Labor Goes In For Banking

By Bertram D. Wolfe.

Now it is seriously proposed that labor go in for banking. The "In-Law" railroad union officials are back of it; the A. F. of L. officialdom is back of it; the Independent and the Literary Digest, the New York Call and the Federationist—yes, and a certain proportion of the rank and file of our American trade unions see in it a big step "forward."

"Why, see here," argued one of its official advocates with me, "why not fight capitalism with its own weapons? Our unions are pretty big business organizations. They have hundreds of thousands—several millions in fact, of dues-paying members. Dues are pretty high (too high, thinks I). Then there are strike funds agregating thruout the nation many millions of dollars, sick-death-and-benefit funds and such, making millions more.

"Why should we deposit all that money in capitalist institutions, where it is loaned to our exploiters, and strengthens them at our expense? Every cent we deposit in their banks is just an added cent paid into their hands.

"Then there are labor newspapers and co-operatives to be financed. There are the mortgages on our big Labor temples, and funds and trusts of every description. And besides, the big unions of Germany and Belgium and other European countries have banks, so why shouldn't we?

"We could form an International Labor Bank Clearing House (and he rolled the big-sounding words out of his mouth as if the very sound were dear to him), and who knows, if the millions of toilers in the land got the idea and deposited their individual savings in our bank, the other banks would lose most of their depositors, and we might even be able to compete capitalism out of existence.

"Why, take the case of the Machinists local that just paid the boss's mortgage; and when the banks threatened to withhold credit if he didn't introduce the open shop, they promised to finance him and became partners in his business. Now there's an example...."

But I had listened as long as I could and now it was my turn.

"Look here," says I. "every strike nowadays is an outlaw strike, isn't it?"

"Yes, but what's that got to do with it?"

"Wait a minute and you'll see. Every big union of the A. F. of L., yes, and some so-called "red" unions like the Amalgamated Clothing Work-

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ers too, has built up a powerful office holding clique, its own "servants" paid by its own dues and "strike" funds, whose principal task is to thwart the will of the workers. As Lee of the railwaymen put it in his testimony before Congress, 'Most of our time (meaning the time of the heads of the Brotherhoods) is spent in holding down the workers and preventing them from going on strike.'

"You might sum up the most important duties of these self-confessed labor lieutenants of the capitalist class under three heads: (1) collecting the dues to insure fat salaries; (2) 'Sitting on the lid' to thwart the will of their rank and file; (3) scabbing on the "outlaw" rank and file strikes. Maybe, there's a 4th and a 5th, taking bribes and appointments from the capitalist institutions, and selling 'the labor vote' to the Republican, Democratic and Socialist parties."

"Yes, but—"

"Shut up a minute."

"Now the only thing that makes them pay any attention to the will of the rank and file, is the fear of losing the dues-payers and their handsome salaries. Make them independent of dues, put the workers' savings in labor-official-controlled banks, build up a big fund, and you remove the last method that the worker has of controlling his "servant", you make the labor-leader completely independent of the worker.

"But that isn't all. Concentrate all your funds in a labor bank. Then if the government wishes to break a union in the interests of capitalism, it seizes its funds, the whole war chest captured in one move.

"You picket, or you boycott, and an injunction is gotten out against you in a capitalist court. You disobey, and the employers attach (which in plain English means steal) your funds. How easy you make it by concentrating your whole war chest in one place.

"The workers have nothing to lose but chains, and their "leaders," turned bankers and financiers, are afraid of bank failures and 'expropriations'. They have fortunes to lose. Just as the possession of the big co-operatives, and newspaper plants and labor temples of Germany tended to make the Legien labor aristocrats conservative 'property-owners,' just so and in even greater degree would the labor banks work in the United States.

"And as for competing capitalist banks out of existence, don't kid yourself. You can no more do that than the co-operative industries have competed capitalist industries out of existence. Nor, for that matter, can any savings bank, however large, exist without investing its funds in capitalist enterprices. Why, they could crush your bank over night if they wanted to.

"Remember the case of Ponzi, the money-wizard? He discovered a method of making a profit out of international exchange, and incurred the enmity of bigger financiers than himself by scabbing on them and paying more than the average rate of interest on investments—in place of 6%,—60%.

"They decided to break him, and they did so overnight. They broke the bank in which he had his funds deposited, by calling in its loans, depressing the value of its securities, and refusing it credit. Its funds melted away. It had to close its doors. And Ponzi couldn't make good on his notes. Then they sent him to jail. And that was only a fight between capitalists....

"And taking up your point about financing the workers' press and strikes. Do you suppose that a bank controlled by the A. F. of L. officialdom would finance a red paper like the "Toiler" that has declared a war of extermination against them. They would strengthen their own yellow official press, and make it more than ever independent of the rank and file, but rank and file papers would still have to get along on the contributions of their readers.

"And finance strikes? Do you suppose they'd finance an outlaw strike. (And what strike that's worth anything isn't declared an outlaw strike?) More likely they'd finance the official strikebreakers employed by the labor lieutenants of capitalism in the name of the union."

I paused for breath, and discovered that I was now lecturing a very chastened opponent. "I never thought of those things," says he.

"To sum up," I declared, "labor banks would strengthen the bureaucratic officialdom, the union "leaders," by insuring their salaries, making them independent of the dues-payers, and giving them funds with which to hire scabs to break the outlaw strikes of their own rank and file. By strengthening these capitalist tools, we would be strengthening capitalism.

"Second, we would strengthen capitalism by concentrating all our funds, such as they are, in one place, as an invitation to the capitalist class, and its tool, the government, to seize them, if we misbehaved."

"I'm thinking of writing up what I've just been saying for the Toiler,"

"I wish you would," says he.

And I did.