

Industrial Democracy

MURRAY E. KING, Managing Editor

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No Wrong Can Live Long Under Free Discussion

EUGENE V. DEBS, Founder

WILLIAM H. HENRY, Business Manager

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CHICAGO, JULY 2, 1927

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Federal Commission to Grant WDEBS A Permit

British Lords Move To Block Socialism

Members of the Federal Radio Commission have assured trustees of the \$250,000 Debs Memorial Radio Fund...

With this assurance, Norman Thomas, chairman of the Fund, declared that the Debs Fund will resume its negotiations for the purchase of a high-powered station in the New York area...

The declaration of the commission was hailed yesterday by trustees of the fund, which seeks to operate a station from which all shades of labor and liberal opinion will be broadcast...

World Cooperative Rising Out of the Capitalistic Order

37 Nations Uniting in Huge International Combine of Cooperatives

LONDON, England.—Facts disclosed at the British cooperative congress show that a great cooperative international combining the cooperative system of all nations is being taking shape...

The volume of business between the 36 countries now composing the international alliance, was during the last year \$200,000,000.

Thirty-four of the leading cooperative countries contain 300,000 societies having a combined membership of 44,500,000.

It was brought out also that the cooperative are swinging closer and closer to the labor movement and to the aims and objectives of the Socialist movement...

MILWAUKEE—Speaking at the Wisconsin flood control conference in Milwaukee Victor L. Berger, Socialist congressman, declared that no particular individual or group is to blame for the recurring disastrous floods of the lower Mississippi.

Monopoly Grab of Whole Radio Field Admitted by Boss

Chicago Labor Radio & WDEBS May Be Only Stations Open To the Workers

WASHINGTON.—Through the key stations owned by the Radio Trust and their networks all the people of the United States can be reached—AND NO ONE ELSE CAN GET NEAR THEM.

That the Radio Trust has "key stations" in New York, the financial center of the country, and in Washington, the political center of the country.

Through one set of hook-ups, called the "Red" network, it can reach a population of 75,000,000, and through another set of hook-ups, the "Blue" network, it can reach a population of 66,000,000.

The formation of the Radio Trust reads a good deal like the House that Jack (Morgan) built.

The National Broadcasting Company is owned by the Radio Corporation, the General Electric Company, and the Westinghouse company.

The Radio Corporation is owned by the General Electric, the Westinghouse and the Telephone and Telegraph Companies.

The recent prediction of Ed Nockles, secretary of the Chicago Federation of Labor, that soon the only independent station in the United States would be the one belonging to the Federation, bids fair to come true.

So that the air is dominated at the present time by a group of interests practically under indictment for violation of the anti-trust laws.

Berger Urges Use of Federal Funds As Floods Remedy

So that the air is dominated at the present time by a group of interests practically under indictment for violation of the anti-trust laws.

"It is the American capitalist system that is really at fault," said Berger. "Nowhere was capitalism so ruthless and less mindful of consequences than in our country. This is especially noticeable in the lumber industry."

Public Ownership Forces in Illinois Smash Insull Bills

As the Appeal goes to press the leading capitalist organs in Illinois are announcing the certain failure of the Insull traction bills to pass the lower Illinois house.

This senate victory of the great traction magnate alarmed and aroused the public ownership forces of Illinois as they have never been aroused before.

The fight and its outcome illustrated two valuable lessons. 1.—Big business nowadays can do practically anything it pleases.

Oh, the horrors and terrors of war! When Sherman, who knew of it from having burned a road sixty miles wide through a prosperous region, was asked what war is, he faltered for a word to describe it and then answered: "It is hell."

Sinclair Testing Boston Police On Banning of "Oil"

NEW YORK.—Oil is going to Boston in big lead fighting clothes. Upton Sinclair's great labor novel is being tested by the Boston police under threats of a year in jail.

Are we not all brothers? Then why should some ride others, and why should some have all and others naught?

Are we not all of one blood? Then why should we kill each other, making wives widows and children orphans, that we may enable the rulers of men to feast the more?

Anita Whitney Gets Executive Pardon

Pardon for Charlotte Anita Whitney of Oakland, California, who was convicted under the California criminal syndicalism act and who faced a term of from one to fourteen years in San Quentin prison, was granted June 20 by Governor C. C. Young.

From The Pen Of Debs

War Is Murder in Uniform

Douglas Jerrold once said that "war is murder in uniform." That it should survive to the nineteenth century would be an inexplicable mystery.

In the olden days the conquered was deprived of all and reduced to open slavery. Of late years the victim is despoiled of hope in life and of freedom, just as if he were only a foreigner.

Oh, the horrors and terrors of war! When Sherman, who knew of it from having burned a road sixty miles wide through a prosperous region, was asked what war is, he faltered for a word to describe it and then answered: "It is hell."

England Seethes In Battle Against Vicious Labor Bills

LONDON, England.—Trade unionists in many parts of England are conducting a house-to-house canvass against the government's anti-trade union bill.

Under terms of the new legislation governing wage controversies between railroads and their employees both sides are to be bound to accept decisions of mediation tribunals.

50,000 Trainmen Denied Raise Under Watson-Parker Law

CHICAGO.—Fifty thousand trainmen and conductors working on railroads west of Chicago were denied a 7 1/2 per cent raise in a decision handed down yesterday by the federal board of mediation.

Sign On The Dotted Line And Get Things Started

Sub-A-Month Membership Pledge Organized Army of the American Appeal

Uncover Suppressed Evidence Favoring Sacco and Vanzetti

Facts Tending to Clear Victims Concealed by Government for Years

BOSTON.—William G. Thompson, defense attorney for Sacco and Vanzetti, has submitted a 25-page brief to Governor Fuller with additional evidence of the innocence of the condemned radicals.

At a mass meeting in Portsmouth, N. H., Holiford Knight, well-known attorney, said: "All the suggestions and proposals to hamper and restrict the industrial and political activities of trade unions that had been collected in the Tory dust bin for a generation are contained in the bill."

U. S. Turns Its Air Mail Planes Over to Magnates

Administration Yields to Plot of Magnates Despite Success of Public Ownership

WASHINGTON.—Uncle Sam went out of the air mail business last week when the Post Office Department sold 29 planes at auction. The machines cost the government about \$15,000 each, according to Postmaster General New, and they were bid in from \$5,000 to \$7,500.

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Plan Changes That Would Make Peaceful Emancipation of Workers Impossible

LONDON, England.—The House of Lords tonight passed a motion by a vote of 208 to 54 to reform the British upper house. This precipitates what will no doubt turn out to be one of the most desperate struggles between the workers and upper classes in England in the history of that country.

Branting Uncovers Link in Sacco and Vanzetti Frameup

BOSTON.—George Branting, son of the former Socialist premier of Sweden, who is here investigating the Sacco-Vanzetti case in behalf of Labor, Liberal and Socialist opinion in Europe, has uncovered a link showing a frameup to convict Sacco and Vanzetti.

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American Appeal, 2653 Washington Blvd., Chicago: I hereby agree to obtain for the American Appeal in the future at least one subscription per month, or its equivalent. Enroll me in the Organized Army of the American Appeal.



# NEWS AND VIEWS

## Disarmament Hoax

The Coolidge so-called naval disarmament conference is typical capitalist bunk promoted solely for political purposes. There is only one out of two possible endings for it—it will either end in failure and start the greatest race in naval armament in the world's history, or it will result in an agreement between the three strong naval powers participating in maintaining between themselves large enough navies to dominate the world. If this latter arrangement fails to suit the rest of the world, then there will begin a regular word-wide race of death for naval and military supremacy. Any disarmament that is not universal is a fraud and a hoax. "Disarmament" scheme that includes only the three most powerful nations and relates only to navies, is a most monstrous and dangerous fraud.

## Why This Difference

The Pope has just issued a warning against Bolshevism in China and Mexico. Bolshevism as understood today is a dictatorship of the working class. Right under the Pope's nose in Italy there has been built up during the past seven years the most despotic, cruel, monstrous and autocratic dictatorship in the world—the Fascist dictatorship. But it is a dictatorship in the interest of big business, the royalty and the aristocracy. The Pope has never yet issued any warning against this dictatorship. Why this discrimination by one who claims to be a follower and representative of the lowly Nazarene?

## Ownership Wins Over Creatorship

The owners of the moving picture business have announced a slash in the big salaries of the stars. This situation is a good illustration of the nature of capitalism. When the business is in its infancy genius and art had its innings because genius and art were the essential elements in attracting the public to this new diversion. The men and women of established reputation on the stage, in short, had to be bought to this new business and their own terms. This habit has now become commercialized and habits and tastes of millions of per-

## Show Real Reason Why U. S. Envoy In Mexico Quit

By Harvey O'Connor

WASHINGTON—James R. Sheffield ambassador to Mexico, has quit. Although he has not yet formally resigned.

Rumors of Sheffield's impending resignation have been rife in Washington since documents revealing that he had actively encouraged enemies of the Calles government to start revolutions fell into the hands of the Mexicans. An international incident of the first water resulted with claims that instructions from Secretary Kellogg advising Sheffield how to apply the "strong" policy to Calles had been forged and diplomatic pouches entered.

Ambassador Telles was recalled hastily to Mexico City and cable wires fairly sizzled with diplomatic assurances from the state department that the contents of the instructions to Sheffield and his replies had been tampered with were not true reflections of the American attitude. Calles graciously accepted the protestations, but with the tacit understanding that Sheffield would be recalled as soon as a convenient excuse offered.

Immediately thereafter both President Coolidge and Secretary Kellogg moderated their blistering tone toward Mexico and sweet assurances that the Mexican oil controversy could be worked out amicably were passed to the press. This contrasted sharply with previous statements of Assistant Secretary of State Oida, a law partner of Kellogg, to press associations in a non-quotable interview that Mexico was seeking to create a "bolshievisit hegemony from the Rio Grande to Panama."

Sheffield is reported by American labor men who have been in Mexico during his tenure, to have found the workers and peasants movements there extremely distasteful. He hated the idea of the underlying population conducting a revolution and getting away with it.

## All Elements of Chinese Revolution Unite for Victory

Events of great importance promising the early culmination of the Chinese revolution, transpired during the week. Among these developments were the following:

On June 20 there was held in Hankow, capital of the more radical wing of the revolution, a convention of 400 delegates representing seven million workers, peasants and merchants which perfected a unification of these elements as the basis of the alliance of all classes to promote the revolution.

On June 21 at the invitation of Feng Yu-hsiang, so-called Christian general, and military commander of the Hankow armies, Chiang Kai-shek, commander at Nanking of the con-

## Economy Cal's Costly Vacation

One of the mere preliminaries of Calvin Coolidge's vacation cost about \$200,000—the provisions for telegraph and telephone service.

In an interview, Albert Turner of Omaha, transmission engineer of the Northwestern Bell Telephone Company, said it would cost approximately that much. They had to string 650 miles of wire circuit and put up \$50,000 worth of equipment scattered through a dozen different towns. They provided three direct telephone circuits from Rapid City to Chicago, one to Denver, six telegraph circuits to Chicago, and three lines from Rapid City to the president's lodge, which is 75 miles by pole line although shorter by auto.

## The Obviously Correct System

The following is not the statement of a dyed-in-the-wool Socialist. It is from a speech delivered by Owen D. Young, eminent engineer and economist of the General Electric Company before the Harvard graduate business school recently:

"No man is wholly free until he is both politically and economically free. Perhaps some day we may be able to organize human beings engaged in a particular undertaking so that they will truly be the employer, buying capital as a commodity in the market at the lowest price. I hope the day may come when these great business organizations will truly belong to the men who are giving their lives and their efforts to them. I care not in what capacity. Then they will use capital as a tool, and they will all be interested in working it to the highest economic advantage. Then an idle machine will mean to every man in the plant who sees it an unproductive charge against himself. Then, in a word, men will be free in cooperative undertakings and subject only to the same limitations and chances as men in individual business. Then we shall have no hired men."

Socialism is so obvious, so reasonable, that even the captains and experts in capitalist industry will sometimes stumble and fall all over it.

## Bankers Support Fascist Menace in the United States

WASHINGTON.—International bankers who loan money to Mussolini and American tourists who are banqueting or given an afternoon tea by the Italian dictator are the best propagandists for Fascism in this country, said Dr. Charles Fama of New York at a mass meeting in this city.

Dr. Fama, a World War veteran and a major in the Medical Reserve Corps. The meeting was held under the auspices of American citizens of Italian birth and other friends of Italian freedom.

Dr. Fama said that more than 90 per cent of the Italian press in this country is either owned or subsidized by Mussolini, who has used Fascism in the large industrial centers of the United States. The military sections of these leagues wear the black shirt uniform of Mussolini's militia in Italy. These leagues undermine democracy and mold a favorable public opinion for Mussolini and Fascism. The leagues claim their purpose is to make better Americans out of Italians in this country, but Dr. Fama quoted this message to Mussolini from the convention of the Fascist League of North America, held in Philadelphia, October 1 and 1925: "Fascist Fascist Council closed its first Fascist sends expression of true devotion to its Duce, and renew oath of allegiance to do his will and to carry out his orders to the end."

Every time a fake attempt was made on Mussolini's life, similar telegrams were sent to the dictator by the various posts, whose members must take this oath: "I swear unquestioning, complete and unlimited obedience to the Duce and Italian Fascist."

The speaker declared that Mussolini's black-shirted with their autocratic ideals, should not be permitted in this country. They are a challenge to democracy, he said.

## Another Professor Ousted by Bigots

Failure of the board of trustees of Winthrop College, Columbia, South Carolina, to reelect Professor William Garnet Burgin to the chair of Sociology which he has held with distinction for the past five years is laid to the charges brought against him by "Fundamentalists" that he is an atheist.

Before taking over the chair of Sociology at the college, Professor Burgin was a Baptist preacher and for several years taught a Bible class of 300 in one of the largest churches in Pasadena, California.

Professor Burgin's work in the college has been termed "distinguished" by several leading educational authorities. No criticism of his ability or services was made by the board in connection with its failure to reelect him.

## Minneapolis Labor Elects 3 Aldermen, 2 School Members

Lose 3 Aldermen—Labor Vote Has Decreased As Socialist Party Activity Declined

MINNEAPOLIS.—In the recent Minneapolis municipal election three aldermanic candidates of the Farmer-Labor Party out of six up for reelection were elected and three were defeated. On the other hand, the reactionaries came in for a surprise when the Farmer-Laborites elected two members of the school board.

The Labor candidates elected were, A. R. Gieslen of the Ninth Ward, who received 5,041 votes to 2,995 votes for his opponent; A. G. Bastis of the Sixth Ward, who received 1,281 votes to 371 for his opponent, and Eugene Hanscom of the Seventh Ward, who received 4,533 votes to 4,777 for his opponent.

The defeated Laborites were Charles H. Rudsild of the Twelfth Ward, I. G. Scott of the Tenth and Peter J. Prytz of the Eleventh Ward.

Among the aldermen elected A. R. Gieslen has been for years a hard fighting Socialist, although he is not at present affiliated with the Socialist Party. I. G. Bastis was a prominent Socialist for years, but is not in the Party at present. Eugene Hanscom has always considered himself a Socialist in belief but has not affiliated with the Party.

Charles H. Rudsild was a Party Member up until about two years ago. I. G. Scott was a radical Socialist with Communist sympathies. Peter J. Prytz was a faithful member of the Socialist Party up until a few years ago.

Among the Farmer-Laborites elected to the School Board was Lynn Thompson. Thompson is the only one of these Socialists who have retained membership in the Socialist Party. He is still a dues paying member.

The results in Minneapolis illustrate the futility of diluting Socialism in order to make it acceptable to a larger number of voters. During the War the Socialist Party of Minneapolis reached the height of its power, electing Thomas Van Lear mayor and electing a strong minority in the city council with the Nonpartisan League arose and later the Farmer-Labor Party the Minneapolis Socialists affiliated with the Farmer-Labor Party, but for a time preserved their separate local identity. Finally, the Minneapolis Socialist Party became merged almost completely with the Farmer-Labor movement. Socialism became practically a reactionary and is considered a traitor to the Labor Movement by all Minneapolis radicals. The Socialist organization declined until it was almost impossible to get a quorum to a meeting. Finally the Socialist Party of Minneapolis dissolved to the same extent that the Socialist Party showed disintegration the Farmer-Labor vote in Minneapolis fell off. The decline has been steady. In the election preceding the one just held six out of twelve Labor aldermen were elected.

The direct cause of the decline in interest in the Socialist Party was the fact that it created political activity and power to another party. In 1916 the Minneapolis Socialist Party was in practically the same position of power as the Milwaukee Socialist Party. The Milwaukee Socialist Party refused to yield the field to any reform movement and more than held its own. The Minneapolis Socialist Party tried to popularize Socialism under another name and disappeared. The Minneapolis movement fully absorbed into the Milwaukee movement in 1916.

## 12,000 Pennsylvania Coal Miners to Strike

Philadelphia, Pa.—All union coal miners in the central Pennsylvania bituminous field will close July 1, the joint committee representing the operators and miners having failed to reach an agreement on a new wage scale. Between 10,000 and 12,000 men will be idle.

The joint conference, which reconvened here last Tuesday to negotiate a new scale to replace the Jackson-ville agreement, adjourned when the miners' representatives voted down a proposal of operators for a 15 to 20 per cent wage reduction.

## Patrioters Ban Jewish Liberals

Three Jews of national prominence are included in the black-list of fifty names of "dangerous" un-American persons, who are accused of working to undermine the government by what it terms "communistic tendencies" in a special bulletin issued in Chicago by the Society of the Scabbard and Blade.

The three Jews named are Rabbi Abba Hillel Silver of Cleveland, Rabbi Stephen S. Wise, New York, and Joseph Schlossberg, secretary and treasurer of the Amalgamated Clothing Workers of America. Rabbi Silver and Mr. Schlossberg are members of the National Committee of the American Civil Liberties Union. The latter is also a member of the Executive Committee of the organization.

## Obregon Candidate of Mexican Workers

MEXICO CITY.—Gen. Alvaro Obregon tonight announced his candidacy for the presidency of the republic. Gen. Arnulfo Gomez yesterday was named as the candidate of the "Anti-Reelection" party.

Obregon has pledged himself to carry out the program and policies of Calles.

## Trotzky, Zinovieff, Are to Be Ousted

MOSCOW.—Dismissal of Leon Trotzky and Gregory Zinovieff from the central committee of the All-Russian communist party on charges of violating party discipline was recommended today by the presidium of the central control committee.

## Lindbergh Gets Labor Day Invite

CHICAGO.—Charles A. Lindbergh, hero of transatlantic aviation and one of the late radical congressmen from Minnesota, has been invited by the Chicago Federation of Labor to be the guest of honor at the Labor Day celebration in Grant Park stadium September 5.

# APPEAL'S FEATURE DEPARTMENT

Harry W. Laidler, Editor

## Proportional Representation

In Two Articles Article I.

### Why Representation of Economic Groups Was Done Away With

Editor's Note

How can Socialists gain a foothold on the practical political life of the community? This is the most important problem before American Socialists. James O Neal, editor of the New Leader, and one of the best scholars in the Socialist movement, believes that one way to give socialists the start they need in many communities and a ray commensurate with their numbers is through the system of proportional representation. In the first of his two articles on this subject, Comrade O Neal briefly and fascinatingly sketches the development of so-called representative government in Europe.

—H. W. L.

By James O Neal

(Editor, The New Leader)

If government is to be an agency for solving important problems it should be as nearly representative as it is possible to make it. Majority opinions should rule and be responsible for the administration of power, but minority opinions should not be disfranchised. If a majority party has 51 per cent of the vote it should not have 75 per cent of the representatives. If minority groups poll 49 per cent of the vote they should not be assigned 10 per cent of the representatives or be deprived of representation entirely.

Yet, misrepresentation, over-representation and under-representation prevail under the American system of representation in city council legislative bodies, and in Congress. The representative system has become modernized in most modern nations but ours dates back to the last years of the eighteenth century. The result is that 50 per cent or more of the qualified voters take no interest in politics, one vote in the South is worth five or more cast in the North, two parties exactly alike alternate in power, minorities are as much disfranchised as though the law deprived them of the suffrage, millions of votes that are cast are wasted, and often a party that receives a minority of the votes cast obtains a majority of the representatives.

### Free Cities as Private Business Corporations

How did all this come about? To make this plain it is necessary to understand how the representative system developed. An excerpt from an article by Professor John R. Commons in the New York Independent for June, 1900, presents in simple language how the representative system came to be. He begins with the free cities of the Middle Ages and says:

"The free cities were at first private business corporations or merchants, peddlers, and hawkers, charters of the King in order that they might manage their private affairs, and might travel over the King's highway free from interference of the feudal lords. This corporation of merchants elected a president whom they called their maire. After a while, in one way or another, the different trades of hand workers, such as weavers, armor-makers, shoemakers, and so on, also organized

their own corporation, and elected their own presidents, whom they called saldormen. These aldermen met together as a kind of Trades Assembly, or Central Labor Union, or Board of Walking Delegates, and finally demanded and secured a veto on the maire. In this way the city became a representative government, in which the merchants were represented by their president the Mayor, and the labor unions by their several presidents, the Board of Aldermen. Each had a veto on the other, and therefore the consent of each was necessary to enact laws and ordinances.

Now, notice the method of elections. Neither the mayor nor the aldermen were elected by universal suffrage. Each was elected by the members of his own corporation or trade union. Each represented frankly and openly, not 'all the people,' like the modern politician, but his own organized interests. The Mayor spoke for the merchants, just as much as Chauncey M. Depew spoke as president for the stockholders of the New York Central Railway. Each alderman spoke and voted for his union, just as much as F. M. Arthur speaks for the Locomotive Engineers, and George S. Sargent for the Locomotive Firemen. The city business could not be conducted unless the mayor and the aldermen agreed, just as the New York Central Railway could not carry on business unless Mr. Depew had an understanding with Mr. Arthur and Mr. Sargent. And just as the stockholders in the Central Railway do not vote in the meetings of the stockholders, so the merchants did not vote for the aldermen and the hand workers did not vote for the mayor. The system was a representation of interests, not a representation of individual voters."

The reader will observe that in that period of history it was generally understood that the interests of different classes differed so that representation was given to each group or class. It would have been considered absurd to draw an electoral district on the map and require bankers, landowners, business men, lawyers and workers to choose a man to represent all. They were more homes in the day than now. It was representing "all the people."

In December, 1899, Professor Commons also discussed this question before the American Economic Association in relation to the origin and development of the parliamentary system. A few sentences from this address are also informative:

"Only the members of the corporations in the towns and the landowners in the country could vote. Since that time universal suffrage has been adopted on the ground that the wage earner should be represented. But the result has been simply to throw into the same constituency and require to elect one man by a majority vote who shall represent them all. This was easy enough when but one class voted by itself. It could then elect its own leading representative man. But to throw antagonistic classes into the same constituency and require them to elect one man who should represent all, compels them to elect, not a man who represents a class, but a compromise candidate who represents none. . . . The compromise candidate has no bitter enemies, and he has no enthusiastic friends. He does not stand for principles or convictions. He is simply the tool of the boss. The boss is the man who is shrewd in manipulating these class antagonisms and in selecting those compromise candidates, who can get a majority out of conflicting interests."

Thus Professor Commons has traced for us the origin of local and national representative bodies. At a later period representation of interests gave way to representation of districts. When district representation became general the suffrage was restricted to property owners and the masses were disfranchised. Believing that the masses would vote for their own interests, if they had the suffrage in district elections, and would exclude the government, they were excluded from voting in this country and in Europe.

### Talk With Doc

By Adam Phool

Talking with a doctor, I spoke of a man fifty-five or sixty years old as a old fellow. The doctor corrected me with, "you are mistaken when you call a man of that age old, that is the prime of life nowadays."

I said, "Is it? Well you just go with any man past forty-five to most any factory in the country while he applies for a job, and see if you still have that idea."

"Oh yes," he said, he knew it was a fact employers in general refused to take on help past that age. But he said it was all imagination or ignorance of the progress of medical science and the longer life of man.

"It is true," I answered "that you doctors are helping men to live longer. Now what are you doing to help the man buy food with which to sustain that life?"

He grinned and said he knew that doctors were wondrously smart but they shouldn't be expected to build the man and feed him too. He thought the man should be able to do that himself.

I agreed with him that he SHOULD, but said I, "of course you know that your vote counts just as much as any employer. Are you casting it with the employer to help him continue his system, or are you casting it with the working men to help them to change the system to one that will give every man a chance old or young?"

He grinned and said, "I suppose you mean do I vote socialist?" "Exactly," said I.

He grinned some more, in fact I left him still grinning, but he hasn't answered yet.

### Public Ownership News

Los Angeles having made such an outstanding success of its electric light, water and power systems is now starting a movement for the municipal ownership of its street car lines.

Phoenix, Ariz., took over the street railways a little over a year ago. It has greatly improved the system, kept the 5-cent fare, introduced the 8-hour day for the street car men and finished the first year's operation under municipal ownership in November last with \$17,839,000 cash on hand. Big metropolitan daily newspapers please copy and publish these facts!

The United States government has been disposing of many of its publicly owned merchant vessels since the world war but still owns 881.

The Wyandotte, Mich., council rejected the \$700,000 offer of the Detroit Edison Co. for the municipal water and lighting plant.

Mayor H. S. Amiot pointed out that the lighting division has a balance of \$115,000 in the bank. He declared the plant would earn \$700,000 in the next few years. During the last five years its earnings have paid for the rebuilding of the plant and for the addition of 35 miles of distribution system of hand workers.

Power applied to homes at 6 1/2 cents a kilowatt hour, as compared with the Edison Co.'s rate of 10 cents, he added, and last year the city's public lighting cost only \$6,000. Purchased from a corporation, it would have cost \$50,000 or \$60,000, he declared.

In 1914 Leavenworth, Kan., voted for municipal ownership of its water-works plant. The bond debt limit of the city prevented completely acquiring the property but for 10 years

### U. S. Bankers Have Half World's Gold

NEW YORK.—The largest supply of monetary gold ever accumulated by any country in the history of the world, a total of \$4,598,782,795, was held in the United States on June 1, according to figures of the United States treasury, just made available. This follows the establishment of a record at \$4,553,787,383 on March 1, and represents an increase of \$103,337,700 since April 1, 1926, when the total was \$4,491,851,095.

Since the outbreak of the European war American gold holdings have shown a net increase of more than \$2,257,000,000.

America's share of the monetary gold stock of the world amounts now almost to 50 per cent.

# Will Present American Prosperity Continue?

### Editor's Note

This article, sent to the Appeal by Dr. Laidler, our Feature Editor, is from a speech by George Soule at the recent national conference of the League for Industrial Democracy, which thrashed out the question, as has never been done before in this country, of the nature and the probable duration of our present so-called prosperity. Mr. Soule's position as editor of The New Republic, adds to the significance of this article as practically all the points he makes are strikingly in accord with the Socialist viewpoint and analysis. The views of others attending this conference will appear in the Appeal. This is a vitally important topic because the majority are hypnotized, not by prosperity, but by prosperity talk, and when the impending industrial break comes there will be a tremendous disillusionment and American Socialism will reap the biggest and richest harvest in its history.

### By George Soule

(Editor of The New Republic, Director, Labor Bureau, Inc.)

During the past three years, prices have been falling. The cost of living has tended downward rather than upward. The desire for increased wages has thus been rendered less sharp. It has also been met to a moderate extent by voluntary increases on the part of employers. The increased production has not been accompanied—except in certain instances such as building construction—by speculative fervor. It has been brought about rather by more efficient use of plant, machinery and labor. Thus, while output has in-

creased, employment has gradually declined. There has been no great demand for new workers in the labor market. A man who had a steady job was lucky to keep it. Thus we have a combination of circumstances which at the same time gives more satisfaction to the worker, and renders him less able to protest, than in an ordinary boom. It is this condition which renders the myth of economic perfection in the United States easier for the worker to believe.

### Prosperity, Credit and Gold Reserves

What solid ground is there for confidence that this condition will continue? In order to answer that question one would have to know the whole secret of the business cycle, whereas to the best of my knowledge and belief, economic science has not yet any certain key to that secret. Nevertheless there are substantial grounds for the guess that even our present type of prosperity will not go on without serious interruption. I do not want to class myself with the business fortune tellers and do not intend to tell you when the next depression will arrive, but will content myself with expressing briefly some of the reasons for believing that it will arrive sometime.

One reason for the confidence in the continuance of prosperity on the part of the optimists is that the Federal Reserve Banks have apparently adopted the policy of discouraging both inflation and deflation. This they do by raising interest rates and selling securities when over-speculation appears and prices begin to rise, and by lowering interest rates and buying securities when business begins to lag. The effectiveness of

these measures depends, however, on other conditions, not wholly within the control of the Reserve Banks. Interest rates could not be lowered and securities bought at will if there did not exist ample reserves. These reserves are made up largely of a lion's share of the world's gold, which has flowed into our coffers as a result of the disturbed condition of international finance after the war. Let gold begin to flow out of our vaults in large quantities as a result of restored European currencies and prosperity abroad, and credit would be tightened in this country.

Or on the other hand, if much more gold should arrive here, it might easily come into possession of the local member banks, who could then proceed to enlarge their credits at will without depending on the aid of the Reserve Banks. Then no central banking policy could restrain a period of inflation, if other conditions were ripe for it. We have also to face the possibility that the policy of the Reserve Banks themselves might change as a result of political pressure for soft money on the part of big business interests anxious for a good showing before an election, or to please short-sighted groups of farmers, or to help a hard-pressed Secretary of the Treasury sell Government bonds. Or deflation might possibly be demanded by powerful and temporarily bearish private banking interests.

Even at the best, moreover, banking policy alone cannot govern business conditions. While it can influence the total supply of credit and currency, it cannot control the supply of goods offered for sale, or the distribution of the purchasing power with which to buy those goods. Let

us turn our attention next to this aspect of the subject.

### Falling Prices and Business Failures

The fact that this period of prosperity is, on the whole, one of falling prices and increased efficiency, rather than one of rising prices and speculation, affects employers as well as workers. In an ordinary boom, when prices are going up, all businesses make money almost without effort, the small along with the large, the inefficient along with the efficient. Now, when prices are going down, it is only the more efficient who continue to profit largely; the less efficient find their profits restricted, and many of them fail. Competition becomes keener and keener; as profit margins shrink, everyone tries to make more and more goods in order to gain the advantage of large-scale production and keep the expensive plant, sales organization and overhead busy. The large producer tends to drive prices on downward. The result is an increasing concentration of production and trade in the stronger hands. Take for instance the record of bankruptcies. While the number of failures has been rapidly increasing and was much larger in the first quarter of 1927 than in any year since 1922, the firms failing have been growing smaller and smaller, as measured by their assets. The profits of the biggest firms are growing much faster than those even of their largest competitors.

What bearing has this tendency on prosperity? Several, possibly. In the first place, as long as the big fellows are merely mopping up the little factory and the cross-roads

expansion of instalment-plan buying. But any or all three of these factors may meet a check. The passenger automobile market appears to have passed the saturation point in this country; the sales of cars must now depend chiefly on the replacement purchases of those who have already bought their first car, upon export, and upon the demand for trucks and buses. Whether the last two outlets can expand rapidly enough to make up for the slump in the domestic passenger car market is doubtful. Building is continuing in large volume, but there is a persistent belief among students of the situation that we have passed the peak of the boom and are now overbuilt in the types of structure which give the speculative builder a profit. And there must be a limit somewhere to the expansion of instalment credit. It should be noted that growth in all these directions has largely been financed by bank credit, which in turn rests upon our enormous gold supply. If the gold should be exported, or the banks for any other reason be forced to adopt a more conservative policy, expansion would cease. Cracks in any or all of these pillars of prosperity might have unfortunate consequences.

### Business Undermining Prosperity Through Tax Reduction

It is ironic that big business interests themselves are in one respect doing the best to undermine prosperity. I refer to the widespread campaign now being carried on by the industrial and railroad interests to reduce taxation, especially state and local taxes. Everybody admits that the building boom is helping business. Yet if we look over the record

of building contracts for the first third of this year, we see that, in comparison with last year, building is being sustained largely by public works, which must be curtailed if taxes are reduced. There are reductions both in residential and industrial construction, while there are large and important increases in educational buildings, public buildings, and public works and utilities. If these three latter types of construction had been no larger this year than last, the total value of the contracts awarded from January 1 to May 1, 1927, would have been \$53,717,000 less than it was.

### Trade Rivalry and War

This is by no means an exhaustive list of the perils which might curtail prosperity. The process of expanding production, capital investment and search for markets goes on not only internally, as we have seen, but across international boundaries. Trade rivalry between Massachusetts and Missouri may or may not have unfortunate economic consequences, but at least it is not seriously complicated by the danger of war. Trade rivalry among nations is in economic essence no different from trade rivalry within our borders, but an account of national governments and the way people think about them, may increase the danger of armed conflict. If war should occur, of course all bets are off. Doubts should have prosperity for as long as the war lasted, because it was a great waster of surplus production, material and human. The question of how long the war would last is strictly an economic one, not the question of what would happen afterwards. I leave these for the consideration of others.

## The Farmer Problem--How the Capitalist System Enslaves Him

### In Four Articles

#### Article III.

### By Tim True

#### The Trust A Political Creation

The corporation is a legally created body, with an individual standing before the law similar to that of the farmer and every other citizen. But, as a matter of fact, the corporation is not an individual. It is an organization. To legally define a railroad corporation, Standard Oil, United States Steel, or the American Woolen Company as an individual does not make it so—except before the courts. Each of them is an organized group. Their holdings are not individual but joint property, and their productive functions are performed, not to serve society but to serve the interests of the producers of the nation and the world. Social service is an incidental outcome, not a fundamental reason, with them. There is no intention to serve mankind, but they cannot achieve their ambitions without doing so. By their control of the legitimate powers in the nation and the states their will has become the law by which the destinies of the producers are controlled. They dictate the terms upon which our people may live. Executives, legislators, and judges serve them. Every resource of government in the legitimate spheres of the smooth tongues of the diplomats to the last bayonet in the arsenals, and the last shell in the arsenals.

The gigantic power with which the trusts are endowed was acquired gradually and consciously. Little by little, and nothing that could be perceived, was left to chance. As all property rights are derived from and guaranteed by the state, and all the relationships within the capitalist system of property relationships, Big Business aimed at and secured control of government. From the control of national politics, subordinated the Republican and Democratic parties and used them to entrench and fortify itself in the almost impregnable position it now occupies.

Through its control of the two dominant political parties Big Business controls every department and function of government. The means by which it has achieved this conquest of power have not always been legal, seldom moral and often corrupt. But graft has been accepted as an institution inseparable from politics and, therefore, from government.

Consequently it is no one, and not a few, who protest when executives favor trust property, legislators minister to it, and judges serve it. Every acquired Big Business design has secured favorable legislative consideration and judicial approval until Wall Street interests have won to such a privileged position that, like the kings of old, they can do no wrong. For the divine right of kings there has been substituted the legal right of capitalist property, established at the cost of the people's "right to life, liberty, and the pursuit of happiness."

#### Capitalist Property Vs. Private Property

Trust (capitalist) property is destructive of private property. It has taken out of operation, and holds in tribute, the property subject and tributary to it. It tolerates private property only while it must, and dispossesses private owners when its ambition is served thereby. Trust property today represents the holdings of millions of former private owners, and threatens the proprietorship of the other millions. Nothing is to be gained by overlooking or underestimating the social significance of this development.

While trusts dominate the government, they will use their control to advance their interest at the expense of all others within the national limits of less powerful property forms and the workers. Consequently

ly we find that economically the power of the middle class-independent manufacturers, merchants, farmers, and the non-wage working professional elements—has diminished, and its political influence has waned considerably in the past five or six decades. A Big Business wave strong and arrogant the middle class declines in wealth, power and spirit. Unable to perceive or perhaps unwilling to observe the play of social forces, they accepted the leadership of Wall Street to the edge of the abyss. A mistaken idea that Wall Street and Main Street had interests in common led them to surrender to the plutocracy and social control which their fathers had wrested from the aristocracy.

#### The Rise of Capitalist Property

When John Smith, the village blacksmith, wrought at his anvil to fashion the needs of his neighbors, his smithy was private property. He operated it as a means of obtaining a livelihood. He could speak of it as his property. James Jones ran the village grocery. As we have already seen when the farmer goes to market he must necessarily employ instruments and agencies controlled by the owners of capitalist property, and submit to their dictation as does the wage worker. Substantially there is no difference in the farmer's relationship to capitalist property and that of the wage worker. One works his labor power into commodities that he offers for sale and the other sells it direct. Roughly, the farmer may be regarded as a piece worker while the industrial operative is a time worker. They sell to the same interests which rapaciously exploits both.

While there are some differences between the farmer and the worker, and the worker, as wage earner, these sink into insignificance beside their great outstanding common interest in their common enemy, the plutocratic dictatorship, which is denying and crushing both. While it may be difficult, even impossible, at present to combine their forces upon the economic field, (this must be accomplished by a board of arbitration) there should be nothing whatever to prevent their coming together upon the political field; and there should be no hesitancy about doing so.

Later, in response to the greater demands of developing industrial machinery, more extensive partnerships were formed, each in its turn wielding greater power than its predecessor and exacting tribute from them. Eventually, corporations, trusts, and even higher forms of ownership were evolved.

In the earlier advances away from private property the proprietors continued to function actively as part and parcel of the working force. But, as time went on, there came into being a form of ownership wherein the owners were merely investors who took no part whatever in the operation or management of the enterprise. This stage marked the arrival of a form of ownership purely predatory and parasitic—capitalist ownership. This form of ownership only undertakes to finance production in order to exploit the labor it employs and to exact tribute from weaker property forms.

The owner of private property regards his property as a means by and through which he is enabled to apply his labor for the satisfaction of his requirements. Even when he employs others, as he generally does, and through which he is enabled to apply his labor for the satisfaction of his requirements. Even when he employs others, as he generally does, and through which he is enabled to apply his labor for the satisfaction of his requirements. Even when he employs others, as he generally does, and through which he is enabled to apply his labor for the satisfaction of his requirements.

#### A Comparison

The relationship between the proprietress workers and capitalist ownership in industry does not differ very materially from that of the farmer and other middle class elements. A comparison is worth while.

The wage worker has only his labor power by which to live, but has no means of independently employing his own power to provide himself with the things of life. To transform his wealth-producing power into food, clothing and shelter, he must sell it to those who own the machinery of production—the capitalists. He sells it, on the average, at wages dictated by them. Unless he succeeds in making a permanent sale, or sells off enough, he is unable to survive. He is the victim of a dictatorship

which wrings profit from his labor. The farmer does not sell his labor power directly to the capitalist owners of industry. He incorporates it into commodities—grain, stock, vegetables, fruit, etc.—but he is under the same compulsion to sell these as the industrial worker is to sell his labor power. If he does not sell them he cannot survive as a farmer. As we have already seen when the farmer goes to market he must necessarily employ instruments and agencies controlled by the owners of capitalist property, and submit to their dictation as does the wage worker. Substantially there is no difference in the farmer's relationship to capitalist property and that of the wage worker. One works his labor power into commodities that he offers for sale and the other sells it direct. Roughly, the farmer may be regarded as a piece worker while the industrial operative is a time worker. They sell to the same interests which rapaciously exploits both.

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## Catastrophe Impends In British Coal Industry

### Editor's Note

The settlement of the present American soft coal strike as the coal mine owners want to settle it will not solve the coal situation in the United States. It will aggravate it and cause increasing recurrent trouble until a fundamental crisis is reached WHEN IT WILL HAVE TO BE SETTLED IN THE RIGHT WAY.

These facts are brought out strikingly by the present impending coal crisis in England. This is the opinion of the bosses want it settled here—by beating the workers back to their jobs and to lowered wages. What this method of "settlement" is now leading to in England is brought out vividly in the following article by Leland Olds.

### By Leland Olds

Drastic wage cuts, part time and unemployment for British miners forecast a new crisis in the coal industry, far more serious than England has yet experienced. This is the opinion of men closest to the struggle. Those with greater perspective see British capitalism as a whole facing inevitable decline. The conditions are demonstrating the truth of British labor's contention that the coal industry, and eventually all industry can survive only through drastic reorganization.

England is no longer the industrial center of the world, shipping to markets eager for its products. It is just one, and by no means the strongest, industrial nation fighting for markets already overstocked. The real trouble is not overproduction of coal but a serious decline in exports which now total \$2,000,000 tons a year compared with 73,000,000 in 1913.

The special delegate conference of the British miners federation, which met June 2 for the first time since the settlement of the 1926 lockout, faced a series of cuts reducing wages

## Farmer Asks About Practical Socialism

### By William Penrose

(Hunter, Arkansas)

1—Would a Socialist state in operation have a market?  
2—Would there be excepted interests? If so, of what nature and why? Would the efforts of excepted interests enter into general wants? If so, why would they not conflict with collective efforts? Why should the efforts of one man be directed by the collective will and not those of another?  
3—Bellamy says that we should take all those things in which the interest of all is greater than the individual. Tell me a single place in the whole machinery of production and distribution where the interests of all is not greater than the interest of the individual? If the whole machine should be taken over then where would there be a place for the accepted interest to come in? Bellamy leaves us to the family and says, take the rest. So do I.

### Editor's Note

Here are a series of stimulating questions. Who wants to attempt a reply to them? The Appeal has been running Tim True's articles on the farm problem and we have received some very interesting letters and articles by farmers. These will be published as soon as space permits.

### Brotherly Love

In Cochinchina when a man says "doji," if a hungry man everybody rushes to bring him something to eat. In many places in more "civilized" countries a man could say, "I am hungry" a thousand times and it would do about as much good as it would, "doji."—by Lichtenberg.

## American Financiers Strongly Praise Socialist Enterprises

Emphatic praise for a labor state and its publicly owned industries by American financiers is an unusual spectacle, but that is exactly what is contained in circulars just issued by the Harris Trust & Savings Bank of Chicago, the Equitable Trust Company of New York, the First National City Bank of Boston and the Estabrook & Co. The explanation is that New South Wales, the labor state, is many thousands of miles away across deep water and these financiers have \$25,000,000 in State of New South Wales bonds to sell. They are, they say, "Socialistic" enterprises.

The facts collected, indorsed and approved by these American capitalists tell a wonderful tale of the prosperity and well-being of a community ruled by labor; of the sound business basis of the public ownership of community assets and of the remarkable record of success of the many state enterprises.

### A Prosperous Community

Here are some of the good things these capitalists say about this labor state:

"New South Wales is the oldest, most populous and prominent state of Australia whose population is over 97 per cent British stock. Sydney the capital of the state and the largest city, is the chief commercial, financial and industrial center of Australia as well as its leading port.

"Approximately 4 per cent of all capital invested in Australian lands, buildings and machinery is in New South Wales. The total wealth of the state was estimated in 1925 at over \$5,500,000,000, or about \$2,400 per capita. On September 30, 1926, the number of depositors in savings banks represented approximately 63 per cent of the population with an average deposit of about \$345.

### Huge State Prosperity

"As of March 31, 1927, the State's total public debt was \$1,150,246,508, offsetting WHICH ARE STATE-OWNED PROPERTIES AND ENTERPRISES THE VALUE OF WHICH IS ESTIMATED BY THE STATE AT ABOUT \$1,596,277,600. ABOUT 79 PER CENT OF THESE PROPERTIES ARE REVENUE PRODUCING.

"Many of the state-owned public works and enterprises are of a most character. The result of such investments by the state the debts of the municipalities are relatively small and impose a small tax burden.

"The sound management by the state of its business enterprises is exemplified by the railways and tramways. The Sydney and New Castle Boards of Water Supply and Sewerage, and the Sydney Harbor Works which for the 20-year period ended June 30, 1926, showed net profits of about \$28,000,000 after covering all working expenses, including ample provision for maintenance and depreciation, and interest on the invested capital.

### Big Source of Revenue

"FOR THE FISCAL YEAR ENDING JULY 30, 1927, THE STATE'S NET RETURNS FROM ITS VARIOUS PUBLIC WORKS EQUALLED APPROXIMATELY 79 PER CENT OF THE TOTAL INTEREST CHARGES FOR THAT YEAR ON THE TOTAL DEBT OF THE STATE, LEAVING ONLY 21 PER CENT TO BE CONTRIBUTED FROM THE STATE'S GENERAL REVENUES FROM TAXATION AND OTHER SOURCES.

"For the fiscal year ended June 30, 1926, total state revenues including income from public works and services were approximately \$185,000,000, and the operating costs of public works and services, approximately \$194,300,000.

"For the year ending June 30, 1927, the state's budget shows estimated revenues of about \$476,000 in excess of expenditures. The 1926 deficit was almost wholly accounted for by the reduction of railway revenues that

year due to the poor wheat crop of the year.

"For the 20 years ended June 30, 1926, the state's total expenditures exceeded total revenues by about \$22,900,000. Expenditures, however, included about \$25,800,000 for the construction of schools and other public works of a permanent nature. If these items had been treated as capital expenditures, revenues would have exceeded current expenditures by about \$2,900,000. Furthermore, the expenditures included items for debt reduction of about \$16,400,000.

### Owned by the People

The billion and a half dollars worth of state-owned properties in New South Wales include:

Railroad and tramways	\$ 689,766,439
Water supply sewerage, irrigation and water conservation	212,645,590
Harbors, bridges, rivers	108,580,077
Public buildings	40,671,012
Other properties and enterprises	644,613,882
Total	\$1,596,277,600

Under the head of "other properties and enterprises" are coal mines, brick works, cement works and other manufacturing enterprises together with elevators, ware houses and other farm marketing facilities, and banking and insurance institutions.

### To Extend State Properties

Among the public works or state enterprises the money from the sale of the bonds will be expended on: double tracking of state railway lines, hydro-electric plants, irrigation works and harbor improvements.

When the American capitalist press

launches its next onslaught against government ownership, a similar bill might be called to testify. A similar bill issue was recently just as highly recommended by the National City Co., the Rockefeller investment organization. It was for the city of Brisbane, capital of Queensland, the most highly socialized of all the labor states of the world. It was gobbled up by the American investing public, according to M. F. McNenny, Chicago representative of National City.

### Many Jobless At Prosperity Peak

Even at the height of Coolidge prosperity there has been a large margin of unemployment among the skilled trades, supposed to be the most favored groups of highly paid workers under Coolidge prosperity. The Massachusetts Department of Labor has just issued statistics showing the average amount of unemployment in the building trades.

The number unemployed May 2, according to the report, constituted 19.9 per cent of the total membership of the unions covered. This was a decided improvement over April 1 when 27.4 per cent were out of a job. Electrical workers reported the best conditions with only 11.4 per cent out of work. At the other extreme the hod carriers and building laborers reported 31.7 per cent unemployed. For other occupations the percentages were bricklayers, masons and plasterers 15.8 per cent; carpenters 16.8 per cent; lathers 19.4 per cent; painters, decorators and paperhangers 17 per cent; gas fitters, gas-fitters and steamfitters 25.9 per cent and sheetmetal workers 11.6 per cent.

## Federal Reserve Banks Shown as Holdup Hoax

### By Leland Olds

The federal reserve, sold to the American public as a decentralized banking system, is in reality a centralized control of the country's economic life more completely in the hands of New York bankers. This is revealed in an article for the journal of the American bankers association by Edmund Platt.

Platt, as a republican member of congress was active in the passage of the act and as vice-governor of the federal reserve board has been active in its administration. He admits that the decentralization feature was a gold brick and that the outlying banks, particularly in the farm sections, are not central banks but exist by grace of New York.

Following the panic of 1907 America's money lords determined to have a central banking system with control over the money supply. They spent more than \$1,000,000 on propaganda to create a popular demand for the legislation. But popular opposition to handing the country over body and soul to New York forced a modification of their plan to include establishment of 12 so-called central banks located at Boston, New York, Philadelphia, Richmond, Atlanta, Cleveland, Chicago, St. Louis, Minneapolis, Kansas City, Dallas and San Francisco.

Now it is authoritatively admitted that New York stands out as the dominant banking center of the country with Boston, Philadelphia, and Chicago playing the chief subsidiary roles, practically branches of the all powerful institution.

"The tendency in recent years," says Platt, "has been to exercise such control of credit as seems advisable by changing the rates at the New York federal reserve bank, sometimes with changes also at Boston, Phila-

delphia, Cleveland and Chicago, without change of rates in the other districts." To which he adds, "It is the amount of credit rather than the form which credit takes that really counts as a factor influencing business and prices."

Platt notes the original expectation that the federal reserve banks in the agricultural districts would be able to support themselves through loans to their member banks and continue. "But it is precisely these federal reserve banks which do not support themselves by their own independent operations, and I suppose it is no secret that nearly half of the 12 federal reserve banks today are primarily supported by the proceeds of bills of bankers' acceptances and short-term government securities, mostly purchased in the New York market by the federal reserve bank of New York and allocated to them somewhat in proportion to their need."

Platt points to the fact that loans by the New York federal reserve bank to a single great commercial bank may be larger than the combined loans of the Dallas, Kansas City, Minneapolis and St. Louis reserve banks to all their member banks.

"The problems in New York," he adds, "are those of a real central bank concerned not only with the rate of interest of the open money market, but with international rates and with the money markets of other financial centers such as London, Paris, Berlin and Amsterdam. The officers of the federal reserve bank of New York have been called into consultation and have sometimes been participants in the plans of stabilizing currency in foreign countries through cooperation with foreign central banks."

The federal reserve banks are not owned by the government but by the banks comprising the membership in each district.