American Dollar Diplomacy in Action

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Article VII.

Role of Aristocracy.

The labor aristocracy, the upper crust of the skilled section of the working class, has in America, as in other imperialist capitalist countries, become an integral part of the entire machinery of our ruling class. This small group of our working class is developing more and more a tangible economic interest in the maintenance and the perpetuation of American financial, commercial and military supremacy in colonial countries, new markets and new spheres of influence. The handful of highly skilled workers are being wedded to the highhanded imperialist plans of looting the weaker countries. This layer of the working class is sharing in the advantages reaped by the monopolists at the expense of the rest of the workers at home and the colonial and weaker peoples abroad.

Thus we find that the officialdom of the American Federation of Labor speaking primarily for the upper crust of our working class, has turned a deaf ear to the cries of the nations oppressed by the Wall Street government. Upon his return from his latest visit to Panama in January, 1924, Mr. Samuel Gompers was emphatic in his description of the conditions in Haiti as satisfactory. Mr. Gompers handed out this endorsement of American domination of Haiti despite the fact that the behavior of the military and naval agents of Wall Street in Haiti is notorious for its brutality even in the history of American imperialism which is replete with practices of cruelty and utter disregard for the wishes and aspirations of the weaker peoples under its yoke.

After months of agitation by the Communists the Executive Council of the American Federation of Labor was compelled to take notice of the serious crisis prevailing in the Philippines because of the resistance of the native masses to the domination of American capital. In taking notice of this giant struggle against Yankee imperialism in the Far East, the executive council was primarily concerned with the fact that "many of the products of the Philippine Islands come into the states, duty free, in direct competition with the higher paid workingmen and women of the mainland, thus making it practically impossible for employes and independent manufacturers to meet competition." In its half-hearted endorsement of the Philippine independence movement, an endorsement which was adopted at an executive session of the council on February 15, 1924, the American Federation of Labor bureaucracy took no steps to solidify the ranks of the Filipino and American workers and to unite in a common struggle against their common enemy in the fight for complete freedom from economic exploitation and political oppression.

When the reactionary German industrialist group, hiding behind the cloak of the traitorous social democracy, was menaced by the hungry German masses the Executive Council of the American Federation of Labor issued an appeal ostensibly for the relief of the German working masses, but actually for the salvaging of the capitalist dictatorship then threatened with ruin. The Executive Council of the American Federation of Labor has persistently fought all attempts at drawing the American trade union movement into the fold of even the faintest form of international working class action. The yellow Amsterdam International has proved too red for Gompers and his agents. However, the labor international of the League of Nations and the International Chamber of Commerce at Rome have not been black enough for Mr. Gompers who has formally co-operated with these capitalist institutions in sundry ways.

Evidence that the highly skilled labor aristocracy is more and more developing a vested interest in the imperialist capitalist system is multiplying. An examination of recent tendencies in the trade union movement amongst skilled workers towards labor banking affords painfully striking proof of this truth. Without getting into a discussion at this point about the merits and demerits of labor banking for the working class in its struggle with the capitalists, one need but cite the following pertinent authoritative remark which characterizes fundamentally the growing vested interest that the upper crust of our working class is developing in the imperialist order. We quote the following:

"When a wage earner invests some of his earnings in the business enterprise in which he, himself, is employed, he becomes a better workman, he takes a new interest in the business; he feels that he has a stake in it which is more important than the weekly pay envelope. And when a man gets this feeling, he settles down and becomes dependable. **For he comes to feel that he also has a part in the prosperity and progress of the country which places upon him the obligation of industry, of thrift, and of good citizenship!'** (Bold face ours.)

This eulogy of labor banking, unmasking the true character of labor banking and its dangers to the working class movement in the imperialist stage of capitalism, is not taken from some such big business organs as the Wall Street Journal, the Financial and Commercial Chronicle, the Nation's Business, or American Industries. The quotation is taken directly from a pamphlet published by the Brotherhood of Locomotive Engineers entitled "Making Millions Out of Pennies."

Richard Boeckel, author of "Labor Banking," and one of the most noted students of this phase of our trade union movement, in an article captioned "Our Revolution at Home," in the April, 1924, issue of the Forum makes the following significant statements:

"One of the first transactions of the Brotherhood Investment Co. was the purchase for the Brotherhood of a third interest in the Empire Trust Company of New York, a $60,000,000 financial institution. At the same time the purchase was made, the Brotherhood secured an option on the remaining shares necessary to control the bank. Two officials of the Brotherhood will complete purchases under its option and assume full control of the bank in June of this year. **It is interesting to note that the Empire Trust Company is given in a pamphlet, 'The Capitalist Press—Who Owns It and Why' recently issued by the British Labor Party as the holder of '587 shares of more than half of the total capital' of the Central News Limited, of London, one of the largest European news agencies."** (Bold face ours.)

It may seem strange to the observer at first sight to learn that the Central News Agency was one of the most energetic propagandists for the last World War and is today a bitter enemy of all working class movements in Europe.

The following two statements taken from authoritative spokesmen of the biggest capitalist groups in the country, commenting on another financial venture of our trade union bankers, are most instructive. We quote:

Financial & Commercial Chronicle, March 29, 1924: "Brotherhood of Locomotive Engineers Co-operative National Bank participates in offering of International Great Northern Railroad Bonds. An offering yesterday (March 28) of $3,500,000 6 per cent gold bonds of the International Great Northern Railroad Company jointly by the National City Company of New York and the Brotherhood of Locomotive Engineers Co-operative National Bank of Cleveland represents the first financing on a large scale to be participated in by so-called capital and labor banking institutions. The offering does not involve any new financing by the railroad, or any increase in the amount of bonds outstanding, the bonds having been purchased from Speyer & Company, and J. & W. Seligman & Company, and thus consist of a block of bonds owned by the bankers. With respect to this week's joint offering **it is pointed out as significant that the largest bank in the country, representing the biggest aggregation of commercial, industrial and financial interests in the United States, is willing to hold out its hand and join forces with labor in a constructive attempt to create more harmonious relationships between the two elements."** (Bold face ours.)

New York Tribune, March 27, 1924. "This is the first public appearance of the Brotherhood Bank in connection with the floatation of securities by a Wall Street investment house, altho it has handled local issues in Cleveland and has had a 'silent' participation in many of the large issues recently. **The fact that, in its bow to the investing public, The Brotherhood Bank was associated with the National City Company, the investment branch of the largest financial institution in the United States, was regarded as of particular significance. The offering will be conducted by the Brotherhood Bank in precisely the same way as that employed by the non-labor banking firms and institutions, subscriptions being filled in the order received, regardless of their source.** The Bank will, however, circularize the members of the Brotherhood in an effort to dispose of the bonds, this being the first occasion when it has ever offered railroad securities to its members. **The officials of the bank are opposed to part payment plans on the theory that a man who cannot pay in full for a $100 bond should keep his money in the savings bank, and no arrangement of this kind will be adopted to facilitate subscriptions by members.**

"In connection with the offering, it became known yesterday that the Brotherhood Bank, the oldest and strongest of the labor banks in this country, only recently has turned its attention to railroad bonds. It has previously purchased these for investment purposes, but today will mark initial recommendation of such securities of plans for expansion made some weeks ago by the investment company thru which the various Brotherhood Banks are linked up. Wall Street bankers, while frankly inclined to view the new alliance in the investment banking field with the Brotherhood institution as in the nature of an experiment, were ready to admit that if successful, it would open up tremendous possibilities for future development. **The enterprise is regarded as demonstrating that the Brotherhood of Locomotive Engineers is in the banking business on substantially the same basis as other financial interests, and that it is seeking to branch out into all fields where sound practice offers a profit.**

"Aside from that aspect of the operation the new activity of the Brotherhood is looked on as pointing to a closer community of interest between its members and the railroads, possibly capable of development at a later date into a movement toward joint capital and labor ownership." (Bold face ours.)

One of the ablest leaders of the employing class of the United States, Mr. Eugene Meyer, Jr., managing director of the War Finance Corporation, has estimated the significance of this tendency in the labor movement in the following clear manner:

"The advent into the ranks of capitalists of labor groups of great importance strengthens existing institutions and makes for evolutionary as against revolutionary change."

(To Be Concluded Thursday)