pharmaceutical, car rentals and steel industries.

The Penn-Central Railroad, the largest in the nation, is another example. Formed by a merger of the biggest and the fourth biggest railroads, it operates directly 27,000 miles of track. But that's not all; it also operates under lease 39 other railroads, including such major ones as the New Haven Railroad, the Pittsburg Lake Erie Railroad, the Lehigh Valley Line, the Wabash Line, etc. But even that's not the end of it. The Penn-Central own securities (effective control) in 90 other railroads. Outside the railroad field, the company owns Buckeye Pipe Line Co., the Biltmore, Barclay, Roosevelt, Commodore and Waldorf-Astoria Hotels in New York City, 20 acres of Park Avenue real estate in downtown New York and is acquiring Kayser-Roth Co., the garment monopoly that owns 119 garment sweatshops in the U.S., Canada, Puerto Rico and Italy.

General Telephone, the "independent phone company," has 30 subsidiary companies in the U.S.; it also controls the phone companies in Quebec, British Columbia and the Dominican Republic. It also owns Sylvania Electronics with its 57 plants and Automatic Electric Co. General Telephone operates plants in Canada, Italy, Belgium, Brazil, Argentina, Mexico and Germany.

Ford, the seventh largest industrial, makes 23% of the cars and 30% of the trucks in North America; its Philco division makes everything from missiles to home appliances. It has divisions that make all kinds of parts for motor vehicles, all kinds of tractors and farm equipment. Overseas its subsidiary in Germany, Ford-Werke A.G., is the third largest. With assembly and manufacturing plants in Canada, Great Britain, Germany, Brazil, Argentina, Mexico, Australia, South Africa, New Zealand, Malaysia, Finland, the Netherlands and elsewhere, more than 400,000 of the world's workers work for Ford.

Chase-Manhattan Bank, the second largest, has 142 branches in the New York area. It owns Banco del Commerce with 120 branches in Columbia and Panama, Banco Continental with 42 branches in Peru, Banco Atlantida with 24 branches in Honduras, Nederlandsche Crediet with 66 branches in the Netherlands and major banks in Brazil, Venezuela, Belgium, Austria, West Indies and Ireland. Chase-Manhattan controls the Standard Bank Group, which with 1,100 branches dominates finance in Kenya, Malawi, Tanzania, Uganda, Zambia, South Africa, Rhodesia, Nigeria, Ghana and eight other African countries. But this is just the tip of the iceberg of Chase-Manhattan's power. Its huge financial resources allow it to control and influence many of the other biggest monopolies and imperialist concerns in the U.S. and abroad.

### **New York Banks Take Power**

The tremendous wave of mergers and concentration of capital that has taken place in the last 20 years has been financed by the big banks, and particularly the big New York wholesale banks. The power of the main New York banks has grown tremendously in this period, and their domination of the U.S. economy has become complete. Just since 1955 the following changes have taken place among the six big New York banks that strengthened their monopoly position: (1) In 1955 the Chase National Bank was worth \$5.4-billion; it took over the Bank of Manhattan and by 1967 the Chase Manhattan was worth \$5.6-billion; it took over the First National Bank and by 1967 the First National City Bank was worth \$15.2-billion; (2) In 1955 Manufacturers Trust was worth \$2.8-billion; it combined with the Hanover Bank and by 1967 the Manufacturers Hanover Trust was worth \$8-billion; (3) In 1955 the Guaranty Trust was worth \$2.6-billion; it merged the J.P. Morgan & Co., and by 1967 the Morgan Guaranty was worth \$7.3-billion; (4) In 1955 the Chemical

Corn Exchange Bank was worth \$2.6-billion; it gobbled up New York Trust and by 1967 the Chemical Bank was worth \$7.1-billion; (5) Bankers Trust Co. merged with some smaller banks and grew in assets from \$2-billion to \$6-billion.

In general the New York wholesale banks tripled their size in the 12-year period 1955-1967 while by contrast even the big retail banks, such as Bank of America and the two major Chicago banks, only doubled their size. This reflected the increasing dominance of the New York banks over all fields of industry, which we shall detail. Moreover these six banks represent only three separate interest groups. The Chase-Manhattan, First National City and Chemical banks are controlled by a group of families and financiers in which the Rockefellers predominate. The Morgan Guaranty Trust and Bankers Trust are controlled by a group of financiers and families that J.P. Morgan put together. Manufacturers Hanover Trust is closely connected with the two groups and with Prudential Insurance Co. Together the Morgan and Rockefeller banks control the majority of the biggest corporations in the country.

The power of the New York banks is far greater than their nominal assets would indicate. As primarily wholesale banks their money carries much more weight. For example, Bank of America's Salinas branch money is undoubtedly tied up in loans to farmers, small and medium businessmen, and retail loans and mortgages. Chase-Manhattan's loans, on the other hand, are predominantly to big corporations. The New York banks have no branches outside the New York City area and a very much smaller percentage is tied up in retail loans. Although Bank of America has loans with big industrial corporations, *a much smaller per cent of its assets is in such loans than the New York banks.* With these loans, of course, comes control.

Secondly, the New York banks control most of the trust funds and dominate the trust functions in the country. In addition to its own assets, Chase-Manhattan invests billions of dollars (at least \$30-billion) of various millionaires' money that it holds in trust. This means a tremendous amount of power in the corporations in which the banks invest. The vast majority of trust funds in the U.S. are held by the six big New York banks. Although the exact figures are secret a safe bet would be that each of these banks manages at least the same amount as its public assets in secret trust funds. In addition these six banks act as bond trustees, stock transfer agents and stock registrars for almost all of the biggest industrial corporations.

The period since World War II has been one of tremendous concentration and expansion of capital. Money has been increasingly dear and the industrial corporations have had to pay dearly for it. Thus the power of the big banks who have the money has grown faster. Thus fewer and fewer corporations have been able to remain independent of the big banks. (Raising the prime interest rates to 8½%

accelerates this process.) We will see this concretely below, but first we should establish the crucial role of the banks.

Over 50 years ago Lenin penetratingly analyzed the new role that banks play under monopoly capitalism.

The principal and original function of banks is to serve as middlemen in the making of payments. In doing so they transform inactive money capital into active, that is, into capital yielding a profit; they collect all kinds of money revenues and place them at the disposal of the capitalist class.

As banking develops and becomes concentrated in a small number of establishments, the banks grow from humble middlemen into powerful monopolies having at their command almost the whole of the money capital of all the capitalists and small businessmen and also the larger part of the means of production and of the sources of raw materials of the given country and in a number of countries. This transformation of numerous humble middlemen into a handful of monopolists represents one of the fundamental processes in the growth of capitalism into capitalist imperialism....

Scattered capitalists are transformed into a single collective capitalist. When carrying the current accounts of a few capitalists, a bank, as it were, transacts a purely technical and exclusively auxiliary operation. When, however, this operation grows to enormous dimensions, we find that a handful of monopolists subordinate to their will all the operations, both commercial and industrial, of the whole of capitalist society; for they obtain the opportunity—by means of their banking connections, their current accounts and other financial operations—first, to *ascertain exactly* the financial position of the various capitalists, then to *control* them, to influence them by restricting or enlarging, facilitating or hindering credits, and finally *entirely determine* their fate, determine their income, deprive them of capital, or permit them to increase their capital rapidly and to enormous dimensions, etc.—*Imperialism, the Highest Stage of Capitalism.*

This process that Lenin observed in 1916 was less advanced in the U.S. than in Europe, owing to the peculiar history of banking here. Banking went through three phases here. At first they were very important because of their relationship with the mercantile capitalists that declared independence from England. These first banks were broken up during the rise of the manufacturing capitalists in the early 19th century. They were heavily restricted and state laws kept them artificially small until the advent of monopoly capital at the end of the 19th century gave the banks a rebirth. The original trusts and monopolies were backed by investment brokers and speculators, not by banks as was the case in Europe. The founding robber barons, however, began a process of nurturing selected infant banks to maturity in order to consolidate their monopolies. The banks soon became the center of the

interests groups that these speculators and robber barons formed.

Thus arose the big wholesale banks in the early part of this century. The various holding companies and investment houses could not perform the functions Lenin described as well as the banks, since only the banks could use their depositors' money as well as the "personal" money of the "founder." Thus the investment houses were more or less abandoned and the favored banks assumed the role of controlling the monopolies in the interest group formed by this or that speculator. For each interest group controlled by a family or financier, a bank arose as the focus of power. Thus the Mellons formed their Mellon National Bank to control their aluminum monopoly, Alcoa and their Gulf Oil; J.P. Morgan formed J.P. Morgan & Co. to control his U.S. Steel and General Electric; and Rockefeller had the Chase National Bank for his Standard Oil. Having his bank control his company rather than owning it directly allowed the "founder" to spread his money out more and gain control of other people's money in the bargain.

The next step for these big wholesale banks was to increase their capital enormously by gaining control of various forms of retail finance. In state such as California where unlimited banking was legal, branches were opened all over the state and the small country banks were put out of business. Bank of America has over 1,000 branches now. In states where this was not allowed, the law was circumvented by forming bank holding companies. Thus the Morgan banks are able to dominate upstate New York banking through the Marine Midland Corporation which owned 11 upstate banks with 224 branches and controlled \$4.3-billion in 1967; the big Boston banks controlled small town Massachusetts retail banking through the Baystate Corporation and the Shawmut Association, which together owned 24 banks with 216 offices and nearly \$2-billion in 1967; and the Rockefeller banks controlled retail banking in Minnesota, Iowa and the Dakotas through the Northwest Bancorporation and First Bank Stock Corporation, which together owned 165 banks with 212 offices and nearly \$6-billion in 1967. Those banks not directly owned by holding companies were indirectly controlled through various correspondent relationships and the like.

The big banks fostered the formation and growth of big insurance companies with their tremendous resources. Unlike the fire and casualty insurance companies, which don't amass comparatively large amounts of capital, life insurance companies amass tremendous amounts. Since World War II under the sponsorship of the big banks, the life insurance companies have made large increases in their resources. The assets of life insurance companies nearly tripled from 1950 to 1967. Since all of the 15 largest life insurance companies are closely connected with one of the major banks or

group of banks this has vastly increased the power of the banks.

Of little importance in controlling industrial and financial power are the savings & loan associations and mutual savings banks; their resources are almost entirely tied up in home mortgages. The assets of the savings banks are almost equal to one-half that of the commercial banks, but they only have .02% of the commercial and industrial loans, which is where the power lies.

Thus the original robber barons fostered the big banks to control their original monopolies. Their successors used these banks to gain control of the entire banking and all important financial fields. This gave the banks command of an entire financial apparatus that was not only sufficient to control such giants as Standard Oil, General Electric or Alcoa, but also could be used to gain control of independent industrial companies. With the vast increase of mergers, every major monopoly had to expand or die. The degree of expansion that was required in almost every instance just to stay afloat was such that even such giants as General Motors and Ford had to go into hock to the big banks.

### **Giant Companies Gobbled Up**

As late as the early nineteen-fifties General Motors and Ford were relatively independent of the big banks. But the pressures to expand and modernize their plants forced these grants to go begging to the big New York banks. On December 9, 1953, G.M. got a \$300-million loan in the form of bonds offered by Morgan, Stanley & Co., a Morgan investment house; the trustee was Rockefeller's First National City Bank. Since then the G.M. Acceptance Corporation has floated some 13 bond issues, backed by First National City Bank and the Morgan Guaranty Trust. And as we shall see below, the biggest corporation fell into the hands of the big banks.

Ford was forced to follow the same road. Up until 1956 the company was the private property of the Ford family, but the same pressures that G.M. felt forced the Ford family to start selling shares in 1956; by 1963, 29 million shares were sold. This big sale was underwritten by a group of New York investment houses, among which the Morgan-allied Lehman Corporation predominated; and they were backed by four big banks of which the Bankers Trust and First National City Bank are most prominent. With money comes power, and real control of Ford slid away from the Ford family. True, Henry Ford is still president and does the day-to-day running of the company. But Henry Ford is now answerable to the bankers that sit on the board of directors. Two directors of Ford are from the Morgan Guaranty Trust; three directors are from the Lehman Corporation or its tightly controlled One William Street Fund. The Lehman Corporation is interlocked with the two big Morgan banks so that

essentially five Ford directors represent the interests of these banks. That is enough to have the decisive say on all important matters *including whether or not Henry Ford remains president of Ford Motors*. In this day when the New York banks dominate the entire economy, the Ford family, rich as it is, is not rich enough to control Ford Motor Company.

What happened to Ford and G.M. was repeated with most of the other major independents. IBM, National Cash Register, Goodyear Rubber, Ralston-Purina, TWA, Texaco, Union Carbide, all originally controlled by a family or an independent group of financiers, fell under sway of the big New York banks. IBM has eight directors from these banks—four Morgan directors and four Rockefeller. National Cash Register has three First National City Bank directors; Texaco has two from Rockefeller's Chemical Bank; Union Carbide, three from Manufacturer's Hanover Trust, and so on for over 100 of the formerly biggest independents. The degree of control varies and some corporations remain tied to Midwestern or California banks and a very few retained a kind of independence, but the rapidly increasing dominance of all sections of the economy by the six big New York banks has been the basic economic fact since 1950.

### **Mr. Hughes Learns a Lesson**

What happened to Howard Hughes in the TWA affair is a striking case in point. Howard Hughes, who is called the world's richest man but is actually very low on the totem pole of power, acquired control of TWA when it was a small struggling airline. With the tremendous growth of the airline industry in the post-war period TWA grew to be a strategic property. The money required to purchase the jet aircraft that TWA needed was more than even Howard Hughes could raise.

In 1960 Hughes went hat in hand to the New York bankers. A consortium of banks and insurance companies headed by Rockefeller and Morgan investment companies advanced TWA \$340-million. But in return they demanded control of the board of directors of TWA. Hughes was ousted from the management even though he owned 78.23% of the stock. Although Hughes wasn't allowed under the agreement to vote his stock, he had some control of the equipment purchases, and the agreement with the banks provided that Hughes would regain control of TWA once the debt could be refunded. He then could conceivably vote out the bankers' management

To rid themselves of this threat, the new managers of TWA in 1961 went to court to force Hughes to sell his TWA stock and to end forever his interest in TWA. The courts, ever mindful of who holds real power in this country, carried out the bankers' wishes. Hughes was forced to sell his stock. Private property of those who opposed the

wishes of the New York banks is not sacred in federal court.

Hughes sold his stock and TWA was no longer his, but that was not the end of the story. Hughes realized \$436-million after taxes from his sale, but the new management turned around and sued Hughes for mis-management back when he controlled the airline. The ever-pliant courts gave TWA \$160-million of Hughes's money. The bankers could have broken Hughes altogether had they wished; they certainly demonstrated the power to do so. Perhaps they were merciful in anticipation that Hughes will learn his place in the future. Since falling under the control of the New York banks, TWA's prospects brightened. The Government awarded it new routes; it took over the Hilton Hotel's international operations; it took over management of Ethiopian, Saudi-Arabian and British West Indian Airlines; it found credit easier to get. Today TWA is another growing billion dollar corporation controlled by the Morgan banks.

### **Two Banking Groups Control America**

Even a cursory look at the corporate connections of the directors of the major corporations shows that most corporations are connected with at least several others in a common interest grouping. An interest grouping is a group of corporations that have some common directors (interlocks) or where there are other clear strings of control. When a director sits on more than one corporate board he must have the interests of one of the corporations uppermost in his mind—that would be the controlling corporation. Since in most cases these interlocking directors came from financial institutions, especially banks, we can conclude that these latter control the industrial corporations.

There may be anywhere from 11 to 29 directors of a corporation. In theory all are equal—one man, one vote—but in practice each is there for different reasons. Some are being honored for past services; others may represent a customer or a supplier; some may represent a local oligarchy of a city where the corporation does business or has a plant; some—the officers of the corporation—come to the board to report on current operations and find out how to carry out the line of the board. All these are unimportant from the point of view of control. Often only a minority of the board represents the controllers. They can make their weight felt without a numerical majority on the board. If Mr. X represents the bank that controls the financial future of the corporation, his ideas are bound to carry more weight than the other members of the board. If unchallenged by another group the controlling financial group needs no more than two or three representatives on a board to exercise effective control.

The various interest groupings or circles revolve around two main suns. These are the Rockefeller circle centered on the three big Rockefeller

banks—Chase Manhattan, First National City and the Chemical Bank; and the Morgan circle centered on the two Morgan banks—Bankers Trust and Morgan Guaranty Trust. There are five satellite interest groups that are relatively closely connected with the Rockefeller and Morgan circles. The most important groups are those centered on Prudential Insurance and the sixth major New York bank, Manufacturers Hanover Trust; a second group centered on the Boston banks, and a third group centered on the big Chicago banks. The other two are a Philadelphia group and one centered on four Connecticut insurance companies.

There are four other major circles that play a more but not totally independent role: the Mellon group in Pittsburgh, a group of Cleveland industrialists, the Bank of America group in California, and a group centered on three San Francisco banks. There are also six much smaller regional subordinate grouplets.

Together these groups, *directly* control (mainly through control of the boards of directors) 79 of the 100 biggest industrial corporations, 46 of the 50 biggest banks, 18 of the 20 biggest insurance companies, 18 of the 20 biggest transportation companies, all 15 of the 15 biggest public utility corporations, seven of the 10 biggest merchandizing chains, seven of the 10 biggest savings banks. These are the ruling circles; they also, of course, control the state apparatus. But within these ruling circles, there are definite subordinate relationships. At the pinnacle of power are the Rockefeller and Morgan groups.

The Rockefeller group is centered on the holdings of the Rockefeller family, but includes the holdings of allied families and financiers and the much larger group of corporations that have fallen under the control of the Rockefeller banks and insurance companies. The Rockefeller family undoubtedly has the most important voice within this circle, but other families and various financiers, such as G. Douglas Dillon, also must have an important say on the direction of the group.

Three of the six big New York banks—Chase Manhattan, the Rockefeller “family” bank; First National City Bank, Rockefeller cousins-and-Stillman family owned; and the Chemical Bank—plus three of the four biggest insurance companies in the country—Metropolitan Life, Equitable Life Assurance and New York Life—make up the financial core of the Rockefeller circle. The public assets *alone* of these six financial giants were over \$95-billion in 1968. They are tightly interlocked with each other and as a group form the most powerful financial unit in the country:

- Equitable Life has four directors in common with Chemical Bank and four directors from Chase Manhattan.

- New York Life has two directors in common with Chemical Bank, one with Chase Manhattan and two with First National City.

- Metropolitan Life has two directors from Chase Manhattan and two from First National City.

- The Rockefeller family-owned Istel Fund owns 4% of Chase Manhattan and interlocks with First National City.

- Consolidated Edison, Rockefeller’s utility monopoly, brings the six together in one board; it shares three directors with New York Life, two with Chemical Bank, two with First National City and one each with the other three financial institutions.

All this makes for an extremely close-knit bloc of financial power. For comparison, the entire Federal Reserve System (12 Federal Reserve Banks) had in 1967 assets of only \$72-billion. Counting their secret trust funds, and mutual funds and investment companies under their control, these six have at least twice the financial assets of the entire Federal Reserve System.

But this is only the core of the Rockefeller circle. Through a system of interlocking directorships these six giants control, besides Con Edison:

- Harlem Savings Bank and First National City Bank of Chicago, the second biggest in that city.

- All the biggest banks, insurance companies and utilities in Dallas, St. Louis, Minnesota, Iowa and other places.

- *Railroads*—Missouri-Pacific, St. Louis-San Francisco, Norfolk and Western, Northern Pacific, Great Northern and other major companies.

- *Airlines*—Pan American, Northwest Airlines, Eastern Airlines, American Airlines and New York Airways.

- *Chemicals*—Monsanto Chemical and others.

- U.S. Steel, which has over 40% of the country’s steel capacity.

- *Rubber*—Goodyear Rubber and Uniroyal Rubber.

- *Oil*—Standard Oil of New Jersey, Standard Oil of Indiana, Standard of California, Texaco, Mobil Socony Oil and Amerada Petroleum.

- *Foods*—Hunt Foods, Ralston-Purina, Armour Meats, General Foods, Borden’s, Pillsbury, General Mills and others.

- Copper—the “big two” Kennecott Copper and Anaconda.

- *Merchandizing chains*—Macy’s, J. C. Penney’s, Sears, Marshall Fields.

- And scores of other huge monopoly corporations in a variety of industries, such as Ling-Temco-Vaught, General Dynamics, Colgate-Palmolive, International Paper, CBS, Anheuser-Busch, Emerson Electric, National Cash Register and International Tel and Tel, the imperialist utility monopoly.

- In addition it has the most seats of the three controlling groups in American Tel & Tel, which owns 85% of the nation’s telephones, and it shares control with other financial groups of over a dozen other corporations, including IBM, Bethlehem Steel, General Motors and the Southern Railway.

The major portion of this tremendous empire has been added since World War II. Such compan-

ies as Ralston-Purina, formerly the private property of the Danforth family, were added. When the Danforths wanted Ralston-Purina to expand beyond the cereal and dog food business, they beat a familiar path to New York and to the Rockefeller banks. Ralston-Purina did expand in many new fields; they even started a big chain of drive-in restaurants—the Jack-In-The-Box. But the price of expansion money was loss of control. While there are still Danforths on the Ralston—Purina board, control is exercised by those like Harold Helm, who serves Equitable Life and the Chemical Bank, the director from Metropolitan Life, the director from the First National Bank of Chicago and the three directors from St. Louis banks under Rockefeller control.

The Rockefeller group has remained a close knit and rapidly expanding empire in the post-war period. The Morgan group, on the other hand, lost some of the key properties around which it was originally built—U.S. Steel, American Tel & Tel and the United Corporation utility monopoly. In the Rockefeller group, the holdings of the Rockefeller family are at the center. The Morgan group has no such family to rival the Rockefellers or to play the role their wealth does. J. P. Morgan was primarily an operator, not an owner. He welded together an alliance of speculators, financiers, bankers and wealthy families that was unrivaled in its day. But the Depression was more favorable to Rockefeller than Morgan, and Morgan lost his number one position. Since its founder's death, the Morgan group has gone through many changes. Some of his former associates drifted over to Rockefeller, but new financial houses grouped themselves around the Morgan banks, making the Morgan group, despite its losses, bigger than ever.

At the core of the Morgan circle are the two Morgan banks: Morgan Guaranty Trust and Bankers Trust. Through a system of interlocks similar but looser than in the Rockefeller case, these two banks are allied with several other powerful financial institutions:

- The Lehman Corporation, a powerful investment company.
- Marine Midland Corporation, owner of most of the biggest upstate New York banks.
- U.S. Trust Company and Brown Brothers, Harriman—two New York banks that control huge amounts of trust funds.
- Mutual Life of New York, Home Life, Guardian Life, Teachers Insurance.
- Bank of New York and seven big mutual savings banks in New York State.

It is impossible to estimate in money terms the strength of this alliance because the bulk of their power must lie in the secret trust funds or stock managed for clients under their control. A good guess would say it is not as strong as the Rockefeller group, but stronger than the Federal Reserve System. Naturally this financial circle

maintains a large and growing empire of industrial corporations, including such companies as Ford Motor Co., B. F. Goodrich Tire, Boeing Co., Continental Oil and General Electric. (See Appendix for complete List.)

### **Conflict and Unity Among the Rulers**

The sharpening class struggle, the growing scramble for overseas investments and the shakier position of all monopolies is reflected at the top by a growing struggle between and even inside the main monopoly circles. The two most powerful circles, the Rockefeller and Morgan groups, have shoved and jockeyed one another for better position even as individual monopolies sought better positions within the groups. While these groups have struggled with one another, they have united with each other against the workers they exploited, the oppressed nations they jointly plundered, the socialist countries and revolutionaries who opposed them, the smaller capitalists and rival imperialists and financial groups. This unity of the Rockefeller and Morgan banks against the workers and others who threaten them is primary today, so the struggle is often quiet and behind the scenes, but fierce nevertheless.

Since World War II, the struggle between the Rockefeller and Morgan groups may be characterized as follows: The Rockefeller group managed to seize or break up three key Morgan monopolies, but the Morgan banks managed to hold their position by bringing together the financial resources of some diverse but powerful anti-Rockefeller banks with the two Morgan banks in the center.

In the nineteen-thirties the Morgan circle directly controlled over one-third of all the electric power in the country through their control of two public utility holding companies: the United Corporation and Electric Bond and Share. Almost all the main gas and electric companies in New York, New Jersey, Pennsylvania, Ohio, Michigan, Texas and the South were held by these two holding companies. The reverses Morgan suffered in the Depression made him fair game for Rockefeller and his other rivals who had greater influence in the "New Deal."

Rockefeller and his allies cynically whipped up public opinion against monopolies and then pushed through legislation like the Tennessee Valley Authority and the Public Utilities Holding Company Act to break up the Morgan empire. Taking care to see that Rockefeller's own utility monopoly, Con Edison, was unaffected, the "New Deal" broke up the United Corporation and Electric Bond and Share into smaller companies, which then were redivided between Rockefeller, Morgan and other groups. Electric Bond and Share was taken over by Rockefeller in alliance with Manufacturer's

Hanover Trust; in some of its constituent companies, such as Middle South Utilities, the Morgan group retained an influence; in others, such as the Texas Utilities, the Rockefeller group took over entirely.

The Morgan banks kept the biggest successor companies to the United Corporation still controlling power in Alabama, Georgia, Ohio, West Virginia, Pennsylvania, and upstate New York, but the Prudential Insurance Co. took over New Jersey's Public Service Corp., and the Philadelphia group got Philadelphia Electric. The state capitalist Tennessee Valley Authority became indebted to the Rockefeller banks. Thus the Rockefeller group used the Government to force a redivision of the Morgan utility empire.

The U.S. Steel Corporation, which produces 40% of the nation's output, was personally founded by J. P. Morgan at the turn of the century. For years it was the jewel in the Morgan empire. During the nineteen-fifties, the shift that occurred in the Morgan circle, especially the merger of the former Morgan First National Bank into the Rockefeller City National, shifted predominant influence in U.S. Steel from the Morgan to the Rockefeller group. This behind-the-scenes shift amounted to a seizure of the major steel monopoly by the Rockefeller banks from the Morgan banks.

Today there are 18 directors of U.S. Steel—13 represent controlling financial institutions; of these, eight directly represent the three Rockefeller banks—three from Chase Manhattan, three from First National City and two from the Chemical Bank. The other five represent a minority, Morgan and Mellon interests—two from Morgan Guaranty Trust, one from Mellon National Bank and two from the General Reinsurance Co. (a Morgan company with Mellon influence.)

A similar situation occurred with American Telephone & Telegraph, "the telephone company." This, the biggest corporation in the country, with over \$40-billion in assets, has always been a prize for which the leading financial groups contended. By 1907 the Morgan group, with the Boston group in a secondary position, was in full control of the corporation. But as the Rockefeller group surpassed the Morgan group in power, they began to buy in and ease the Morgans out. In 1939 there were four Morgan directors and one Chase Manhattan man. But by 1955 Chase Manhattan's stock holdings equalled those of the Morgan banks and the six-man executive committee had three representatives from Chase Manhattan and only one Morgan man. Today the Morgans are out altogether. There are six Rockefeller directors: two from Chase Manhattan and one each from First National City, Chemical Bank, Equitable Life and Metropolitan Life; the Boston group has three representatives and the Manufacturer's Hanover Trust-Prudential Insurance group has three representatives.

These losses weakened the Morgan group, but their new alliances with the Lehman Corporation,

U.S. Trust Co. and Brown Brothers, Harriman expanded their circle, indirectly at least, at the expense of the Rockefeller group.

The other side of this behind-the-scenes struggle is a growing unity between the Morgan and Rockefeller circles. This is evidenced in the growing number of common directors serving both groups:

- The Chemical Bank and the First National City Bank—each has a common director with the Morgan controlled Mutual of New York.

- Morgan Guaranty Trust and Banker's Trust—each has a director in common with Rockefeller's Metropolitan Life.

- Morgan Guaranty Trust and its ally, Brown Brothers, Harriman—each has a director in common with Rockefeller's New York Life.

- Rockefeller's Equitable Life has a director in common with the Morgan allied Bank of New York.

- First National City Bank also interlocks with Morgan's Home Life.

These eight common directorships in the financial centers of these two groups represent a growing unity at the top. Thus there is both contention and collusion. This unity-struggle is further evidenced in a number of large corporations jointly controlled by the two groups. Such big monopolies as IBM, which controls 85% of the data processing industry; Southern Railway, which owns most of the major railroads in the South; St. Joseph Lead, which monopolizes the lead industry; W. R. Grace & Co., New York Bank for Savings; all have an equal number of Morgan and Rockefeller directors. These corporations are really battlefields for control in which each side has equal number of forces and is temporarily unable to overcome the other; and the two controlling financial groups have to work together to advance the interests of their jointly held monopoly. Thus, in some of the key monopolies in the country, the two groups both cooperate and contend with one another, in an ever changing situation.

The two groups cooperate in the constant grinding down of the conditions of the working class. The two groups jointly plunder and oppress nations around the world. While they jockey with each other to secure an advantage in this or that nation, their unity solidifies when faced with the resistance of the people. They will also unite against foreign imperialist groups, small capitalists both home and abroad, lesser monopolists like Howard Hughes and other financial groups with whom they may jointly contend.

### Junior Partners in the East

The two major New York financial institutions not clearly in either the Morgan or Rockefeller camps are the Prudential Insurance Company, with assets of over \$26-billion, the largest insurance company; and the Manufacturer's Hanover Trust, the third biggest New York wholesale bank. These two giants each have a group of corporations they

control. Prudential Insurance controls, among others, the two major New Jersey banks, Public Service Gas and Electric, the New Jersey utility monopoly and Englehardt Industries, which controls much of the lucrative mining industry in South Africa, Zambia, Congo and other countries.

Manufacturer's Hanover Trust controls Union Carbide, the biggest chemical corporation, Chrysler Corporation and the Continental Insurance Companies. Radio Corporation of America, the biggest electronics monopoly and owner of NBC, had a director from both Prudential Insurance and Manufacturer's Hanover Trust.

**P**rudential and Manufacturer's Hanover Trust do not have any directors in common, but the New Jersey banks under Prudential's control are tightly interlocked with Continental Insurance, which is under the control of Manufacturer's Hanover Trust. This, their joint control of RCA, plus other interlocks and joint ventures, seems to indicate at least an alliance, if not a group headed by these two.

This group is very closely related to both the Morgan and Rockefeller camps, and is kind of a junior partner to both groups. Manufacturer's Hanover Trust is related more to the Rockefeller circle, interlocking with Metropolitan Life, and its Continental Insurance interlocks with Chase Manhattan. Prudential Insurance is closer to the Morgan circle; it has a director in common with Morgan Guaranty Trust, Bankers Trust, Brown Brothers, Harriman and the Lehman Corporation. But Prudential also links with First National City Bank in the Rockefeller camp, while Manufacturer's Hanover Trust interlocks with Morgan's Atlantic Mutual. Altogether the group has three directors in common with the Rockefeller group and five in common with the Morgan group.

In a number of key corporations this group shares control with the Rockefeller group in a unity-struggle situation. These jointly held corporations include Bethlehem Steel, the number two steel company; and Electric Bond and Share, an important imperialist utility holding corporation. The group operates jointly with the Morgan and Rockefeller groups in the important imperialist American Express Company.

The roots of the Boston group go back to mercantile capitalism and the slave trade, where some of the families got their start. From slavery to mercantile capitalism to manufacturing to monopoly capitalism and modern imperialism, some of the same Boston families traveled the road together; each generation varied the form of piracy. To protect themselves from rapacious newcomers like Rockefeller or J. P. Morgan, a group of Boston families, headed by the Cabots, banded together around the key Boston banks. They built a powerful financial empire that drew from a big reservoir of financial capital and gained control of a large number of corporations all over the country and even

such big imperialist concerns as the notorious United Fruit Co.

The core of this group are four big Boston banks and four big Massachusetts insurance companies. The major bank is the First National Bank of Boston with public assets of over \$3-billion. The other three banks are the State Street Bank, the New England Merchants Bank and the National Shawmut Bank. The biggest insurance company is the \$9-billion John Hancock Mutual; the other three insurance companies are the Liberty Mutual, Massachusetts Mutual Life and New England Mutual Life. These eight financial institutions and the allied Irving Trust of New York have open assets alone of about \$34-billion. All eight are very tightly interlocked with each other, banks with insurance companies. In some cases these interlocking companies have as many as four and five common directors.

The \$34-billion isn't the limit of their financial power. These Boston banks and insurance companies control various other financial, manufacturing and imperialist corporations. (See Appendix.)

In addition the Boston group shares control of some key corporations with other groups in unity-struggle situations. With the Rockefeller group the Boston group shares control of American Electric Power, one of the successors to the Morgan Utility empire. The Boston group, second only to Rockefeller, benefitted the most from the break-up of the Morgan utility holding companies. Besides safeguarding their own New England utility monopoly and getting half interest in American Electric Power, the Boston group shares control with the Morgan circle of Middle South Utilities, which own the utilities in most of Mississippi and Louisiana. The Boston group operates with both the Morgan and Rockefeller groups in Seaboard Coast Railroad. And we already dealt with their continued interest in American Tel & Tel. Besides these unity-struggle connections there are some direct interlocks with the key financial institutions in the Rockefeller and Morgan groups (two with the Rockefeller group and three with the Morgan group).

The Chicago group of bankers and millionaire families was formed at the turn of the century in opposition to the rapid outside takeover of the key industries in the area, especially railroad and steel. It tended to be concentrated in secondary industries, especially those related to agriculture, meat packing and farm implements. The biggest Chicago banks interlocked as the center of the group and financially gained great power in the West and Midwest.

Since the nineteen-thirties, the group has been declining and disintegrating. With the decline of agriculture as keystone of the economy, the relative power of the Chicago banks dropped. With the loss of correspondent relationships with rural banks because of the formation of New York-controlled bank holding companies came a further erosion of power. Finally, the rise of important banking centers in California took away West Coast and Mountain State

business from Chicago banks. The Chicago group suffered the most precipitous decline of all the interest groups since the thirties.

With the erosion of relative financial power, the group as a whole is falling more and more under the influence of the Rockefeller group. Struggle within the group is detaching those banks and families more eager to put themselves wholly under the wing of the Rockefeller banks. In the last decade, power shifted in the First National Bank of Chicago, the second biggest, bringing it closer to the Rockefeller banks than to its former partners, the other three big Chicago banks. The shift of the First National from the Chicago group to the Rockefeller group brought over the Prince family and its Armour Co., the second biggest meat-packing company in the country. In Sears Roebuck, the biggest retail chain in the country, the Rockefeller interest steadily grew; the shift of First National, which has two Sears directorships, gave the Rockefeller group a bigger number of seats than the other Chicago banks, thus shifting a \$7-billion corporation to the Rockefeller camp. Even in Marshall Field's, Chicago's main department store, Rockefeller banks have control, through First National. And the rest of the group is also rapidly merging into the Rockefeller circle.

The three other banks, Continental Illinois Bank and Trust, Harris Trust and Savings and Northern Trust are important wholesale banks with better than \$11-billion in open assets and plenty of hidden trust funds. Their two most important properties are Swift & Co., the biggest meat-packing company, and International Harvester, which monopolizes the tractor and farm implement industry. These banks also control Commonwealth Edison, Montgomery Ward, U.S. Gypsum, the Santa Fe railroad, two other big railroads and several other key companies. They also operate jointly with the First National in Inland Steel and retain a minority interest in Sears. The Chicago group has four direct connections with the Rockefeller group; Harris Trust has a double interlock with Continental Assurance; Northern Trust interlocks with New York Life and Continental Illinois interlocks with the Chemical Bank.

The Chicago group has no interlocks with the Morgan group and recently even attempted to raid one of Morgan's biggest corporations. Northwest Industries, a holding company controlled by the Chicago banks, tried to grab B. F. Goodrich, the tire and rubber monopoly. Aided by Rockefeller's First National Bank of Chicago in early 1968, Northwest made a tender offer to buy up controlling interest in B. F. Goodrich. The two Morgan banks that control Goodrich and their allied Lehman Brothers successfully fought off the attempted raid with financial and Government pressure.

To round out these groups closest to the Rockefeller-Morgan axis there is the Philadelphia group and a smaller group of four Connecticut Insurance companies. The sixth, eighth, ninth and 13th biggest

life insurance companies in the country are Aetna, Travellers, Connecticut General and Connecticut Mutual. They are very tightly interlocked through the two major Hartford banks. These four insurance companies are worth close to \$18-billion, but they control only a small group of Connecticut industrials, of which the most important is United Aircraft. The Connecticut group is closely connected with the Morgan group through Aetna Life, which interlocks with Morgan Guaranty Trust and Marine Midland, and with the Rockefeller group through Travellers, which has a double interlock with Chase Manhattan and a single interlock with First National City. Additionally, both Travellers and Connecticut General interlock with Manufacturer's Hanover Trust. The Philadelphia group headed by four insurance companies and four banks controls a number of industrials, including Atlantic Richfield and several big chemical companies (See Appendix). It is closely related to both the Morgan and Rockefeller groups, and also has links to the Boston, Chicago and Prudential groups.

### Ruling Circles in the Midwest

It was said in the twenties that if a capitalist wanted approval for a big financial deal from Wall Street or their subordinates in Washington there were three men to see: J.P. Morgan, John D. Rockefeller and Andrew Mellon, in that order. Today all three of these empire builders are dead, but their empires are very much alive. The Morgan group has given up first place to the Rockefeller group, but the Mellon empire is still the third most powerful group.

The Mellon circle was built around the main family properties: Alcoa, the aluminum monopoly; Gulf Oil, the fourth biggest oil company; the family bank, Mellon National Bank and Trust of Pittsburgh and the family investment company, T. Mellon and Sons. The Mellon family invested heavily in other Pittsburgh corporations and brought together various lesser millionaire families, such as Heinz of H.J. Heinz Foods, Hillman of Pittsburgh Steel and Pitcairn of Pittsburgh Plate Glass. The other Pittsburgh banks, Pittsburgh National Bank and Union National, also Westinghouse Electric, were brought under Mellon control, and they expanded their circle as they tightened control. Besides the above, the Mellon group controls a number of steel companies, including Allegheny Ludlum Steel, Sharon Steel, Lockhart Iron and Steel and National Steel.

The Mellon group is the most independent of any group of the Rockefeller-Morgan axis. Even so, Mellon National Bank shares a common director with Equitable Life, and the Mellon group operates with the Morgan group in General Reinsurance and as a minority interest in U.S. Steel.

The Mellon circle is too strong to be ignored; this was shown when they were dealt in at the time

General Motors was taken over by the New York banks. For a long time the Mellon group shared control of the Pennsylvania Railroad with the Philadelphia banks. When the Pennsylvania merged with the New York Central, the Mellons retained their interest in the Penn-Central. The Mellon circle shared control with the Cleveland group of Jones & Laughlin Steel for some years. After the Rockefeller-controlled Ling-Temco-Vought bought control of Jones & Laughlin, the Government tried to block this acquisition. This may be the result of a behind-the-scenes struggle between Mellon-Cleveland and Rockefeller over this steel corporation.

The Cleveland circle was founded by the notorious exploiter Mark Hanna in the eighteenth-nineties. Today the descendents of Hanna still play a part, but the key figures are the Mather family, the Wade family, former secretary of the Treasury George Humphrey and Cyrus Eaton. Eaton is notorious for his friendship with former Soviet Premier Khrushchev; he was the first big financier to correctly gauge the trend of Soviet revisionism and to foresee the possibilities for profit in U.S.-Soviet collaboration. Eaton's Pugwash Conferences and other antics, in which he inveigled naive scientists and other pacifists, were but the prelude to the Tower Corporation, a joint Cleveland-Rockefeller venture to penetrate into the Soviet Union and other Eastern European countries and exploit the workers there, virgin territory for U.S. imperialism.

The Cleveland circle is organized around two holding companies: the Pickands Mather Co. and the Cleveland Cliffs Iron Co. The former represents the Mather family; in the latter, Mather, Wade and other families are represented, but the controlling bloc of shares is held by Cyrus Eaton. These two holding companies hold key blocs of shares in some of the major corporations in the Cleveland group; they also are tightly interlocked with the five big Cleveland banks: National City Bank of Cleveland, Cleveland Trust, Society National Bank, Central National Bank and Union Commerce Bank.

These five banks and two holding companies control a number of key industrial corporations through tight interlocks:

- Republic Steel, Youngstown Sheet and Tube, Interlake Steel, Detroit Steel, Vance Iron and Steel.
- Midland-Ross, Anchor-Hocking Glass, Sherwin-Williams Paint, White Motors, Eaton Yale & Towne.
- Chesapeake and Ohio Railroad, "Automatic" Sprinkler, Ohio Oil and others.

Between them, Mellon, Rockefeller and Cleveland control over 90% of all basic steel in the country. Ohio Oil was originally part of Standard Oil and the Rockefeller family probably still holds a big block of shares, but today with or without Rockefeller connivance Ohio Oil is under the control of

the Cleveland banks, who together hold six seats on the board, while the Rockefeller banks have no representation.

The Cleveland group operates in a unity-struggle situation with the Mellon group in such companies as Armco Steel, Hanna Mining Co., Diamond Shamrock, Consolidated Natural Gas and formerly in J. & L. Steel. Through the National City Bank of Cleveland, the Cleveland group has links with New York. The bank links with the Morgan group through an interlock with Banker's Trust; it links with the Rockefeller group through interlocks with Equitable Life and New York Life.

The Cleveland circle has for three decades been involved in a fight with the Morgan circle over control of key railroads. Through the Alleghany Corporation, a holding company they captured in 1937, they got the Chesapeake and Ohio and then the Missouri-Pacific. To complete a coast-to-coast line in 1954, Eaton and his front man Young launched an attack on the long-time Morgan property, the New York Central. The Morgan group was at its weakest point then, but it fought back and in a rare moment the public glimpsed the dog-eat-dog world of big finance in a celebrated stockholders fight. The Eaton forces won a close victory in 1954, but were unable to consolidate it. They lost in their bid to take over Morgan's Marine Midland banks, which held large blocs of New York Central stock. The Morgan forces retained a minority position in the railroad.

The Rockefeller forces, who gave the Cleveland group some behind-the-scenes support in 1954, dropped their support later and the Morgan group gradually regained its position in the New York Central. Meanwhile the Rockefellers took the Missouri-Pacific from Cleveland. To complete the defeat the Cleveland group lost control of the Alleghany Corporation in 1961-1963 to Allan Kirby, the Woolworth heir, with heavy backing from Manufacturers Hanover Trust. The New York Central was back in the hands of the New York banks. This paved the way for the merger with the Penn Railroad. The merger was a project of the Morgan banks and they have a leading position in the new Penn Central. The Philadelphia group, the Mellon group and Manufacturer's Hanover Trust through the Alleghany Corporation share control of this, the biggest railroad, with the Morgan group. The Cleveland group is out; they had fought the merger tooth and nail but in vain. However, they have still not given up. With the Baltimore and Ohio Railroad now taken over by their Chesapeake and Ohio, the Cleveland group is now trying to rig up a new giant railroad merger in the East to rival the Penn Central.

### The California Bankers

The oldest circle on the West Coast is the San Francisco group of old Bay Area families, financiers, industrialists and other assorted riff-

raff. The Betchel family is one of the kingpins here. The group is centered on three of the biggest San Francisco banks: Crocker-Citizens Bank, Wells Fargo Bank and Bank of California. These three banks have combined assets of about \$12-billion, but a much greater proportion is tied up in small retail loans than some of the Eastern banks. Consequently, the San Francisco group controls only a few companies of national stature. These include the Western Pacific Railroad, Del Monte Foods, Crown Zellerbach, Pacific Gas and Electric and some others.

The San Francisco group has an important link with the Morgan group through the person of Stephen Betchel, who is a director of both Wells Fargo Bank and Morgan Guaranty Trust. The San Francisco group and the Morgan group jointly control the Greyhound corporation, the major national bus line. Altogether the Bay Area banks appear to be closest to the Morgan group than any other Eastern group. But also they have been forging even closer ties with the Bank of America group.

Although the \$24-billion Bank of America is the largest bank, in terms of wholesale financial power it is not even in the same league as the six big New York wholesale banks. Nevertheless, the bank has built up an empire and a system of alliances that put it in a strategic, if not threatening, position. The group headed by the Bank of America controls the financial structure and a big chunk of the rest of the economy of rapidly growing Southern California. This circle has been locked in some kind of struggle with the New York banks for over four decades. Despite some reverses in those struggles, its strategic position in Southern California seemingly assures it a future.

In the complex interlock of the key financial institutions of the Bank of America circle, an important position is held by Western Bancorporation, the nation's biggest bank holding company. Western Bancorporation owns 24 banks, including: United California Bank, the fifth largest in that state, First National Bank of Arizona, First National Bank of Oregon (each the second largest in those two states), the biggest bank in Nevada and 19 other banks in the West with 593 offices.

Western Bancorporation shares six directors with Pacific Mutual Insurance and has a large bloc of its stock owned by Investment Co. of America and its American Mutual Fund, the two of which also share three directors with Pacific Mutual. Pacific Mutual and Investment Co. of America are closely interlocked with Bank of America, Security First National (the number two California bank) and Union Bank. Bank of America also is interlocked with Transamerica Corporation, which owns a series of insurance, finance and other companies, including United Artists movie studios.

Transamerica set up Western Bancorporation to own its banks in the first place and was set up itself in the thirties by the owners of Bank of

America. What emerges is a closed circle of key financial corporations: Bank of America, Western Bancorporation, Security First National, Union Bank, Pacific Mutual, Transamerica Corporation and Investment Company of America. The Bank of America circle controls a number of industrial corporations, including Lockheed Aircraft, Litton Industries, Getty Oil, Union Oil, Southern California Edison, the Kaiser companies, Times-Mirror Corp. and others. (See Appendix)

In addition the Bank of America circle operates jointly with the San Francisco group in Safeway Stores and the Southern Pacific Railroad. It shares control of North-American-Rockwell with the Morgan group. Through Western Bancorporation, the group has further ties with key Morgan institutions.

These links indicate a friendly relationship with the Morgan group, but until 1961 the predominant aspect of the Bank of America group's relationship with the New York banks has been struggle. In the nineteen-twenties as the first big bank to go into the retail market fully, Bank of America grew rapidly. In 1928 the owners of Bank of America began buying a series of banks in New York with the consent of J. P. Morgan. The Transamerica Corporation was formed as a holding company to own Bank of America and its Eastern properties. J. P. Morgan moved in and took control of Transamerica, now a ripe apple ready for plucking, but a bitter fight was waged by the former owners in 1929-1932, resulting in their regaining Bank of America but losing the New York banks to Morgan.

Forced out of Wall Street, Bank of America started again, this time buying up many small Western banks. The New York banks now rallied their Government to stop Bank of America and Transamerica. From 1937 to 1950 there were a series of law suits initiated by the Government to stop Bank of America. The New York banks formed counter-Bank of America holding companies to prevent absorption of small Western banks into the Transamerica chain. Other economic pressures were brought to bear on Bank of America. Two things resulted from this second stage of struggle: while the Government forced the separation between Transamerica and Bank of America, this was just a formality; and although Transamerica was stopped from acquiring any banks east of the Rockies, it still had a big empire.

Stage three began with another attack on Bank of America from New York when in 1956 the New York banks had the Government pass the anti-Transamerica law, which prevented Transamerica from owning banks at the same time as other financial companies. Bank of America then formed another holding company, Western Bancorporation, to own the banks. The courts were once again a stage of contention between Bank of America and its New York opponents, while behind the scenes the real economic struggle went on.

By 1961 an agreement was reached: Western

Bancorporation had to give up some of its California banks to form First Western Bank and Trust, which was sold to a new holding company in 1962. This new holding company, Greatamerica, represented Rockefeller's Dallas banks and was later absorbed into Ling-Temco-Vought, a Rockefeller company. Thus the price for peace with New York was for Bank of America to sell part of its California banking chain to Rockefeller interests. However, Ling-Temco-Vought didn't stay long in the already monopolized California banking field, and in 1968 it sold First Western Bank and Trust to an Oakland entrepreneur and used the money to grab Jones & Laughlin Steel Co. Since 1961 Bank of America has seemingly found a *modus vivendi* with New York. The new friendship was capped with a 1967 marriage between Bank of America's North American Aviation and the Morgan group's Rockwell-Standard. The merged North American-Rockwell is the first corporation jointly controlled by Bank of America and Eastern interests.

### The Vassals of the Rulers

The DuPont family-owned chemical and munitions monopoly, the E. I. DuPont Co., provided the basis for the family's power. Like Morgan and the others, they formed an investment company, Christiana Securities, to own or control their properties. Christiana Securities became the largest investment company in the country, and with it the DuPonts were able to get control of General Motors from the collection of industrialists that put together the biggest auto monopoly. The DuPonts came to be regarded as the owners of one of the most powerful interest groups in the country, on a par with the Rockefeller and Morgan groups.

But the DuPonts had a fatal weakness: With no major banks under their control their financial power was limited to three Delaware banks and Christiana Securities. The DuPonts were unable to find the financial resources within their own circle to service General Motors. To maintain General Motors' dominant position in auto the DuPont managers went to the New York bankers, as described above. The price was at first a minority of Morgan directors on the board. But in the late fifties, as the financial future of General Motors came more and more under the control of the big banks, a consortium of bankers took over the board of General Motors. They then moved in the courts to oust the DuPonts altogether. The bankers ordered the Government "anti-trust" division to charge the DuPonts with monopoly practices. The federal courts dutifully found the DuPonts guilty and ordered them and Christiana Securities to sell all their stock in General Motors. The \$14-billion company was then safely in the hands of a consortium of groups. The new rulers of the General Motors empire are headed by the Morgan group, which has four seats on the board; the Rockefeller group, which has three; the Mellon group, the Boston group and the National

Bank of Detroit have two each. The DuPonts are out in the cold.

The rulers of this country began their bloody career by stealing human beings from Africa and selling them as chattel. They robbed a continent from the Indians; they raped its natural resources and nearly exterminated its original inhabitants. The labor and blood of its settlers, both those forced to come and those lured with false promises, built their empire. They stole land from Mexico, robbed farm land from millions of small farmers, sent their navy to loot Asia, Africa and South America. They expropriated hundreds of thousands of small capitalists, gobbled up tens of thousands of medium-size banks, stores and manufacturing plants. They stole the oil and minerals of four continents; they forced the men and women of four continents to produce for them; and as they got richer they turned on their own kind. An empire the size of General Motors is seized.

Thus the major part of the DuPont empire was expropriated from them. What they are left with is substantial, but small in comparison with the other groups. Besides DuPont, Christiana Securities and the three main Delaware banks, they control a group of Florida banks, Remington Arms and a few smaller corporations. The DuPont circle today is a vassal of the Rockefeller-Morgan axis. The DuPonts have a link with both groups. Christiana Securities interlocks with Morgan Guaranty Trust, and Rockefeller's Chemical bank has a man on the board of one of the DuPont's Florida banks.

There are five other substantial vassal groups that are linked with the big Eastern groups:

- The Detroit group of four banks, which control a number of industrials and utilities, including Bendix, Parke-Davis, Burroughs, Kresge Co.
- The Milwaukee group centered on North-west Mutual Life and three Wisconsin bank holding companies, which control a few industrials, including Allis-Chalmers and Kimberly-Clark.
- The North Carolina group centered on Wachovia Bank and Trust and North Carolina National Bank, which controls of such local corporations as Burlington Industries, R. J. Reynolds Tobacco and Piedmont Airlines.
- A group around Lincoln-Rochester Trust, which controls Eastman-Kodak and some others and is connected with Xerox Corp.
- A Houston group of two banks and an insurance company, which controls Brown and Root, LBJ's Vietnam construction company, some oil and gas companies and local banks.

These five groups all have at least one common director with the bigger Eastern groups. The Detroit, Milwaukee and North Carolina groups are linked together and to the Cleveland group through North-west Mutual. The Detroit group also has a link with each of the Morgan, Rockefeller and Cleveland groups. Wisconsin connects with Chicago, North Carolina with Boston. The Rochester group is connected with the Rockefeller circle, and the Houston

group shares a director with Philadelphia.

A diminishing number of the biggest corporations (15% of the top 225) are still not tightly held in any one of the above groups. These are most often family-held corporations that did not yet have to relinquish their boards to the complete control of the big banks. For the most part they are in consumer goods industries; for example, the Woodruff family's Coca-Cola Co. or American Home Products. Some of the secondary oil companies, like Sun Oil (Pew family), Phillips Petroleum (Phillips family) and Signal Oil & Gas (S. B. Mosher); two of the five big rubber companies, Firestone and General Tire and some retail-oriented banks, fall in this category. (See Appendix)

These corporations, however, are only relatively independent. In some cases—for example, Firestone—the New York banks do have representation on the boards although the ruling family is still dominant. In almost all the cases the big banks perform enough fiduciary and other financial services for the corporations to give them a say. More important, these “independents” have to operate in a framework provided by the ruling circles. Their possible decisions are limited by the rules and guidelines that the ruling circles agree on. And the many common directorships between the various ruling circles indicate a certain unity on this score.

These “independents” alone cannot hope to challenge even the smallest of the ruling groups. They must co-exist with them, come to them for financing and in the end fall under one or the other circle's wing. They keep their relative independence by balancing between one or the other groups, but as the ruling groups interlock tighter and tighter, they become vassals of the ruling circles as a whole.

**T**he 100 biggest industrials earn about 50% of all industrial profits in the country. Altogether 79 of these are held by the ruling circles directly; the other 21 are in the category above. What of the other 300,000 industrial companies that earn the other 50%? These are even less independent than the 21. Most of these could have been swallowed up by the rulers long ago had they found it profitable. They are kept on as cheap sweatshop appendages of the big ones.

These, the medium and small capitalists, are hemmed in by the rulers on all sides. Their means of production comes from a ruling-circle monopoly; their product is sold to a ruling circle monopoly; their financing comes from a ruling circle bank; their insurance from a ruling circle insurance company; their goods are transported on ruling circle transportation companies; even their power comes from the ruling circle power company. They are surely in hock to one of these giants; the small

capitalist is certainly not “his own boss.” The control of the economy by the handful of ruling circles, with the New York banks in command, is complete.

### Unity of the Rulers—Imperialism

The unity of the ruling circles is represented by the extensive interlocking directorships among them; although increasing now, it is temporary, conditional, transitory. In the long run the struggle among them, the contention, the jockeying for property at the other's expense and the constant seeking of advantage over the other circle, is absolute and permanent. At this point in history, when the rulers are engaged in big expansion abroad, the unity is comparatively strong, but a constant re-division of their empires still occurs behind the scenes. When their expansion is stopped, their present collusion will be more subordinated to their increasing contention.

In the past 20 years an increasingly huge amount of capital has been invested overseas. All the ruling circles are involved and there is contention and collusion between the groups, as each group seeks a special advantage in this or that oppressed nation. But they all depend on the organized violence of the U.S. Government to protect their growing interests abroad, and are united in seeing that the Government continues to suppress the victims of this economic aggression in any way necessary and to provide an arena for expansion. The surplus capital that the groups amass finds its outlets increasingly in Asia, Africa and Latin America. There is fierce competition among the groups to grab the juiciest positions, but they are united in insisting that the U.S. Government provide the protection to allow this competition.

There has been much written already about the mechanism of U.S. imperialism and much available material about the actual holdings of the various monopolies. Below is a brief sketch of *only a very small amount* of the holdings of the various circles in Asia, Africa and Latin America. It is presented to show that each and every circle has vital interests in those areas and to refute the widespread notion that some groups do not have important investments in these continents.

**ROCKEFELLER GROUP**—*Chase Manhattan* controls the banking and finance in most of the African and several key Latin American countries; *Pan-American Airways* controls much of the air traffic in these three continents; *International Tel & Tel* controls communications in several Latin American countries with manufacturing plants in every continent; the six big *Rockefeller oil companies* control 100% of Saudi Arabian oil production, 30% of Iranian oil production, 50% of Libyan oil production, 23% of Iraqi oil production, most of Venezuelan oil production, and more; *Anaconda* and *Kennecott Copper* control copper production

in Chile, Mexico and other countries in Africa and Latin America.

**MORGAN GROUP**—*Morgan Guaranty Trust's* British affiliate has a big interest in Royal-Dutch Shell with its oil interests in Indonesia, Nigeria, Venezuela and the Middle East; *Newmount Mining* owns African mining companies and has interests in Peru; *Phelps-Dodge* has copper interests in Peru; *Trans-World Airlines* shares control with Pan-Am of much of the world's air traffic; *Continental Oil* owns 15% of Libyan oil and has interests in Indonesia; *Ford* has plants in Brazil, Argentina, Mexico, Malaysia, South Africa; *General Electric* has plants in Japan, India, Hong Kong, Argentina, Columbia, Venezuela, Brazil, Philippines, Uruguay, Mexico, Turkey, South Africa, Puerto Rico and Chile; *International Nickel* monopolizes nickel production in Guatemala and Indonesia.

**PRUDENTIAL-MANUFACTURERS HANOVER TRUST**—Englehardt Industries controls the major mines in several African countries; *Union Carbide* has world-wide mining and manufacturing properties from Indonesia to Guyana.

**BOSTON GROUP**—*United Fruit* is the notorious exploiter of Central America and the Caribbean and is moving into Africa; *Sperry-Rand* has plants in Argentina, Brazil, Chile, Columbia, India and Mexico; *Holiday Inns* has hotels in the West Indies, South Africa, East Asia, Morocco and the Middle East.

**PHILADELPHIA GROUP**—*Atlantic-Richfield Oil* has a piece of Iranian oil and big concessions in Venezuela and Columbia, plus interests in Bolivia, Lybia, Papua and Brazil.

**CHICAGO GROUP**—*Continental Illinois Bank and Trust* owns the biggest banking network in Lebanon, a bank in Argentina, has affiliates throughout Asia and South America and owns one-third of a Moroccan bank; *U. S. Gypsum* has a plant in Mexico and operates quarries in Mexico and Jamaica; *International Harvester* has farm implement plants in Mexico, Brazil, Argentina and South Africa.

**BANK OF AMERICA GROUP**—*Cyprus Mines* has extensive ownership of mines in Cyprus and Peru; *Getty Oil* owns 6% of Iranian oil and more; *Litton Industries* is "developing" Greece; *Kaiser Aluminum* is involved in Ghana, India and elsewhere.

**SAN FRANCISCO GROUP**—*Del Monte Co.* has canneries in Mexico, Puerto Rico, Venezuela, and South Africa, operates plantations in the Philippines and tuna fleets in Ecuador; *Tenneco* has oil interests in Nigeria.

**MELLON GROUP**—*Gulf Oil* owns 50% of Kuwaiti oil, 7% of Iranian oil, has oil in Mozambique and is the second biggest producer in Nigeria and Biafra; *Alcoa* has mines in Indonesia, Surinam, Guyana, Jamaica, Dominican Republic, and Brazil, and fabricating plants in Columbia, Morocco, Ven-

ezuela, Mexico, Japan, El Salvador and Tunisia; *Pittsburgh Plate Glass* has interests in the Dominican Republic.

**CLEVELAND GROUP**—*Republic Steel* dominates the iron mines of Liberia in West Africa; *Hanna Mining* is involved in Guatemala.

To re-emphasize, this is just a *very small* sample of the imperialist interests of the various ruling circles in Asia, Africa and Latin America. (They also have vast holdings in Europe, Canada and Oceania.) From it we can at least see that *all* groups have a *vital* stake in maintaining and expanding the U.S. imperialist control in this region and all groups have a stake in the policies of aggression and war necessary to accomplish this.

The false notion that only some of the ruling circles benefit from imperialism was spread around by the revisionist "Communist" Party to justify their policy of relying on the "good imperialists" or the "peaceful aspect" of the state. They likewise claim that only the "bad imperialists" are involved in war production. This is another lie as a quick look at the top 25 "defense" contractors shows.

In 1968 almost one-half of the \$42-billion spent by the Pentagon went to these 25 companies, which represent a cross section of the various ruling circles. The number one defense contractor, with a \$2¼-billion-of-our-taxes grant, was General Dynamics, a Rockefeller company. The second biggest was Lockheed from the Bank of America group. In third and fourth place were General Electric (Morgan group), and United Aircraft (Connecticut group) respectively. The fifth biggest grantee was the Rockefeller group's McDonnell-Douglas, and the sixth was none other than AT&T, "your" telephone company—contractor for the Safeguard Missile and various anti-submarine projects—controlled by the Rockefeller, Manufacturer's Hanover Trust-Prudential Insurance and Boston groups.

The Rockefeller group was involved in the control of four other of the top 25 war profiteers (Ling-Temco-Vought, General Motors, Honeywell, Standard Oil of N.J.). The Morgan group controlled or shared control of five others on the list (Boeing, North American-Rockwell, General Motors, Avco, Ford). The Bank of America group had besides its interest in Lockheed and North American, control of Litton, Kaiser and Northrup, all in the top 25, and the Boston group was further represented by Textron, Raytheon and Sperry-Rand. All the other groups got a share of the loot, the Mellon group through Westinghouse and others, the Manufacturers Hanover Trust-Prudential Insurance group through RCA and Chrysler, the Detroit group through Bendix.

### Unity of the Rulers—Government

The U.S. Government is, of course, the chief instrument of the rulers' policies of aggression and

war in defense of their imperialist interests. It is also the means of suppressing the domestic workers and others who are exploited by the rich ruling circles. The Government is a joint dictatorship of all the ruling circles, with the leading position held by the New York banks. Even when the more powerful circles use the Government to force a redivision of the empires of the weaker ones, as in some of the examples above, the Government operates first and foremost to enforce their joint dictatorship over the working people. That is why the weaker circles are never completely annihilated, and the weaker circles in turn keep the fight-back "within the system." This is because all the groups need the Government to protect their interests, to suppress the workers and to advance their interests abroad at the expense of the working people around the world.

The strategy of all the ruling circles for the state is exactly the same. It is the traditional line of the carrot and the stick, to co-opt and to repress. They primarily rely on the violence of the Government to repress their enemies. However, the threat of repression often induces a willingness among weaker elements to sell out, and the ruling circles will not spare the money to buy them out.

All the ruling circles face the same threats. Since all of them are involved up to their necks in imperialist interests in Asia, Africa and Latin America, they fear greatly the revolutionary storm that is brewing in this area. People's war against imperialism is a deadly threat to them wherever it appears. Thus there could be no strategic differences with regard to Vietnam between the ruling circles. All feel the necessity of preventing the South Vietnamese people from driving out imperialism; none are indifferent to this threat. They are willing to use negotiations to win at the conference table what they are unable to win militarily, but they are firm that the U.S. must remain in Southeast Asia to protect their investments there.

Thus, speaking for the Bank of America group, the *Los Angeles Times* stated July 20, 1969: "The United States has no intention of withdrawing or diminishing its interests in Asia once the Vietnam war is settled." This same point has been emphasized by all the organs of the Eastern ruling circles. Both CBS, controlled by the Rockefeller group, and NBC, controlled by other Eastern interests, have repeatedly propagated the line that the United States must "stay in Asia."

This does not mean that the ruling circles oppose negotiations in Vietnam. On the contrary, they see these negotiations as an important tool to that end. Averell Harriman, whose family is high up in the Morgan circle, is a vigorous proponent of using the negotiations ruse. The *Los Angeles Times*, which is tightly interlocked with three of Bank of America's satellite banks in Los Angeles, recently asserted that *any* coalition government that emerges in South Vietnam would be good for U.S. investors. Henry Cabot Lodge, whose family is at the head of the Boston group, leads the team of U.S.

negotiators trying to produce this desired coalition government.

And *Time*, which speaks for the Rockefeller group, has looked forward to "the participation of the NLF in Saigon's political processes." Moreover, it should be noted that most of those who directly formulated the Vietnam policy came from a number of the key ruling circles. Rusk was from the Rockefeller Foundation; McNamara from Ford (Morgan); C. Douglas Dillon is a director of Chase Manhattan Bank; Ellsworth Bunker, "ambassador" to South Vietnam, is a director of Atlantic Mutual (Morgan group); ex-CIA chief John McCone is high up in the Bank of America group; McNamara's predecessor was Thomas Gates, now head of Morgan Guaranty Trust, and so on.

At home, too, the various ruling circles use the same tactic to repress and co-opt the growing unrest among the American people, black and white. The ruling circles have all been feverishly lining up stooges who will divert the masses from the street into senseless electoral maneuvers. The Stokes campaign in Cleveland was heavily financed by the Cleveland group and supported by their newspaper, the *Cleveland Plain Dealer*. The Bradley campaign in Los Angeles was also pushed strongly by the Bank of America group through their newspaper, the *Los Angeles Times*. In New York, Lindsay, whose family is connected with Morgan Guaranty Trust, plays a similar role. During the 1968 campaign Sen. McCarthy tried to divert the student movement into the same electoral path; Cyrus Eaton, boss of the Cleveland group, was his behind-the-scenes financier.

In situation after situation, we see men like Nelson Rockefeller, Lindsay, Harriman, Lodge, McCone, who serve as owners or directors of corporations of different ruling circles, all pushing the same line. We see the communications media—NBC, CBS *Time*, *Los Angeles Times*, *Boston Herald*, *Cleveland Plain Dealer*—which are clearly interlocked with the banks that command different ruling circles, also all taking the same line. The conclusion is inescapable: No political differences of any substance exist among the ruling circles.

### Revisionist Critics of Ruling Class

During the Depression, the "New Deal" commissioned a study of the ownership of the biggest corporations by the TNEC commission. With access to information no one else had, they were able to publish the names of the biggest stockholders of over 250 major monopolies. The huge amount of holdings of the Mellon family in Gulf and Alcoa or of the Rockefellers in the Standard Oil companies were exposed for the first time. At first sight, it might seem strange that the instrument for the dictatorship of the ruling class (the U.S. Government) would expose some of its bosses' inner secrets.

Actually the aim of this commission was to disguise the actual extent of control and especially

to repudiate the fact that the banks were in command. Not a single bank, insurance company or investment house was subject to the investigation, nor were their holdings in industrials under various aliases and front groups tabulated, nor was the banks' hold over the corporate finances looked into or their interlocking directors exposed. The "study" purported to show less than half the 250 corporations under the control of a family or group of families with the rest having no apparent center of control.

This later became the basis of Adolf Berle's spurious theory of "Managerial Revolution"—that is, that the real controllers of the corporations were the managers. In this connection, note that Republic Steel was supposed to be one of the corporations controlled by the managers, since no big blocs of stock were held, according to TNEC. In the thirties, the president of Republic Steel was Tom Girdler, infamous for the Republic Steel Massacre, where striking workers were brutally murdered on his orders. But were the managers like Girdler really in charge or was there a behind-the-scenes boss? There was; and it was none other than the noted liberal Cyrus Eaton, who candidly admitted this in a recent interview (*Los Angeles Times*, July 27, 1969).

Why did liberal Eaton appoint "anti-union, conservative" Girdler? "Girdler was an excellent, practical steel man..." but "we removed Girdler from influence in the labor world and other sections after he had strikes and riots." So much for the "Managerial Revolution."

The picture painted—showing the biggest companies as autonomous—suited the banks fine. The crucial role of the banks that Lenin had pointed to was covered up by the New Deal Commission.

Two revisionist "scholars" who had been employed by the New Deal used this study as a basis for their own studies. Paul Sweezy (in *The Present as History*) and Victor Perlo (*Empire of High Finance*) pointed to the existence of interest groups with mention made of some of the key banks. Yet neither man repudiated the TNEC "study," but used it and to varying degrees was influenced by it. By refusing to repudiate the New Deal's false theories, they in fact were repudiating Lenin. They found investment companies as important as banks when in fact the former had already outlived their usefulness. The revisionist critics started from their illusions about the New Deal. (In fact Perlo's book is full of references to the New Deal as some kind of people's government.) They end, in fact, by covering up the crucial role the big banks play in controlling the economy.

Perlo's book was written before the full effects of the 20th Congress of the CPSU were felt. After that the "Communist" Party developed the theory of "two centers in Washington." There was the White House, especially under JFK, which was the progressive, peace-loving center, and then the Pentagon, which rallied the dark forces of reaction and

war. Thus the aggressive actions of U.S. imperialism, invasion of Cuba, etc., were blamed on pressure from the Pentagon or the "ultra-rights."

When imperialism used the carrot, as Kennedy was often inclined to do, this was the work of the good center. Perlo immediately slavishly prostituted himself to this ridiculous "theory." He came out with a new book, *Militarism in Industry*, which threw overboard his previous book that at least had pointed to the existence of several contending ruling class groups with the same class interest. In his new book, he divided the major corporations into "hawks and doves" (See review in *PL* Vol. 6, No. 1), ignoring completely that the same banks control both "hawks and doves." Consolidated Edison, a "dove" by Perlo's definition, is controlled, as we saw, by the same group (Rockefeller) that controls such imperialist concerns as the Standard Oil companies, etc., and such war contractors as General Dynamics and Ling-Temco-Vought. The Morgan group controls "dovish" Ford and "hawkish" Boeing, and so on. A cursory look at the list of corporations in each interest group shows how this revisionist theory has absolutely no basis in fact.

This theory was resurrected later, however, in a slightly veiled form by Carl Oglesby, a "theoretician of the New Left," new left-wing revisionists grouped around the *Guardian* and the former SDS leadership. With great fanfare at an SDS national council meeting in 1968 Oglesby unearthed his "Cowboy-Yankee" theory as his own creation, although in fact it was practically a carbon copy of Perlo's old hawk-dove garbage. At that meeting and in the pages of the *Guardian*, calling the assassination of Kennedy a "political revolution" (the "cowboys" took over from the "yankees"), claiming the "yankees" had no interest in the war in Vietnam, and other such bunk, Oglesby tried to foist the discredited revisionist "two-center" theory onto the student movement.

The "Communist" Party had Perlo develop his "hawk-dove" theory in order to provide the "theoretical basis" for its fantastic program of electing an "anti-monopoly government." Oglesby's later variation had as its purpose the aim of "demonstrating" that a large section of monopoly capital, the "yankees," was not interested in imperialism or war. This became a justification for those who supported the Paris negotiations and tried to turn the student movement away from anti-imperialist demands. Oglesby himself went so far as to meet with representatives of the "yankees"—high executives of the biggest international corporations—according to his own admission in *New Left Notes*. While Oglesby gave them information about the student movement, the "yankees" told the gullible Oglesby what he wanted to hear—they had no longer any interest in foreign investments, etc., etc.

This two-center fallacy, under whatever name, was long ago repudiated by Lenin, who pointed out

that imperialism and wars are the *necessary* by-product of monopoly capitalism. To intimate that the Eastern groups with their vast imperialist investments have a lesser stake in the war in Vietnam than the relatively miniscule Houston group (which LBJ had the closest ties to) or the California groups, with their much smaller empires, is to completely turn the facts upside down. There is absolutely *no* group or circle of major monopolies that does not have a *vital* stake in imperialism, or that is not *now* engaged in aggressive economic expansion, in Asia, Africa and Latin America, or that does not profit from a share of war production.

Of course the effect of the "two-center" theory is to spread illusions that the good center of the ruling class will put in a progressive government that will abandon the imperialist policies of aggression and war, such as the New Deal is falsely ascribed to have been.

The revisionist critics start from their nostal-

gic illusions about the New Deal. They proceed to downgrade the crucial role of the banks in controlling the economy; they next forget the existence of interest groups headed by the banks and instead substitute a "two-center" theory. They end up hoping for another New Deal. Thus they try to divert people's struggles away from the goal of smashing the rulers' state.

Revolutionaries, while recognizing that there are fierce struggles among rulers, must be clear on the unity of these wolves against the workers. We must not pin our hopes on this or that group or person, but must unite the workers and all those who can be united under working class leadership to smash the bosses' state and to build a workers' dictatorship that will once and for all shatter and destroy each and every one of these interest groups and put their stolen property back in the hands of the people.

### Appendix: Major financial groups and assets

<i>Assets</i> <i>(in millions of dollars)</i>	<i>Assets</i> <i>(in millions of dollars)</i>	<i>Assets</i> <i>(in millions of dollars)</i>
<b>1. ROCKEFELLER GROUP</b>		
<b>Banks</b>		
Chase Manhattan National	19,014	Missouri-Pacific
First National City Bank	19,335	Great Northern
Chemical Bank N.Y.T.	8,967	Chicago, Burlington
First National Bank, Chicago	5,746	St. Louis-San Francisco
Northwest Bancorporation	4,002	Missouri-Kansas-Texas
First Bank Stock Corp.	3,815	
Republic Ntl. Bank, Dallas	2,176	<b>Airlines</b>
First Ntl. Bank, Dallas	1,714	Pan American Airlines
Mercantile Trust, St. Louis	1,291	American Airlines
First Ntl. Bank, St. Louis	891	Eastern Airlines
Iowa-Des Moines Natl. Bank	255	Northwest Airlines
		New York Airways
		<b>Oil</b>
		Standard Oil, N.J.
<b>Insurance Companies</b>		Texaco
Metropolitan Life	25,840	Mobil-Socony Oil
Equitable Life Assurance	13,591	Standard Oil, Calif.
New York Life	10,026	Standard Oil, Ind.
Banker's Life, Des Moines	1,811	Amerada Petroleum
Continental Assurance	1,532	
Southwest Life	966	<b>Metals</b>
Northwest Ntl. Life	599	U.S. Steel
Southland Life	464	Anaconda Copper
General American Life	464	Kennecott Copper
		Granite City Steel
		<b>Chemicals</b>
<b>Savings Banks</b>		Monsanto
Emigrant Industrial Savings	1,611	National Distillers & Chemicals
Harlem Savings	573	
Farmers & Mechanics Savings, Minnesota	534	<b>Electrical &amp; Electronics</b>
		Ling-Temco-Vought
<b>Other Financial Companies</b>		Honeywell
Fundamental Investors	1,391	General Dynamics
U.S. & Foreign Securities	148	CBS
Istel Fund	139	Whirlpool
		Emerson Electric
<b>Utilities</b>		General Cable
International Tel & Tel	4,022	Hewlett-Packard
Consolidated Edison	3,845	
Texas Utilities	1,371	<b>Producer's Goods</b>
Union Electric, St. Louis	1,135	McDonnell-Douglas Aviation
Northern States Power	1,010	Goodyear Rubber
		International Paper
<b>Railroads</b>		
Norfolk & Western	2,560	
Northern Pacific	1,369	
		Uniroyal Rubber
		National Cash Register
		Borg-Warner
		Corning Glass
		Union Tank Car
		Armstrong Cork
		Otis Elevator
		Freeport Sulphur
		Hormel
		<b>Food &amp; Beverage</b>
		General Foods
		Borden
		Ralston-Purina
		Armour
		Anheuser-Busch
		General Mills
		Pepsico
		Pet
		Pillsbury
		<b>Consumer Goods</b>
		Proctor & Gamble
		Colgate-Palmolive
		Time Inc.
		Bell & Howell
		<b>Merchandizing Houses</b>
		Sears
		J.C. Penny's
		Macy's
		Marshall Field's
		<b>2. MORGAN GROUP</b>
		<b>Banks</b>
		Morgan Guaranty Trust
		Bankers Trust
		Marine Midland Co.
		Bank of New York
		Manufacturers & Traders Trust,
		Buffalo
		First Ntl. Bank, Birmingham
		U.S. Trust Co.
		Brown Bros., Harriman

	<i>Assets</i> <i>(in millions of dollars)</i>
<b>Insurance Companies</b>	
Mutual of N.Y.	3,542
Lincoln Ntl. Life	2,120
Teachers Ins. & Annuity	1,795
Guardian Life	833
Home Life	715
Liberty Ntl. Life	679
Crum & Foster	578
General Reinsurance	388
Atlantic Mutual	143
<b>Savings Banks</b>	
Bowery Savings	2,725
Dollar Savings (N.Y.)	1,262
Seamens Bank for Savings	982
Dry Dock Savings	950
Buffalo Savings	849
Eric Co. Savings	657
Central Savings	642
Franklin Savings	507
<b>Other Financial Companies</b>	
Lehman Co.	496
One William St Fund	299
Niagara Shares	120
<b>Utilities</b>	
Southern Co.	2,486
Columbia Gas System	1,733
Niagara Mohawk Power	1,456
<b>Transportation</b>	
Union Pacific	2,092
TWA	1,159
Mohawk Airlines	88
<b>Extractive Industries</b>	
Continental Oil	2,537
Cities Service	1,872
Phelps-Dodge	653
Texas Gulf Sulphur	523
International Nickel	449
National Gypsum	393
Newmont Mining	272
<b>Food, Tobacco &amp; Drugs</b>	
National Dairy Products	948
Corn Products	869
Campbell Soup	849
Philip Morris	675
Bristol-Meyers	523
National Biscuits	471
Cheseboro Pond	132
<b>Other Industrials</b>	
Ford Motors	8,953
General Electric	5,743
Boeing	2,186
Avco	1,824
Continental Can	1,507
Allied Chemical	1,494
American Can	1,337
St. Regis Paper	1,891
J.P. Stevens	649
Ingersoll-Rand	611
Standard Brands Paint	538
Babcock & Wilcox	516
Merck & Co.	487
Union Camp	479
SCM	470
Libbey-Owens Ford	384
Carrier	345
Pitney-Bowes	208

	<i>Assets</i> <i>(in millions of dollars)</i>
<b>Merchandizing Houses</b>	
Federated Dept. Stores	970
May Dept. Stores	825
Allied Stores	823
Rexall Drugs	533
Gimbels	391
<b>3. PRUDENTIAL INS. - MFGRS. HANOVER TRUST</b>	
<b>Banks</b>	
Manufacturers Hanover Trust	10,439
First National State Bank, N.J.	763
Fidelity Union Trust	619
First Jersey Ntl. Bank	417
<b>Insurance Companies</b>	
Prudential Ins.	26,607
Mutual Benefit Ins.	2,425
Continental Ins.	1,750
<b>Other Financial Companies</b>	
Howard Savings Ins.	815
Alleghany Corp.	242
<b>Utility &amp; Retail Chains</b>	
Public Service Gas & E.	2,152
F.W. Woolworth	1,134
<b>Industrials</b>	
Chrysler Corp.	4,398
Union Carbide	3,208
Radio Corp. of America	2,365
American Smelting & Refining	771
Engelhard Industries	474
Great Northern Paper	265
Triangle Conduit & Cable	100
<b>4. BOSTON GROUP</b>	
<b>Banks &amp; Savings Banks</b>	
Irving Trust Co. (N.Y.)	5,070
First National Bank, Boston	3,835
Shawmut Association	1,341
Baystate Corp.	1,200
State St. Bank	985
Industrial Ntl. Bank (R.I.)	824
New England Merchants Bank	746
Provident Savings	568
Boston 5c Savings	534
R.I. Hospital Trust	509
<b>Insurance Companies</b>	
John Hancock Mutual	9,317
Massachusetts Mutual	3,934
New England Mutual	3,308
Liberty Mutual	1,217
American Mutual-Liability	219
Boston Mfrs.-Arkwright	189
Manufacturers Mutual	150
Fireman's Ins.	126
<b>Other Financial Companies</b>	
Mass. Investors Growth Stock	1,263
American Research & Devlpmnt.	394
Boston Fund	309
Federal St. Fund	189
Diversification Fund	177
Century Shares Trust	114
<b>Utilities &amp; Transportation</b>	
General Telephone	6,157
General Public Utilities	1,658

	<i>Assets</i> <i>(in millions of dollars)</i>
New England Electric	939
National Airlines	317
<b>Industrials</b>	
Sperry Rand	1,095
Textron	891
Scott Paper	750
Warner-Lambert	524
Raytheon	465
United Fruit	439
West Virginia Pulp & Paper	419
Gillette	404
Holiday Inns	251
Fieldcrest Mills	143
<b>5. CHICAGO GROUP</b>	
<b>Banks</b>	
Continental Ill. Bank & Trust	7,373
Harris Trust & Savings	1,918
Northern Trust	1,473
<b>Utility &amp; Railroads</b>	
Commonwealth Edison	2,624
Sante Fe	2,026
Northwest Industries	1,286
Illinois Central	1,093
Chicago, Milwaukee	727
<b>Industrials</b>	
Marcor (Montgomery Ward)	2,618
International Harvester	1,902
Deere & Co.	1,376
Swift	734
U.S. Gypsum	534
Abbott Labs	345
Quaker Oats	281
Amsted	165
Searle	141
Stewart-Warner	117
<b>6. PHILADELPHIA GROUP</b>	
<b>Banks &amp; Savings Banks</b>	
First Penna Bank & Trust	2,506
Philadelphia National Bank	2,064
Philadelphia Savings Fund	1,847
Girard Trust	1,749
Fidelity Bank	1,378
Provident Ntl. Bank	846
Western Savings, Philadelphia	654
Central Pa. National Bank	427
<b>Insurance Companies</b>	
Penn Mutual	2,337
Ins. Co. of North America	2,010
Provident Mutual	1,099
Fidelity Mutual	533
<b>Utility &amp; Transportation</b>	
Philadelphia Electric	1,553
Reading Railroad	350
<b>Industrials</b>	
Atlantic-Richfield	2,450
Panhandle Eastern Pipeline	956
Rohm & Haas	391
Pennwalt	347
Budd Co.	346
Acme Markets	274
Smith, Kline & French	223

*Assets*  
*(in millions of dollars)*

### 7. CONNECTICUT GROUP

Aetna Life	6,641
Connecticut General Life	4,434
Travellers Ins.	4,364
Connecticut Mutual Life	2,523
United Aircraft	1,357
Hartford National Bank & Trust	943
Connecticut Bank & Trust	879
Society for Savings (Hartford)	528
Emhart	166

### 8. MELLON GROUP

#### Banks

Mellon National Bank	4,364
Pittsburgh National Bank	1,725
Union National Bank, Pittsburgh	496

#### Steel

National Steel	1,139
Wheeling-Pittsburgh Steel	600
Colt Industries	587
Alleghany-Ludlum Steel	356
Sharon Steel	190

#### Other Industrials

Gulf Oil	7,498
Westinghouse	2,271
Alcoa	2,192
Alum. Co. of Canada	1,910
PPG Industries	1,094
American Standard	948
White Consolidated Industries	620
H.J. Heinz	532
Koppers	340
Carborundum	253
H.K. Porter	152

### 9. CLEVELAND GROUP

#### Banks

Cleveland Trust	2,449
National City Bank, Cleveland	1,450
Central National Bank	1,221
Society National Bank	717
Union Commerce Bank	564

#### Industrials

Chesapeake & Ohio Railroad	2,528
Republic Steel	1,607
Youngstown Sheet & Tube	1,026
Ohio Oil	772
Eaton, Yale & Towne	622
White Motor	480
Addressograph-Multilith	332
Sherwin-Williams Paint	324
Interlake Steel	311
Harris Intertype	253
Midland-Ross	251
"Automatic" Sprinkler	210
Reliance Electric and Engineering	175
Anchor-Hocking Glass	162

*Assets*  
*(in millions of dollars)*

Clevite	142
Warner-Swasey	131

### 10. SAN FRANCISCO GROUP

Wells Fargo Bank	5,373
Crocker Citizens Bank	4,859
Tenneco	3,888
Pacific Gas & Electric	3,815
Bank of California	1,843
Caterpillar Tractor	1,507
FMC	974
Crown Zellerbach	937
Del Monte Corporation	480
Ampex	237
Western Pacific Railroad	222
Fiber Board	151
Levi Straus	102

### 11. BANK OF AMERICA GROUP

#### Banks

Bank of America	23,961
Western Bancorporation	9,686
Security Pacific National Bank	6,288
U.S. National Bank, Oregon	1,714
Union Bank	1,690

#### Insurance & Other Finance

Transamerica Co.	3,276
Occidental Life	1,504
Investment Co. of America	1,055
Pacific Mutual	847
American Mutual Fund	439
Standard Insurance (Portland)	155

#### Utilities

Southern California Edison	2,755
Pacific Light & Supply	943
Pacific Power & Light (Oregon)	785

#### Industrials & Merchandizing

Union Oil	2,297
Getty Oil	1,784
Kaiser Industries	1,371
Georgia-Pacific	1,268
Litton Industries	1,207
Lucky Stores	1,028
Lockheed Aircraft	936
TRW	888
Kaiser Aluminum	624
Kaiser Steel	579
Foremost-McKesson	503
Northrup Aviation	400
Broadway-Hale	395
Western Airlines	349
Dillingham Industries (Hawaii)	337
United Artists	295
Times-Mirror Co.	289
CF & I Steel	235
Cyprus Mines	190
Metromedia	126
Di Giorgio	124

*Assets*  
*(in millions of dollars)*

### 12. DU PONT GROUP

E.I. DuPont de Nemours	3,289
Christiana Securities	2,233
Florida Ntl. Group (banks)	1,093
Hercules Inc.	798
Wilmington Trust	427
Continental-American Life	164
Remington Arms	106

### 13. DETROIT GROUP

National Bank of Detroit	3,854
Detroit Bank & Trust	2,068
Mfgs. Ntl. Bank of Detroit	1,970
Consumers Power (Jackson)	1,640
Detroit Edison	1,529
Bank of the Commonwealth	1,352
Bendix	905
Burroughs	772
Kresge Co.	657
Freuhauf	483
Parke-Davis	346
McLouth Steel	322
Federal Mogul	177
Wyandotte Chemical	156

### 14. MILWAUKEE GROUP

Northwest Mutual Life	5,719
First Wisconsin Bank Shares	1,535
Wisconsin Electric Power	823
Kimberly-Clark	787
Allis-Chalmers	705
Marine Corp. (Banks)	638
Marsh & Isley Bank Stock Co	632
Schlitz Brewing	250

### 15. ROCHESTER GROUP

Eastman Kodak	2,565
National Bank of North Amer	1,682
Lincoln First Group (banks)	1,296
Xerox Corp.	905

### 16. NORTH CAROLINA GROUP

Wachovia Bank & Trust	1,618
North Carolina National Bank	1,274
R.J. Reynolds Tobacco	1,197
Burlington Industries	1,192
Jefferson Standard Life	932
American Enka	216
Hanes Corp.	113
Piedmont Aviation	50

### 17. HOUSTON GROUP

El Paso Natural Gas	1,879
Texas Eastern Transmission	1,541
1st City Ntl. Bank, Houston	1,018
Texas Nt. Bank of Commerce	925
Halliburton (Brown & Root)	414
American General Life of Okla.	46

## 18. "SHARED" CORPORATIONS\*

	<i>Assets (in millions)</i>	<i>Controlling Groups</i>		<i>Assets (Dec. 1968)</i>	<i>Ownership or Control</i>
			Citizens & Southern Nat'l Bank, Savannah	1,568	NA***
			Valley National Bank, Phoenix	1,493	Bimson family
<b>Financial</b>			<b>Among the 20 biggest insurance companies</b>		
Dime Savings Bank, Brooklyn	2,077	Rockefeller-Prudential	Western & Southern Life, Cincinnati	1,685	NA
New York Bank for Savings	1,842	Rockefeller-Morgan	National Life & Accident Nashville	1,580	NA
American Express Co.	1,746	Rockefeller-Morgan-Prudential	<b>Among the 10 biggest savings banks</b>		
Williamsburgh Savings Bank	1,221	Morgan-Prudential	Home Savings & Loan, Los Angeles	2,913	Howard Ahmanson
Greenwich Savings Bank	1,108	Morgan-Prudential	American Savings & Loan of Calif.	2,336	S.M. Taper
East River Savings Bank	821	Rockefeller-Prudential	California Federal Savings	1,575	Howard Edgerton
Tri-Continental Corp.	652	Morgan-Prudential	<b>Among the 20 biggest transport companies</b>		
<b>Utilities</b>			Delta Airlines	557	six mutual funds hold 14%
American Telephone & Tel.	40,150	Rockefeller-Boston-Prudential	Consolidated Freightways	192	NA
American Electric Power	2,385	Rockefeller-Boston	<b>Among the 10 biggest retail chains</b>		
Middle South Utilities	1,454	Morgan-Boston	Great Atlantic & Pacific	913	Hartford family
Peoples Gas (Chicago)	1,143	Rockefeller-Chicago	Food Fair Stores	589	Friedlan family
Consolidated Natural Gas	1,113	Mellon-Cleveland	Kroger Co.	290	NA
<b>Transportation</b>			<b>Among the 100 biggest industrials</b>		
Penn-Central Railroad	6,524	Morgan-Philadelphia-Prudential-Mellon	Phillips Petroleum	2,888	Phillips family
Southern Pacific Railroad	2,922	Bank of America-San Francisco	Sun Oil Co.	2,367	Pew family
United Airlines	1,796	Rockefeller-Chicago-Cleveland-San Francisco-Bank of America	Dow Chemical Co.	2,312	Dow family
Southern Railroad	1,436	Rockefeller-Morgan	Firestone Tire & Rubber	1,882	Firestone family
Seaboard Coast Railroad	1,184	Rockefeller-Boston	Celanese Corp.	1,659	Dreyfus family & Swiss interests
Greyhound	525	Morgan-San Francisco	American Tobacco	1,512	NA
<b>Industrial</b>			Singer Co.	1,408	Financial General Bank holding co.
General Motors	14,010	Rockefeller-Morgan-Mellon-Boston-Detroit	Signal Oil & Gas	1,227	S.B. Mosher
International Business Machines (IBM)	6,743	Rockefeller-Morgan	Minnesota Mining & Mfg.	1,162	McKnight & Ordway families
Bethlehem Steel	3,060	Rockefeller-Prudential	Owens-Illinois Glass	1,161	Levis family
W.R. Grace & Co.	1,677	Rockefeller-Morgan	U.S. Plywood-Champion Paper	1,123	Ottinger family
Armco Steel	1,633	Mellon-Cleveland	Weyer Hauser	1,064	Weyerhaeuser, Clapp, Bell & McKnight families
No. American-Rockwell	1,361	Morgan-Bank of America	General Tire & Rubber	1,039	O'Neill family
Inland Steel	1,175	Rockefeller-Chicago	Olin-Mathieson Chemical	991	Olin family
Safeway Stores	698	Bank of America- San Francisco	American Cyanamid	975	five allied southern families
Diamond Shamrock	641	Mellon-Cleveland	Coca-Cola	802	Woodruff family
Johns Mansville	477	Rockefeller-Morgan	American Home Products	680	A.H. Diebold & H.S. Marston
Hanna Mining	276	Mellon-Cleveland	Consolidated Foods	568	Harrington family
St. Joseph Lead	180	Rockefeller-Morgan	Genesco	445	NA
			Beatrice Foods	343	NA

## 19. MAJOR "INDEPENDENTS"\*\*

*Assets  
(Dec. 1968)*      *Ownership or Control*

### Among the 50 biggest banks

Franklin National Bank, Mineola, N.Y.	2,868	S.S. Hein, S. Kitay, M.J. Merkin
Seattle First Natl. Bank	1,972	linked with General American Corp.

\* Controlled by two or more groups, none of which is completely dominant.

\*\* Corporations among the top 225 whose boards are not dominated by the financial houses of one of the above ruling circles (as of January 1968).

\*\*\*NA: information not available

**SOURCES:** Almost all the information about interlocks that shows the existence and composition of the various interest groups came from *Dun & Bradstreet's Million Dollar Directory* and *Moody's Bank and Finance Manual*. The statistics on the concentration of capital came from the *Statistical Abstract of the United States* and *Fortune's* "Directory of the 500 Largest Corporations." The imperialist and domestic holdings of various corporations and their history (especially the struggle for control) came from various issues of *Moody's Bank and Finance Manual*, *Moody's Transportation Manual*, *Moody's Industrial Manual*, *Moody's Public Utility Manual*, *Standard and Poor's Directory* and *Fortune* magazine. The top 25 defense contractors are listed in *Fortune*, August 1, 1969.