Collapse of the Trade Union Capitalism of the Brotherhood of Locomotive Engineers.

By Wm. Z. Foster.

The organisation which took the lead in the movement for trade union capitalism (labour banking, investment companies, trade unions, the stock market, etc.) was the Brotherhood of Locomotive Engineers, one of the oldest and most conservative trade unions in America. The leader of this organisation, Warren S. Stone, now dead, set himself up as a great financier and turned the whole strength of the organisation into the building up of a vast financial system. This comprised 12 labour banks, 10 investment corporations, and many other business enterprises. The grand total involved in these concerns was approximately $100,000,000.

The reactionary bureaucracy in all the unions looked upon the B. of L. E. institutions as models for them to pattern after. The leaders of this union, repeating the propaganda of the capitalists, declared in a thousand statements, that the revolution in America is unnecessary, that the class struggle is liquidated, and that the way for the workers to work their way out of wage slavery is for them to co-operate with the employers, to save their money, and to buy their way into control of the industries. This general philosophy, now known as the so-called “Higher Strategy of Labour”, is supported by the entire upper trade union bureaucracy.

But now the B. of L. E. financial bubble has burst. The whole system of investments are involved in one of the greatest financial scandals and failures in American history. The exposure began at the recent convention of the B. of L. E., which lasted for six weeks, and cost a million dollars. At this convention it was shown that the banks were in a most precarious position, having lost at least $12,000,000. The whole financial structure trembled on the brink of bankruptcy. Desperate means were applied to save something from the wreckage. The rotten officialdom responsible for the debacle were removed forthwith from office and the most of the others (which ran as high as $25,000 per year) were slashed. All the enterprises were put in the hands of a committee instructed to sell them as quickly as possible. Meanwhile capitalist bankers were secured to manage the whole business. An assessment of five dollars per month, or a total of about $7,000,000 was placed on the entire membership of the union.

This financial debacle was caused by “frozen assets”, that is, bad investments resulting from generally incompetent and criminal mismanagement. The convention investigation shattered the reputation of the former leader, Warren S. Stone, who had hitherto shown out as a great labour financier. The investigation proved that when Stone died two years ago the banks and investment company were already $5,000,000 in the hole. Stone’s successor, Prenter, and the band of labour traitors surrounding him, continued the financial orgy started by Stone. One of their worst ventures was a wholesale plunging into the mad Florida land speculation of a couple of years ago. They sank many millions into the Florida swamps in the wild-cat attempt to build “Venice” into a great winter resort. Thousands of the members of the union were induced to invest their money in these ill-tasted speculations. One of the schemes that burned up vast sums was the Coal River Collays Company. This coal mining concern was bought by the union and operated, with the help of gunmen, strike-breakers, etc., as an open shop mine in the face of a bitter strike by the United Mine Workers. This concern, capitalised at $2,800,000, is now bankrupt.

In this orgy of squandering the funds of the workers, the heads of the union, true to the type of the labour taker, feathered their own nests. Stone dies a rich man. Prenter, his successor, recently bought an estate in Cleveland valued at $250,000 and his wife, who died a short while ago, left $100,000. But the principal graver in the whole business was one George T. Webb, who in addition to what he made from mishandling the union funds, received a salary of $48,000 per year from the union. He lives in a great mansion in Cleveland worth at least $300,000.

This collapse of the B. of L. E. institutions has shaken the whole labour movement. The latest effort of the B. of L. E. to save something from wreckage was the mortgaging of their big office building in Cleveland for $4,000,000. There was a mortgage on the building, financed by the insurance fund of the union, for $7,000,000. This mortgage was superceded by the latest mortgage, which means that in all probabilities the $7,000,000 of the insurance fund will be lost.

The membership of the union, which comprise the most aristocratic and high paid sections of the American working class, are aroused and enraged over the unparalleled squandering of their millions in savings and dues. The left wing is stimulating movements amongst them to clear out all of their treacherous officials and to immediately sell off their capitalistic institutions.

This whole incident is characteristic of the present corrupt tendencies among the trade union bureaucracy. It is a sample of the type of American unionism now being so widely advertised in Germany and elsewhere. It is one of the many indications of the utterly rotten condition of the leadership of the American trade unions.
Among the numerous we may learn from this great movement, mention should in the first place be made of the fact that, since the coup d'état of November 1923, this 24 hours' general strike on the part of the workers of Bilbao represents the first purely political movement of the Spanish proletariat. After four years of silence and submission, the Spanish workers again raise their heads. By this action, the proletariat of Bilbao has shown the workers of all Spain that the way to free themselves from the dictatorship, the only way, indeed, that can lead to their liberation. The Communist Party of Spain, the instigator and leader of this movement, has hereby shown itself worthy of the confidence of the proletariat and equal to its historic mission: The strike of the Biscaya proletariat will serve as an example throughout the length and breadth of Spain, a country in which the situation of the working class is exceptionally difficult and where dissatisfaction has spread among a large section of the population.

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**On the Fourth Congress of the Red International of Labour Unions.**

The following circular letter has been sent out to all organisations affiliated to the R. I. L. U.

Dear Comrades,

As you already know, the opening of the Fourth Congress of the R. I. L. U. was fixed for March 15, 1928, in Moscow. In its first circular letter, the Executive Committee committed itself to forward and publish the preliminary agenda well in advance so that all organisations interested could discuss it, make preparations for the Congress, and collect all necessary material and put forward their proposals. As the Executive Bureau considers due preparations for the Congress exceedingly important, we are sending you for your perusal and consideration the Draft Agenda of the Fourth Congress, adopted at the October 11 Meeting of the Executive Bureau:

2. Tasks of international trade union movement: a) capitalist rationalisation and the working class; b) swing to the right on the part of Amsterdam T. U. bureaucrats and the veering to the left on the part of the working masses; c) the united front and international trade union unity; d) the collapse of trade union capitalism; e) attitude to Pan-Pacific Trade Union Secretariat, etc.
3. Struggle against imperialism and the new imperialist war danger.
6. Question of organisational structure of trade unions.
7. Struggle against fascism and the fascist trade unions.
8. Trade Union movement in colonial countries.
9. R. I. L. U. and Young Workers.
11. Elections.