

CHAPTER II

The American Bully Part II

The problem of power is...
how to get men of power
to live for the public
rather than off the public

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THE ABUSE CONTINUES

1900-1919

At the turn of the 20th century, the republic's population was estimated at 75 million people, the world population at 1.8 billion. There were 6,000 public schools in the United States, and of the 180,000 American industrial trusts, many were controlled by bankers.

The country was now an imperial power with overseas colonies to guarantee the raw materials needed by its factories. But of more importance, it had new captive markets to buy American wares.

It was estimated 200,000 Americans shared the bulk of the nation's wealth; almost 4,000 were millionaires. But 50 million Americans worked a 60-hour week for less than \$4 per day, and many commoner families still needed two working members to survive.

Despite laws prohibiting child labor, an estimated 2 million children between the ages of ten and fifteen worked in the factories, mines, and mills of the United States. Factory life was cold and brutal, each worker merely a unit in the production system, the body of one worker as good as another. Workers understood they had to produce or be replaced by another body.

But employing hungry, hard-working people wasn't enough for American industrialists. They wanted to increase production and profits, so hired psychologists to determine how to make workers more productive.

The psychologists suggested as consumers and workers are one and the same, control of one would automatically give control of the other. Increase the desire of potential consumers to want products, then as workers, they will work harder to earn money to buy what they want, transforming themselves into "consumers" of products.

The psychologists also suggested that as it is the female who does most of the buying for the home, it would serve the interests of business to reduce the male's authority within the family and increase the female's importance.

In addition, it was suggested targeting advertising and public relations

campaigns at young people. Young, immature, undisciplined people will be easier to mold into active consumers than older people who have developed habits of thrift imposed by economic deprivation, they claimed.

From then on, except for advertisements selling farm equipment and male oriented goods, ads for home products were aimed at women and children, and the advertising and public relations companies hired by industry stressed the values and joys of irresponsible youth. By exclusion they reduced the value of the father role in the family relationship, and of knowledge gained via life's experiences.

At the turn of the century, it was Germany, not England or the United States that was the role model of industrial effectiveness and scientific planning. It was the Germans with their huge industrial monopolies who were regarded as the most advanced economic and political force of the times. It was the Germans who were expected to give U.S. industrialists competition for global markets.

In the political arena, the Establishment strengthened strategies to discourage commoners from voting. These included residency requirements, literacy tests, poll taxes, registration during work hours, and complex and confusing registration forms. All made it difficult for poor, uneducated Americans to express their political wants.

To avoid public hysteria every time the economy collapsed, the corporate psychologists suggested the word-symbol panic be changed to "crisis."

1901 was the year a powerful investment banker helped create U.S. Steel, the largest corporation ever. The huge complex absorbed almost six hundred companies in the iron and steel industry, eliminating competition and securing the major share of U.S. steel production. Workers were angry and frightened by this new concentration of power.

In 1901, the U.S., which had ruled Cuba by military force for two years, returned the country to Cuban rule, but retained the right to protect American interests in the country.

By 1901, the American Establishment had used military troops more than seventy times to quash labor strikes, racial riots, and Indian uprisings.

Some Americans, believing the American System unfair to working commoners, formed the Socialist Party of America.

The Western Federation of Miners went on strike at Cripple Creek Colorado. In response to the plea of mine owners, the governor of the state dispatched troops to break the strike. It was the beginning of a bloody and heartless battle won by the mine owners.

In 1902, the U.S. finally secured control of the Philippine Islands. It had taken 150,000 American troops four years of brute-force military action to crush the resistance of the islanders who fought valiantly to keep their nation free from American aggressors. Nearly 4,000 American lives were lost in the invasion of the Philippines; almost ten times more than in the war against Spain. More than 50,000 Filipinos had been killed.

Americans had been vicious in their tactics. Entire communities had been placed in concentration camps, and farms and crops burned to prevent “guerrillas” from obtaining food. Captured Filipino guerrillas were treated as murderers, not prisoners of war, and many of them were executed.

It was a nasty business in which a people professing to believe in “freedom” should never have been involved.

By 1904, more than half of the nation’s industrial output was controlled by only four percent of its corporations.

In his opening speech for the 1904 presidential campaign, the candidate for the Socialist Party, Eugene Debs, a man of the people, the man who had ordered his labor union to strike the railroad car company in support of striking company employees declared:

...Wage-labor is but a name; wage-slavery is the fact. The twenty-five millions of wage-workers in the United States are twenty-five millions of twentieth century slaves...This is the plain meaning of what is known as the labor market...All the wealth the vast army of labor produces above its subsistence is taken by the machine owning capitalists, who also own the land and the mills, the factories, railroads and lines, the forests and fields and all other means of production and transportation. Hence wealth and poverty, millionaires and beggars, castles and caves, luxury and squalor...

In 1904, U.S. troops in Panama dispersed a crowd gathered to protest the canal arrangement with the U.S. When the Dominican Republic reneged on a debt to England, the U.S. Establishment rushed marines to the island.

In 1905, New York City had more than 30,000 tenement sweat shops producing thousands of products.

A combination of labor unions formed the Industrial Workers of the World. The giant affiliation was comprised largely of eastern European immigrants accustomed to class conflict, and heavily influenced by the wave of Socialism spreading across Europe. The union’s preamble realistically acknowledged:

...the working class and the employing class have nothing in common...

Troops were sent to Honduras to protect the interests of American businessmen.

With the help of Pinkerton agents, three leaders of the IWW labor union were arrested, kidnapped, taken across state lines, and charged with murder; all without a shred of evidence; all illegal actions. A jury found the men not guilty.

By 1907, the business community and the political press were hard put to justify the growing concentration of economic power in so few hands. In a wild stretch of the imagination, Establishment propaganda blamed “competition” for the nation’s instability, and proposed that deliberate concentration of economic power would solve all economic problems.

“Cooperation, not competition, is what’s needed,” it was claimed. “Mergers are needed,” it was claimed. “Monopoly is needed,” it was claimed. “Big corporations are needed,” it was claimed. “It’s the thousands of little businessmen who create the chaotic and uncertain conditions which produce inflation and depression, which big corporations have the power to solve,” it was claimed.

In 1907, the market and the nation plunged into the worst economic crisis it had yet experienced. This crisis was different than the economic panics preceding it. In the past, it had been the greed of small country bankers that had, time and again, ruined the economy. This time, a few big city eastern bankers hoping to drive out and absorb competition had de-

liberately caused the crisis.

Again, talk of a central bank was heard in privileged circles. Some rich people were dismayed at the instability of the private banking system and wanted something done to ensure the protection of their money. The men of Congress created a National Monetary Commission to research the feasibility of an American central bank—and gave themselves a raise. The money manipulators of Wall Street rushed to regulate themselves before Congress did.

In 1908, one hundred fifty-five banks closed their doors.

With Congress recessed—and without its permission—the Justice Department formed a Bureau of Investigation to spy upon American workers. It was the nation's first official spy agency.

In 1909, a few of the most conservative Republican senators in Congress reversed a long held position, and proposed a personal income tax. Their spokesman was the head of the National Monetary Commission.

A fellow congressman observed:

...During the past few weeks, the unexpected spectacle of certain so-called old-line conservative Republican leaders in Congress suddenly reversing their attitudes of a lifetime and seemingly espousing, through ill-concealed reluctance, the proposed income-tax amendment to the constitution has been the occasion of universal surprise and wonder...

In 1909, American troops were sent to Nicaragua to protect the profits of American businessmen.

1910-1919

In 1910, the U.S. helped to topple the popular Nicaraguan government, which had shown itself too favorable to the needs of commoners. With the traditional Nicaraguan Establishment back in power, the U.S. arranged development loans for the country, supervised custom collections, and saw to it foreign debts, including debts to American banks, were paid.

By 1910, U.S. businessmen had poured almost one billion dollars into the Mexican economy to take advantage of the country's generous terms and tax exemptions. They had built sugar, paper, steel, and textile processing mills; chemical, glass, pottery, and cement plants, and shoe

factories. Of the 1,000 mining operations in the country, North Americans owned 840, with three U.S. companies dominating the industry.

In 1910, a group of the most prestigious bankers in the nation met to discuss the creation of a central bank and complete the final details of the Monetary Commission's report. Understanding the American public's fear of central banks, the group unanimously agreed not to call their proposal a central bank, but to promote the scheme as a system of reserve banks.

Congress rejected the proposal.

There were coal strikes in Pennsylvania, streetcar strikes in Philadelphia, and thousands of labor strikes all over the republic as American workers strove to get a little more of the American pie. State Establishments beat them all down with armed force.

This was the decade in which the American business community adopted the principles of "scientific management," a theory that claimed the skills of craftsmen could be reduced to simple steps, and then unskilled workers—lower paid workers—could each be taught one of the steps. The teaching procedure was called "programmed instruction" and, because each worker could be positioned logically in the production line to do the most good, the production method was called "line production."

The strategy removed planning and decision-making functions from craftsmen, placing them into the hands of managers using slide rules, time and motion studies, watches: all the trappings of a technical witch doctor. Highly paid craftsmen were replaced by unskilled, underpaid workers capable of operating a machine with but a single function; workers who, if necessary, could be replaced by any other unskilled worker.

A prime objective of scientific management was to transform an agricultural people, whose behavior and attitudes were anchored to the rhythms of the land and the movement of sun and seasons, into a working force attuned to the rhythms of factory and clock.

Scientific management was complemented by the emerging sciences of eugenics, psychoanalysis, psychological testing, mental hygiene, behaviorism, and scientific criminology. The business community embraced them all as ways to control and manipulate working commoners and increase profit.

By 1910, programmed instruction and line production had not only

changed the needs of industry, but they threatened its survival, for the dramatic increase of production demanded an equally dramatic increase in distribution and consumption. Underpaid American workers, however, couldn't fill the demand; they were much too poor to buy all of the goods streaming out of American factories.

Many prominent Americans were more alarmed than ever by the growing concentration of economic power. "We are now coming to see that big things may be very bad and mean," said a young lawyer named Louis D. Brandeis."

...These great combinations are not the natural outgrowth of new economic conditions and complex civilization, they are more likely the artificial product of the unrestrained activities of ambitious men. I believe that all the powers of the nation should be exerted to preserve competitive conditions. Unregulated competition is better than regulated monopoly, but regulated competition is better than either...

said William G. McAdoo, a successful businessman.

Postal Savings Banks, fashioned after the concept recommended by the Peoples' Party, opened simultaneously in one city of each state. Deposits were limited to \$500.

There were textile strikes and riots in Massachusetts. The men of government used the antitrust laws against a hatters union. England, however, initiated unemployment insurance for its common workers.

By 1911, the network of railroad track spreading across the land enabled manufacturers to sell their wares anywhere in the country.

In 1912, American troops were sent into Nicaragua to put down a civil war and protect the profits of American businessmen. Troops were also sent into China to protect American business interests.

In 1912, despite prevailing philosophies about the rights of property, and despite the fact many state legislators had regularly rejected social legislation upon grounds it infringed upon contractual agreements between worker and property owner, Massachusetts passed a minimum wage law. The U.S. Supreme Court found the law unconstitutional on the grounds it was an infringement upon the rights of business owners to do as they

wanted with their property.

The book, *Concentration and Control*, by Charles R. Van Hise, disputed the desirability of economic concentration. "If we allow concentration and cooperation, there must be control in order to protect the people, and adequate control is only possible through the administrative commission."

An ex-president of the United States, also concerned with corporate bigness, said:

...The man who wrongly holds that every human right is secondary to his profit must now give way to the advocate of human welfare, who rightly maintains that every man holds his property subject to the general right of the community to regulate its use to whatever degree the public welfare may require it...

By now American workers fully understood justice, equality, and all the wonders of the American System extolled in newspapers and magazines were merely the illusions of Establishment propaganda. Many considered alternative social systems. This need for a fairer social system was reflected in the results of the presidential election: the Progressive Party, the Socialist Party of America, and the Socialist Labor Party garnered more than one-third of the votes cast.

In 1913, the Establishment successfully intimidated the men of Congress into passing a Federal Reserve Act, giving the country the central bank rejected in 1910. The law presumably gave the republic a banking system owned by the people, but it was merely another deception managed by men who knew how to manipulate word images. There was little "federal" about the new Federal Reserve System: its banks were all privately owned.

The Pujo Committee, formed to investigate bank trusts, reported two large banks held three hundred and forty one directorships in railroads, shipping, and insurance corporations. The report charged the powerful owner of one of these banks with partial responsibility for the economic panics of 1883 and 1907, and claimed the man had dictated terms to the federal government for loans, milked the public, manipulated railroads, and freely indulged in political graft and bribery. The report con-

cluded the instability of the American economy was in part due to:

...a few financial leaders who had achieved an unhealthy control of the nation's money and credit...

In 1914, marines were sent to Haiti to protect the interests of American businessmen.

Late in 1914, American sailors went ashore in Tampico, Mexico without asking for customary landing permission. They were arrested by the Mexican police and escorted back to their vessel. Despite an apology by the Mexican authorities, the American admiral on the scene demanded the arresting officer be punished and the American flag hoisted and given a twenty-one gun salute.

The Mexicans refused to comply with such arrogance.

Four days later, president Wilson ordered the Atlantic battle fleet to Tampico, and on the next day ordered the Pacific fleet to take position along Mexico's western coast. Appearing before Congress, he attempted to justify his actions with a perfect example of political doublespeak "...We seek to maintain the dignity and authority of the United States only because we wish to keep our great influence unimpaired for the uses of liberty..."

The following morning, in the name of liberty, the President of the United States ordered the American navy to: "Take Vera Cruz at once." One hundred and forty-five Americans and Mexicans died in the senseless fighting. American citizens raised such an outcry, the American Establishment halted its plans for total war with Mexico.

The Federal Reserve Banking System opened for business.

While putting down a strike at the Colorado Fuel and Iron Company, the state militia burned worker tents killing two women and eleven children.

New York City's Make-A-Job campaign provided its unemployed citizens with work shoveling snow and doing household chores.

A new antitrust act declared normal labor union activity neither a restraint of trade, nor a violation of the Sherman Antitrust Act. Establishment police, however, continued to harass, beat, and kill union strikers.

By the end of 1914, U.S. businessmen, worried about the sluggish economy, understood new foreign markets or war—or both—were needed

to reduce the inventories piling up in warehouses.

Germany declared war against Russia and France; England and Japan declared war against Germany. The President of the United States declared the U.S. neutral.

Declaring the North Sea a military area, the English mined its waters and blockaded Germany with its navy. Neutral ships heading for German ports were compelled to dock in England and secure pilots to guide them through the mined waters. Once docked, however, the merchant vessels were illegally searched and all military supplies and food confiscated.

This was not only a breach of international law, it also violated the rights of neutral nations, for in 1914 neutrals were allowed to supply food to combatant nations, only military supplies were forbidden by international law.

The English, however, were determined to win the war, even if it meant starving Germany's civilian population. It was barbaric behavior for warring nations of those days.

Germany responded to England's barbarism by blockading England with a war zone, threatening to sink all merchant ships entering the area: combatant or neutral. This was also a violation of international agreement.

The Germans rationalized, if neutral nations accepted England's illegal act of mining the North Sea—an act that eventually caused the sinking of as many merchant ships as German submarines—they would accept Germany's illegal response.

The Germans guessed right, all neutral nation's did understand and honor the blockade; all but the United States.

In a note to the German government, the American president warned the Germans that unless they complied with international law and first searched belligerent vessels to assure the safety of neutral citizens, the U.S. would hold Germany to "...a strict accountability..." The threat forced Germany and the United States into direct confrontation.

A similar note was not sent to the English, who had by this time seized more than 1,000 American ships and confiscated their cargoes of food.

In 1915, a U.S. commission on industrial relations reported factory wages weren't merely low, but were deliberately being kept low by collu-

sion of factory owners.

Americans were indifferent to the battles of European monarchs and didn't want to get involved. They didn't want to go to war. The Establishment, however, was determined to change this attitude. If it couldn't convince American commoners to go to war, it tried to shame them to prepare for "defense."

Under the banner of "Preparedness," and using its full force, the Establishment propaganda machine pushed, pulled, and twisted human emotions, turning every human fear into a weapon against the American people.

Month after month, newspapers and magazines shouted their lies of a strong Germany and a weak U.S. One after the other, movies were produced showing what would happen if the U.S. lost a war with Germany. One after the other, books were published trying to shame Americans into doing their patriotic duty; books with titles such as *The Conquest of America, Are We Americans Cowards or Fools?, America and the German Peril*. All blamed the nation's alleged weakness on Americans who refused to go to war.

One Establishment agent was given the assignment of inciting Americans against the Germans. He sent thousands of trained agents throughout the republic to portray Germans as monsters. Teaching of the German language was stopped in public schools, and Americans of German heritage were harassed.

The Establishment viciously attacked Americans who disagreed with its war policies. Organized pro-war agitators accused Establishment critics of being cowards, traitors, and un-American.

In November, president Wilson appealed directly to the people, asking citizens to enlist in the army, not to go to war, but merely to "prepare" for the nation's safety. Americans ignored the plea.

Wilson asked Congress to pass sedition laws giving him the power to punish his critics. The request was denied.

In 1916, concerned citizens formed the American Union Against Preparedness. Other Americans, trying to initiate a search for peace, formed the World's Court League and the League to Enforce Peace.

Members of the Establishment formed the National Security League, an organization dedicated to promote U.S. entry to the war. This affiliation

of munitions and armor plate manufacturers, industrialists and bankers prompted one angry legislator to suggest the government take control of the munitions and armor plate factories, in the event of war, and deprive their owners of the "bloody profits they eagerly promoted."

But without U.S. participation in the European war, Americans were doing well selling munitions, plate armor, and trucks to the allies. During the first eight months of 1916, American corporations supplied one third of all Russian imports, prompting the American-Russian Chamber of Commerce to announce plans to enlarge trade between the two countries.

Wall Street speculators also craved war, as reflected in a letter by a member of the New York Stock Exchange to customers:

...Canada and Japan are at war and are more prosperous than ever before. The popular view is that stocks would have a quick, clear, sharp reaction immediately upon outbreak of hostilities, and that then they would enjoy an old-fashioned bull market such as followed the outbreak of war with Spain in 1898...If the United States does not go to war, it is nevertheless good opinion that the preparedness program will compensate in good measure for the loss of stimulus of actual war...

In 1916, in response to public pressure, the men of Congress passed a Federal Child Labor Law prohibiting interstate shipments of products made by children.

In March of 1917, Russian commoners rocked the Establishments of Europe and the United States by forcing the Tzar to abdicate his throne. The audacity of the Russian workers angered some American manufacturers and financiers who had reaped huge profits from their Russian dealings. For them, the Tzar had been a source of potential profit.

Because the Russian word "Bolshevik" means the "majority," or the "common people," the revolution became known as the Bolshevik Revolution—the people's revolution.

The revolt had been organized and controlled by an association of worker councils called "soviets," and the Soviet Union, as originally planned, was to have formed a society designed to benefit the common people of Russia; much like the American Revolution was supposed to have given American common workers the freedom of a true democracy.

The American business community was further rattled by the new,

Mexican government's constitution that gave Mexican workers the right to organize, bargain, and strike. It also gave the Mexican people the rights to their nation's land, water, and subsoil wealth, and made it illegal for foreigners to own Mexican property.

In April of 1917, despite the pleadings of many European nations for the U.S. to stay out of the war, and despite the belief by many Americans that England was the aggressor and Germany in the right, the president and the American Establishment took the nation to war against Germany.

War time is different than peace time, and the Espionage Act of 1917 gave the men of the American Establishment the power over the common citizenry they craved.

Now the Establishment applied pressure to every individual and group criticizing its policies, strengthening its hold upon the republic's political process. Now began a period of repression never before experienced in the United States: a period of spies, of harsh judgments and prison sentences, of police raids and government interference in the lives of common citizens. The espionage law was used freely; Americans went to jail by the hundreds.

Eugene Debs, the president of the railroad union that had supported the railroad car strike, the man who had challenged the established order and run for President of the United States on the Socialist ticket, was sentenced to ten years imprisonment for opposing U.S. entry to the war. A woman who publicly said, "...I am for the people and the government is for the profiteers..." was sentenced to ten years. An American citizen who had made a historical movie containing a scene showing English Redcoats attacking American civilians received a ten-year sentence. A conscientious objector was sentenced to twenty-five years.

The Establishment passed a naturalization law giving it the authority to deport noncitizens for taking part in antigovernment activities. Of course, labor strikes were categorized as "antigovernment" and hundreds of immigrant strikers waiting for naturalization were deported for their incorrect political attitudes, all without due process of law.

Fearful of the wave of worker revolutions around the globe, the Establishment unleashed its National Security League to promote hatred against foreigners, and to convince the American public the government wasn't

spending enough on armaments.

But Americans were still reluctant to fight a war they didn't understand. Many failed to show up for induction notices and, to forestall the inevitable, some stole draft lists from induction board offices. In the agricultural South and West, where resistance to the war was particularly strong, people held protest meetings and boycotted pro-war merchants.

A popular song of the day was titled *I Didn't Raise My Boy To Be A Soldier*.

In response, the Establishment had its own songs written. One song sheet titled *America, Here Is My Boy*, pictured a proud American mother with a hand on her young son's shoulder.

The Bureau of Investigation and the American Protective League, an Establishment organization, conducted draft raids across the nation. Thousands of American males wearing civilian clothes were challenged; few were found to be draft evaders.

Antiwar newspapers were banned from the mail. American Socialists and other dissenting groups were forbidden the right of public assembly. Patriotic vigilante groups tarred and feathered some and lynched others. Zealous American patriots terrorized and destroyed Socialist Party headquarters.

In 1918, Russian workers, now in command of their nation, refused to continue fighting in the European war, which they considered a war of Establishments. President Wilson publicly denounced the decision.

On November 11, 1918, nineteen months after the United States had entered the war, it officially ended. More than 120,000 American boys had been killed.

English, French, and U.S. troops, sent to assist the White Russians against the Bolsheviks, stayed in Russia for almost a year after the Armistice fighting the worker army. The illegal action, in which more than 500 Americans were killed, was severely criticized by the American public and some members of the Congress. New Yorkers handed out pamphlets denouncing the president's use of American soldiers against Russian commoners.

In 1918, the Supreme Court struck down the law prohibiting interstate commerce of products made by children, declaring it "unconstitu-

tional.”

In 1918, U.S. marines sent to the Dominican Republic to protect the interests of American businessmen fired upon, and killed, twenty people.

The League of Nations was formed to foster international peace and prevent future conflict. During its Paris Peace Convention of 1919, Germany alone was charged with causing the war.

The issue of war crimes, which first had been approached in the Geneva Conventions of 1864 and 1906 and the Hague Conventions of 1899 and 1907, was again brought up, for it had been learned the Turkish Establishment had deliberately exterminated more than one million Armenians during the chaos of the recent European war. The Armenians were Turkey's largest ethnic minority group.

There was little agreement between delegates, however, because the major issue of this convention was war reparations, not war crimes. Complicating the issue was lack of agreement as to the definition of “war crime.” Who, specifically, was a victim of a war crime and who, specifically, was responsible for each crime?

A Commission on the Responsibility of the Authors of War and the Enforcement of Penalties was formed. Its chairman was the U.S. secretary of state, who held the view that the Hague and Geneva treaties infringed upon national sovereignty. He believed an Establishment had a legal right to do whatever it needed, or wanted, to do to its citizens within its own boundaries during war or peace. He also believed nations were entirely within their legal right, during war, to do to citizens of other countries anything necessary to survive.

His perspective of international law was held by many of the American Establishment, especially senior members of the U.S. State and War Departments.

But there were other reasons Americans didn't want to punish Germans too severely.

First: a war stricken Europe held unlimited opportunities for the American Establishment, which didn't want to punish men with whom it had had profitable business relationships that they wanted to renew. For although the Americans were determined to eliminate Germany as a commercial rival, they were equally as determined to prevent a breakdown of German

society, something they believed would happen if the biggest industrialists and businessmen of the country were convicted of war crimes.

Second: One of the reasons Americans wanted a strong Germany was their vision of commoners throughout Europe emulating the Russians by overthrowing their Establishments and installing popular governments. A smoothly functioning Germany, it was believed would be the logical European nation to function as a bulwark against the spread of Communism.

During committee negotiations, the chairman noted:

...the possibility of a proletarian despotism over Central Europe is terrible to contemplate ... We must look to the future even though we forget the immediate demands of justice...

But some Europeans who had suffered the violence of war demanded strong punishment for war atrocities, creating a conflict that nearly derailed the committee. Through the manipulations of the U.S. State Department, however, the treaty was eventually signed as submitted and the trial of war prisoners commenced.

Strange as it may seem today, the Germans were allowed to try their own war “criminals.” Of 901 people accused, 888 were acquitted and 13 convicted. Of the 13, few were required to serve sentence and the others easily escaped prison.

Prosecution of the Turkish Establishment for the genocide of its Armenian citizens ended in much the same way, for Turkey was the center of the Ottoman Empire, which ranged over much of what is today Lebanon, Saudi Arabia, Israel, Jordan, Syria, Iraq, and Turkey.

The U.S. Establishment, influenced by its desire to gain access to the vast oil fields within the Ottoman Empire, supported the Turks during the war crime trials and had the American press soft pedal the Armenian atrocity to the American public. Needless to say, few senior Turkish officials were ever prosecuted and sent to prison.

A Congressional investigation confirmed that the National Security League had not only promoted U.S. entry to the European war, but had used the cumulative powers of its members to prolong it.

Congress tried to tax child labor products out of existence, but the courts once again declared the law unconstitutional. The use of young chil-

dren in industry continued into the 1930s.

The nation was awash with the unrest of workers and blacks. Labor strikes and civil rights riots were the order of the day. American workers wanted more return for their efforts, blacks wanted to be treated as full citizens.

The Establishment altered U.S. immigration laws to discriminate against workers from eastern European countries: people who had been exposed to the philosophies of socialism and communism. When bombings racked the nation, the attorney general blamed them on “immigrant, communist, union agitators.”

When a bomb, destroyed the front of the attorney general’s home, he pointedly asked Congress for money and means to fight this “Red Scare.”

As with the battleship Maine and the Haymarket incidents, the source of the bombings was never determined: Communist or American Establishment?

The attorney general established a General Intelligence Division within the Bureau of Investigation to spy upon Americans holding incorrect political views.

The Armorers of the Republic, a collaboration of the munitions industry and America’s financial leaders, was unsuccessful in its instigations to have allied forces invade Russia and restore the Tzar to power. The U.S. Establishment, however, successfully assisted the Hungarian Establishment to forcibly put down worker revolts.

In 1919, with little regard for due process of law, the Justice Department raided labor union halls in twelve cities, arresting, brutally beating, and deporting hundreds of workers. It was all unconstitutional, for the legal authority to deport aliens belonged to the Department of Labor, not the Department of Justice.

Attempting to justify his actions, the attorney general said:

...The Administration of this law is entirely within the jurisdiction of the Department of Labor. However, under existing conditions of our laws, it seemed to be the only means at my disposal of attacking the radical movement...

Radical movement, of course, meant Americans holding political and

economic views opposing those of American capitalists.

The Justice Department refused to investigate charges of police brutality and destruction of property during these illegal acts, but it did recommend attorneys defending union immigrant members be disbarred. The political press supported the attorney general’s illegal behavior. With its silence, so did middle-class America.

The Establishment publicist recommended the way to overcome cultural prejudices and the resistance of common citizens to the ideas and needs of capitalism:

...is by trying to control every approach to the public mind in such a manner that the public receives the desired impression, often without being conscious of it...

In 1919, thirty-one people were killed in Chicago race riots, and a report indicated there were more than 300,000 workers striking in 20 states.

To combat the hordes of immigrant workers indoctrinated to the social theories of Europe, and to promote “one hundred percent Americanism,” the Establishment influenced the formation of a veterans group called the “American Legion.” Legion members were often used to break up worker demonstrations. Despite such interference, thousands of dissatisfied American workers staged May Day demonstrations throughout the country.

The American Medical Association used its political power to defeat attempts to initiate state health programs. The Postal Savings Bank experiment died quietly from lack of government support.

By the end of 1919, hundreds of businesses, which had provided materials and supplies for the war effort, had closed or gone bankrupt. More than four million unemployed and hungry Americans protested in the streets of the republic.

1920 - 1929

By 1920, the population of the nation was estimated at 106 million. Despite the increased cost of living, overall wages were lower than they had been in 1914. The government owed moneylenders \$24-billion.

A number of economists raised fears that the punishing reparations imposed upon Germany claimed too much of its annual product leaving too little to rebuild the country. Few within allied Establishments cared: a weak Germany posed little threat to their drive for industrial supremacy. American investment overseas exploded.

Women entering the swollen work force helped to keep wages low. Working family members now spent time away from one another, forming new friendships and new interests, weakening family bonds. By 1920, divorce in the United States had risen dramatically.

The men of government made little attempt to right the wrongs or temper the cruelty of industrialists, and labor unions weren't strong enough to fight the combined forces of business and politics.

Police "Red Squads" and the Bureau of Investigation made raids in thirty-three cities, arresting more than 10,000 common workers, citizens and noncitizens alike.

In 1920, Philadelphia textile mills fired thousands of workers. Remaining employees were warned to rid themselves of "union troublemakers," or else.

In 1920, the nation plunged into another economic crisis.

Because the term "crisis" had now assumed much the same emotional connotation as had "panic" during the previous century, advisors suggested the Establishment use a more gentle term to reduce public reaction to market downturns; a term such as "depression."

Reparations inflicted upon Germany by the allies were brutal. The only way the German Establishment could meet payments was to cut public expenditures, reduce housing projects, reduce production of consumer goods, raise taxes, and borrow money. Such were the penalties of losing a modern war.

In 1920, a Senate investigating committee revealed Establishment corporations had financed the American Association of Foreign Language Newspapers. The Association controlled advertising revenues for more than 400 foreign language newspapers, which was more than 80 percent of the foreign language newspapers in the country.

Association newspapers reached foreign born residents of the country and was the medium through which the Establishment promoted "con-

sumerism" as the American way of life. The power of the Association was used to ridicule socialism and communism, intimidating immigrants who might have such political preferences.

A popular writer, commented:

...the money-masters of America become more aware of their danger, they draw together, they grow more class-conscious, more aggressive. The war has taught them the possibilities of propaganda; it has accustomed them to the idea of enormous campaigns, which sway the minds of millions and make them pliable to any purpose. They have been terrified by what happened in Russia and Hungary, and they propose to see to it that the foreign population of America is inoculated against modern ideas. They form the 'Publisher's Association of the American Press in Foreign Languages,' whose purpose it is to 'foster unswerving loyalty to American ideals'—that is to say, to keep America capitalist. Then a group of our biggest exploiters headed by...of the Powder Trust, buy the American Association of Foreign Language Newspapers. They give a dinner to the heads of all the newspaper advertising agencies, at the Bankers Club of New York, and explain that in the future all advertising must be placed through this great association. So the massed advertising of the American corporations is to be wielded as a club, to keep the newspaper columns of foreign language newspapers free from radicalism. So when there is a strike anywhere in the Powder barony, and Poles and Hungarians are being bayoneted and shot, the powder barons will know that the Polish and Hungarian newspapers are printing no news of the shooting and giving no encouragement to the strike...

In 1920, U.S. marines brought to Haiti to protect American business interests fired upon protesting natives killing or wounding many.

In 1921, passage of a revenue law reduced the taxes of citizens with incomes greater than \$300,000 by half, reducing government revenues by more than \$1-billion dollars.

President Harding, deeply upset with the dishonesty and thievery of the men around him admitted to a reporter,

“...In this job I am not worried about my enemies...It is my friends who are giving me trouble...”

In 1921, Congress rejected Russia’s request for resumption of trade relations.

U.S. troops were sent into Panama to resolve a border conflict with Costa Rica.

By 1922, Germany stopped reparation payments to avoid complete collapse of its economy. Attempting to force Germany to fulfill its obligations, the French and Belgians occupied Germany’s Ruhr Valley. Germany asked for a moratorium on war reparations so it could begin to rebuild its economy, claiming it would be the best and quickest way to pay the enormous debt demanded by the victors. The allies refused.

In 1923, the president died, suddenly and suspiciously. A Congressional investigative committee revealed an Administration overflowing with corruption.

In 1923, the Dawes Committee, formed by a group of U.S. and English banks, devised a scheme by which loans made to the central bank of Germany, were used to make reparation payments to England, France and other European countries, and in turn used to repay American loans. A similar scheme of private U.S. investment in German industry and finance was also initiated.

The roaring economy of the post war U.S. had generated massive pools of private wealth now seeking investment.

American investment bankers encouraged American investment in Germany, and profited handsomely by underwriting bond sales for German corporations and cities. In addition, many giant U.S. corporations bought, or participated in joint ventures with, German corporations giving them access to European markets for telecommunications, automotive, chemical, electrical, electronic, and other industrial products.

The stock market took a dramatic drop panicking the nation.

Striking railroad employees refused to take a reduction in pay, coal miners went on strike for better working conditions, U.S. troops were used to beat down workers in a West Virginia mining strike, and minimum wage laws for women were declared unconstitutional.

In 1924, immigration restrictions were again tightened.

The last U.S. marines were withdrawn from the Dominican Republic, where troops had been since 1916.

In 1925, U.S. troops were sent into Panama to resolve a rent strike, and were withdrawn from Nicaragua, which they had occupied since 1912.

The magazine of the U.S. Chamber of Commerce, Nation’s Business, boasted that the businessman now held “a position of leadership which they have never held before.” The Wall Street Journal claimed that, “Never before, here or anywhere else, has a government been so completely fused with business.”

In 1926, American troops were returned to Nicaragua to help the Nicaraguan Establishment fight an insurgent army of peasants.

A U.S. Army report concluded there was no evidence to support the claim that marijuana use in the Panama Canal Zone was habit-forming.

In 1927, the head of the English central bank, the head of Germany’s central bank, and the head of the French central bank met with the governor of the Federal Reserve Bank in New York. Soon after the meeting, the Fed’s rediscount rate was reduced. Commercial banks quickly replenished their reserves, and the volume of market speculation increased.

In 1927, fearing the growing power of some banks, Congress passed a law prohibiting interstate banking.

In 1928, despite the Fourth Amendment which states the “...Right of the people to be secure in their persons, houses, papers, and effects shall not be violated...,” the men of the Supreme Court ruled evidence obtained by wiretapping did not violate the Fourth Amendment and was admissible in court.

Between 1919 and 1928, there had been 1,200 business mergers in the country and 600 businesses had disappeared.

In 1929, despite the glowing economic reports of the Establishment media, more than half of the population lived in poverty, and it had become evident to even the most unsophisticated “economist” that unregulated capi-

talism had serious flaws preventing economic stability.

In their book, *The Road to Plenty*, William T. Foster and Waddill Catchings argued that “Say’s Law of Markets” was wrong and no more than a delusion. In essence, the law, which had been the foundation of classical economics for more than a century, claimed that if the needs of production are attended, the needs of consumption will care for itself.

Not so, argued the two authors. As capitalists don’t share their profits with the people who produce the products that bring such profits, logically, there is no way for the working masses to acquire the money to purchase many of these products and, therefore, Say’s Law is wrong.

Furthermore, they claimed, as both individual and corporation must save, every dollar placed in a savings account and withdrawn from the money flow is a dollar unavailable for consumption of goods. This, they contended can only weaken consumer demand and eventually cause only economic depression.

The book’s recommended solution was not to leave the necessary private and public expenditures to chance, but for government to stabilize the national economy by its “controlled” spending.

Other economists, recognizing the fundamental differences of a world of scarcity and one of abundance, supported Foster and Catchings by also advocating a “planned” economy headed by government.

Ten young women, smoking cigarettes, marched down Fifth Avenue, in New York City’s 1929 Easter parade. The march had been staged by a psychologist advisor to the business community upon his belief the ten female role models would encourage young women to smoke cigarettes,

The psychologist, a nephew of Sigmund Freud, boasted:

...Mass psychology is as yet far from being an exact science and the mysteries of human motivation are by no means all revealed. But at least theory and practice have combined with sufficient success to permit us to know that in certain cases we can effect some change in public opinion...

The League of Nations order forbidding German rearmament was unexpectedly modified and Germany was allowed to rearm.

In October, 1929, the New York Stock Exchange collapsed, thou-

sands of businesses went under, and three million people unexpectedly found themselves unemployed.

The 1920s was a remarkable decade.

It was the decade in which millions of workers were thrown into the unemployed ranks by new machinery; machinery that killed and mutilated thousands of workers every year.

It was the decade in which business was king, glamorized by the media in a thousand-and-one ways. But the media was a prostitute, bought and paid for by the business community.

It was the business community that initiated many of the articles published in national magazines and local newspapers. It was the business community that dictated topics to hungry authors and journalists eager to pick up extra cash. It was the business community that assaulted common workers with capitalism’s propaganda.

It was the nation’s capitalists who promoted the benefits of capitalism.

It was the decade in which the business community helped “consumerize” workers by increasing wages and decreasing working hours. Not much, but enough to give workers a little more money with which to buy, and a little more leisure time in which to consume more of every product coming off the assembly lines.

The installment plan helped move inventories out of the factory by allowing workers to buy something today, but pay for it tomorrow with tomorrow’s earnings. It was the old company store technique, but now all working Americans were being programmed to buy from the company store and pay additional interest charges for the privilege of using company credit.

Debt slavery had begun its move out of the factory town into the nation.

The 1920s was the decade in which the American Establishment successfully used the force of its propaganda machine to drive socialism and communism from the thoughts of millions of discontented American workers, and used its political force to persecute and imprison Americans advocating economic systems other than capitalism.

It was the decade in which the nation’s money-supply was abused by

too many unsound real estate ventures, too many bad bank loans, too many corporate mergers, and too many holding companies.

It was the decade that introduced the worst economic depression Americans had ever experienced.

Most American commoners overlooked the American System's harshness, wanting to believe everything would get better; wanting to believe the capitalist system would eventually find room for them within its fold.

For what else was there for them to believe in? If free enterprise and capitalism couldn't eventually eliminate their poverty and misery, what reasons did they have for not trying to change the American System to one that might?

Do you now have a better idea of the American Establishment's true nature? Are you surprised at its arrogance and contempt of working people? Well, don't stop reading this chapter; the most surprising is yet to come.

1930-1939

In 1930, the population of the United States was 123 million. Breadlines reappeared across the country; the first since 1921. Unemployment had exploded from 500,000 workers in October of 1929 to four million by the end of January 1930. City streets were filled with protesting, unemployed workers demanding jobs. Workers who had joined communist associations carried banners, "Work or Wages."

Wielding nightsticks, police smashed into 2,000 unemployed Americans marching on Cleveland's city hall. In Los Angeles police used tear gas. In New York, police and detectives swinging clubs attacked 35,000 gathered workers. In Detroit, the entire police force of 3,600 men was used to disperse more than 50,000 demonstrating workers.

Workers throughout Europe were also plagued with hunger and an uncertain economic future. Some European commoners, believing a strong leader with dictatorial powers would solve their problems, willingly relinquished whatever political freedom they had for totalitarian rule.

In the Philippines, thousands of demonstrating people demanded freedom from the U.S.

Early in 1930, the stock market collapsed again causing American commoners to suffer the full consequence of the previous decade's orgy of

greed and power abuse. Unemployment increased, and breadlines grew longer.

Unemployment and organized worker unions were the two great threats to the capitalist order. Yet Establishment corporations continued firing workers and cutting wages. National and personal debt rose to staggering levels. So did the number of suicides.

Unable to pay rent, millions of families were forced into homelessness. Hungry Americans sold apples on street corners and slept in hallways and alleys. Food prices were so low many farmers burned crops rather than give them away for nothing.

President Hoover suggested the farmers pray to ease their hunger. Starvation and malnutrition spread through the nation. Men traveled from city to city, seeking employment, riding the rails hoping to find jobs to feed their families. Railroad owners hired guards to throw them off. Breadlines grew even longer.

A delegation of citizens begging the president for public work programs to employ the needy was told, "Gentlemen, you have come sixty days too late. The depression is over." The political press, trying to lull working citizens into a false security, rarely placed news of the economic crisis on the front pages.

Furious with a system that created such massive hunger and misery, some people advocated the elimination of giant corporations and banks. In response, the Establishment ordered the Bureau of Investigation to keep a watchful eye on the troublemakers. Police continued the use of tear gas to breakup crowds of unemployed workers.

For almost 150 years, the men of American government had been asked—and been expected—to meet the demands of privileged Americans. Now, when common working Americans desperately asked for government relief to help survive the economic ordeal, the men of government refused.

1930 was the year the House established a committee to study the American Communist Party and the dangers of Bolshevism. The committee reported there were less than 12,000 dues-paying Communist Party members, and that the CP had little actual political influence in the United States.

The committee however, condemned the American Civil Liberties Union for defending outspoken Americans advocating communism as a viable alternative to capitalism.

Many privileged Americans feared economic conditions would lead the American people to accept a dictator. Others believed a strong dictator was exactly what the nation needed.

At a convention of the Electrical Manufacturers Association, the president of General Motors proposed all major corporations affiliate and form federally controlled trade associations, one for each industry. Each association would be given the power to regulate production, prices and wages within its industry. A National Economic Council comprised of business and labor union leaders would plan the nation's economy.

The proposal resembled the state-controlled system fascist Italy had adopted and Nazi Germany was about to embrace. Both the National Association of Manufacturers, and the U.S. Chamber of Commerce supported it.

Economist Richard G. Tugwell, speaking of the effective use of resources by the War Industries Board during World War I said:

...Ours is a society struggling to become cooperative. All the technical forces tend to produce a collective society; all the thwarted motives of men cry aloud for it. But the way is blocked by the ideologies of the past, buttressed by those who have grown strong in its favors...

The Austrian economy collapsed when the largest bank in Austria failed. This was quickly followed by the collapse of the German, English, and then the American economies.

The market for foreign securities disappeared as thousands of American businesses and banks eliminated foreign investments. Two major U.S. banks had nearly half their capital invested in German securities. The rich moved liquid assets to safe nations, and the not-so-rich hoarded money under mattresses. To stop the drain of gold reserves, the English went off the gold standard, refusing to repay debts with gold.

In December of 1930, a Hunger March on Washington D.C. was stopped by armed police, some with machine guns positioned atop build-

ings.

Disregarding its principles of laissez-faire and its free market philosophies, American business leaders asked the government to solve the nation's economic problems.

More than 1,000 banks had gone under, including the Bank of the United States in New York, the largest bank in U.S. history to have failed.

The United States in 1931 was the only industrialized nation whose privileged class still openly displayed contempt for the working class.

One American family, owner of a giant auto manufacturing company, arrogantly demanded employees live by its ethical and moral standards. Regularly the company sent members of its Sociology Department into worker homes to scrutinize life-styles.

The company also maintained a "service" department staffed with more than 500 men armed with guns and blackjacks, whom the governor of Michigan called, "...some of the worst gangsters in our city..."

By March of 1931, there were 8-million unemployed Americans, twice the number of twelve months before. Economists were now publicly talking about the possibility of government planning and coordination as the way to end the depression.

"The danger in our situation," said the dean of the Harvard Business School, "lies not in radical propaganda, but in lack of effective business leadership." "The tragic lack of planning," wrote a businessman, "is a reflection upon the intelligence of everyone participating in the system."

At its 1931 convention, the president of the American Federation of Labor warned the country,

...I warn the people who are exploiting the workers that they can drive them only so far before they will turn on them and destroy them. They are taking no account of the history of nations in which governments have been overturned. Revolutions grow out of the depths of hunger...

In a newspaper interview, a commander in the U.S. Marines revealed what most knowledgeable Americans already knew:

...I spent...most of my time being a high-class muscle man for Big Business, for Wall Street and for

the bankers ...I helped purify Nicaragua for the international banking house of...in 1909-1912. I helped make Mexico and especially Tampico safe for American oil interests in 1914. I brought light to the Dominican Republic for American sugar interests in 1916. I helped make Haiti and Cuba a decent place for the...boys to collect revenue in. I helped in the rape of half a dozen Central American republics for the benefit of Wall Street...

A drought in the plains country left farmers destitute. The Administration proposed granting government loans to farmers with which to buy farm tools and feed livestock—upon the condition none of the funds were to be used to feed farm families. Farms were to be the collateral.

By the end of 1931, 2,000 banks had failed and most of the states had dipped their toes into social relief programs.

By 1932, business was functioning at less than half the 1929 volume and wages were almost 60 percent less than in 1929. Thirteen million Americans needed jobs. Those who worked were forced to work fewer hours at reduced pay.

Immigrant women working in New York's garment district earned fifteen cents an hour and worked a 48-hour week. The homeless and shantytowns were everywhere.

Rent riots swept the nation. People were evicted into the streets for nonpayment of rent. Mobs of unemployed workers roamed the streets putting furniture back into apartments. Establishment police beat many and killed some. Bank robberies increased.

By 1932, economists had become more adventurous with suggestions for ending the depression. William T. Foster suggested:

...When private enterprise fails, public enterprise is our only resource. We can restore consumer purchasing power by collective action, and in no other way. Collective action means, necessarily, action by the Federal Government...

He suggested government spending for public works, clearing of slums, building of roads with no concern for the federal debt. The debt, he

said, could easily be paid once incomes began to rise. He also suggested tax reductions for the wealthy, so that they would have more money to put back into the economy.

Other economists dared even more radical suggestions. Gardiner C. Means claimed:

...The individual of Adam Smith's private enterprise has in large measure given way to the collective activity of the modern corporation and economic theory must shift its emphasis from analysis in terms of competition to analysis in terms of control...

Adolphe A. Berle, Jr. concluded:

...American and Russian systems will look very much alike within a comparatively short period...There is no great difference between having all industry run by a committee of Commissars and by a small group of Directors...

Charles A. Beard, attacking the very foundation of capitalism, claimed:

...The cold truth is that the individual creed of everybody for himself and the devil take the hindmost is principally responsible for the distress in which Western civilization finds itself...

From beginning to end of the depression, it was the communist groups, not government, capitalist, or religious agencies that most helped unemployed Americans to survive. Understanding the meanness and indifference of the American System to the plight of poor commoners, it was the American Communist Party that played the major role in organizing the demands of the unemployed.

Workers joined the Communist Party by the thousands as they sought a viable alternative to the failed capitalist system. Communist groups helped unemployed workers to form Unemployment Councils. Almost 1,500 council delegates met in Chicago to form the Unemployment Councils of the U.S.A.

But business interests were also active during these harsh times. In Michigan, Black Legion vigilante groups dressed in black robes decorated with white skull and crossbones attacked union halls and burned down the

homes of labor leaders. The Legion, fashioned after the South's Ku Klux Klan, claimed many highly respected automobile industry executives among its membership.

Because the House of Representatives was about to vote on a bill to give veteran's an early bonus, an estimated 20,000 veterans marched on Washington D.C. to let Congressmen know the early bonus would help them survive the depression. When the Bonus Expeditionary Force, as it became known, reached the capitol, the veterans set up a city of tents. After congressmen killed the bill, most disappointed vets went home.

Establishment police attacked the few thousand people who stayed. Two vets were killed. Angrily the president declared it a communist plot and ordered the Army to remove the remaining vets. Using tear gas and bayonets, army troops forced the war veterans out of the capitol and burned down shantytown. Many vets were wounded, two infants died from tear gas. The president justified the brutality by claiming a survey had shown the marchers were mostly criminals and communists.

Said the Washington News:

...What a pitiful spectacle, is that of the great American Government, mightiest in the world, chasing unarmed men, women, and children with army tanks...If the army must be called out to make war on unarmed citizens, this is no longer America...

In a speech, Franklin D. Roosevelt said:

...There are today in the United States...something like nine million men out of work; our cities are scenes of privation and misery on a scale which sickens the imagination; our agricultural life is bankrupt; our industry, in shifting to the South, has reverted almost to the horrible conditions, before the Factory Acts, of the England of a hundred years ago...so many banks are failing that the newspapers do not dare to print the truth about them...May we not well fear that what has broken down is not simply the government, but the capitalist system itself?...

The men of the American Establishment were dumbstruck by these

remarks of one of their own.

To pump funds into the economy, the government created the Reconstruction Finance Corporation. Almost half of the RFC's federal funds went to the nation's three largest banks, one of which was headed by the man heading the RFC. This caused comedian Will Rogers to comment:

...the money was all appropriated for the top in the hopes that it would trickle down to the needy...

A study showed gun violence was on the rise. Since 1922, more than 5,000 people had been gunned down in Chicago alone.

In 1932, almost 3,000 auto workers marched peacefully through Detroit. When they reached a plant owned by the auto manufacturer who demanded employees live by his ethical and moral standards, members of the company's "service" department fired into the crowd killing innocent marchers. The head of the National Farmers Union despaired,

...I feel the capitalist system is doomed. It has as its foundation the principles of brutality, dishonesty, and avarice...

Addressing the problem of economic concentration, Roosevelt, who had become known as the New Deal candidate because he had promised American workers a new deal, said:

...If the process of concentration goes on at the same rate, at the end of another century we shall have all American industry controlled by a dozen corporations, and run by perhaps a hundred men. But plainly, we are steering a steady course toward economic oligarchy, if we are not there already...

Addressing the economic condition he said:

...Our task now is not discovery or exploitation of natural resources, or necessarily producing more goods. It is the soberer, less dramatic business of administering resources and plants already in hand, of seeking to reestablish foreign markets for our surplus production, of meeting the problem of under consumption, of adjusting production to consumption, of distributing wealth and products more equitably, of adapting ex-

isting economic organization to the service of the people... Government in this regard is the maintenance of a balance, within which every individual may have a place if he will take it; in which every individual will find safety if he wishes it; in which every individual may attain such power as ability permits, consistent with his assuming the accompanying responsibility...

The man's strong words were just what the American people needed and wanted to hear. Once again, the American people threw the Republicans out of office and elected a Democratic candidate as President of the United States.

Congress gave the new president absolute power over the nation's money-supply. He took the country off the gold standard and declared a national bank holiday, ordering all banks to close. Speaking to the people of the United States via radio, he reassured them everything would be fine. They believed him, and when the banks reopened there were no bank runs.

Within four months of taking office, Roosevelt and his advisors had asked Congress to pass legislation that would change the nature of American government for the next half century.

Their programs to stimulate business, construction, and agriculture were applauded by the political press. Social programs offering economic relief to workers were denounced as mere schemes of the defunct Progressive Party.

To prevent future bank panics, the president and his advisors influenced passage of a bank act creating the Federal Deposit Insurance Company, an agency to guarantee the safety of bank deposits. The bank act prevented commercial bankers from dealing in real estate and investment bankers from functioning as commercial bankers. A loophole written into the law, however, allowed holding companies to own one or more banks, and bank holding companies to own nonbanks.

Despite the Federal Reserve System's dismal performance throughout the 1920s and into the 1930s, few Americans publicly voiced the questions begging to be asked:

Why does the nation need a privately owned Federal Reserve Sys-

tem, if it can't prevent the economic disasters it was created to prevent? Why is the Federal Reserve System necessary, if it's the federal government and the FDIC, and not the Federal Reserve System, that guarantees the safety of depositor funds and secures the confidence of Americans in the nation's banking system?

The Securities and Exchange Commission was created to regulate the Stock Exchange and prevent the wild speculation that broke the market in 1929.

The Civilian Conservation Corps was created to provide food, lodging, and a monthly wage to young, unemployed men, from which \$25 was automatically sent home to the family. The men fought forest fires, treated plant disease, built dams, and stocked hatcheries with fish. During its existence the Corps employed more than eight million men and added 17 million acres to the national forests.

At the start of 1933, almost twenty-five percent of the civilian work force was unemployed and almost all local governments had defaulted on their debts: bankrupted by relief programs. The biggest corporate failures were financial companies and holding companies that owned banks.

The investigating Pecora Senate Committee found that bankers had regularly evaded taxes, manipulated their own stock prices, made loans to bank officials, and committed other illegal actions.

Showing symbolic concern for the unemployed, the men of Congress took a pay reduction. People began to buy. Prices rose slowly and, helped by the devaluation of the dollar, exports increased. Once again the stock market skyrocketed as foolish speculators, ignoring the lessons of 1929, gambled with their savings.

In 1933, American troops were brought home from Nicaragua as part of the president's Good Neighbor policy. American troops had occupied the small country since 1926. Troops were also brought home from Haiti, where they had been stationed to help the U.S. Establishment collect debts owed U.S. banks and businesses.

The American Establishment officially recognized the Soviets as Russia's legitimate rulers—more than a decade after other nations.

In Germany, unemployment, and inflation had also taken its toll. Millions of God-fearing, churchgoing, German Christians, weary of super in-

flation, tired of being the planet's bad guys because their leaders had taken them into a war which had been lost, listened to the hypnotic words of a fanatical little man who declared them the Lord's chosen people, destined for glory and power over all others.

Wanting to believe, these ordinary, hard working, trusting people were caught up in a whirlwind of hate and violence that eventually engulfed the entire planet. In 1933, they put Adolph Hitler into power.

Recognizing the possibility of war in Europe, thousands of American students throughout the nation signed the Oxford Pledge that stated: "...We pledge not to support the United States government in any war it may conduct..." The House of Representatives asked its investigative committee to study the activities of these "disloyal citizens."

The dust storms following the drought in the plains states ruined thousands of small American farmers, driving them from their homes into the ranks of the unemployed.

By the winter of 1934, there were almost 24 million Americans on charity, and homeless, hungry men regularly marched on the nation's political centers demanding relief. Landlords gave tenants five days notice to pay the rent or face eviction. Alcoholism and theft increased.

By 1934, many of America's privileged citizens were investing in Nazi Germany.

Publication of the book, *The Merchants of Death*, exposed the role of munitions manufacturers in inciting U.S. entry into World War I. The Senate authorized an investigation.

In response to Establishment propaganda about the evils of communism and the dangers of communist plans to overthrow the government, super patriotic racists formed organizations to demonstrate their determination to resist conquest.

The Marine commander, who in a 1931 newspaper interview had revealed the true nature of U.S. foreign intervention, shared his feelings about the American Legion with a House committee:

...You know very well that it is nothing but a strike-breaking outfit used by capital for that purpose, and that is the reason we have all those big clubhouses and that is the reason I pulled out of it. They have

been using the dumb soldiers to break strikes...

To counter socialism's effects upon the American people, the American Establishment founded the American Liberty League

In 1934, the last U.S. marine left Haiti. Almost 5,000 Haitians had been reported killed during the 19 years of U.S. occupation.

In 1935, a partner in a prestigious financial corporation warned a Senate committee:

...The growth of corporate enterprise in America has been drying up individual independence and initiative. We are becoming a nation of hired men, hired by great aggregates of capital...

A House investigative committee turned its scrutiny upon American socialists and other groups believed to be anti-Establishment.

A second House committee unexpectedly uncovered a plot to overthrow the government of the United States. It had learned an ex-national commander of the American Legion, a U.S. army general, and the newly formed American Liberty League—with the full support of prominent corporate leaders—were conspiring to install a fascist-like government by the use of armed force.

Despite the treasonous nature of the situation, the House committee called none of the conspirators to testify, and backed away from further investigation. It also suppressed much of the information in its report to the House. Unbelievably, the government did not press any charges against anyone, causing the head of the Civil Liberties Union to comment:

...Imagine the action, if such a plot were discovered among communists! Which is, of course, only to emphasize the nature of our government as representatives of the interests of the controllers of property. Violence, even to the seizure of the government, is excusable on the part of those whose lofty motive is to preserve the profit system...

The president asked Congress to pass a social security program. The rich ridiculed it; the National Association of Manufacturers fiercely opposed it.

Playing upon the traditional fears of uneducated people concerning

education and “intellect,” and the fact the president had brought “intellects” into the White House to solve problems normally solved by businessmen, the Establishment media enthusiastically condemned the president’s advisors as “intellectuals” and “liberals.”

It condemned “New Deal” policies as more suitable for a communist or socialist country than a capitalist one.

Despite such objections, the Administration’s Social Security Act passed.

In 1935, a wire service article condemned the American Liberty League and its advocates:

...the only liberty the League fosters is the liberty to water stock, rig the market, manipulate paper, and pyramid holding companies to the stratosphere...to pay starvation wages and break strikes with hired thugs...to warp the minds and bodies of children...to buy opinions of the pulpit and the press. It is the liberty which leads to death...

By 1935, New Deal economic policies had softened the harshness of the depression and the urgency of the unemployed movement. The growth of unions slowed.

In 1935, the Supreme Court declared unconstitutional the New Deal law placing industry under government control.

By 1935, the fear of young Americans of being dragged into a European conflict was reflected in student unrest, as campus demonstrations broke out across the nation.

By 1936, the Germans had eliminated much of their nation’s massive unemployment with rearmament and public works programs. They had stopped inflation by capping prices as well as wages. A policy that American capitalists would never accept.

Alarmed at the rapid and illegal rearming of Germany, a U.S. ambassador to Europe reported to the president that some of this country’s most prestigious families were involved in the rearmament.

Congress responded by passing legislation making it illegal for the U.S. government to interfere in the affairs of a foreign nation; an act that some Americans took as evidence that a strong political force in this coun-

try wanted the continuation of Nazi Germany’s rearmament.

To overcome new federal laws interfering with profits, American businessmen moved their manufacturing plants to poorer sections of the country, where needy Americans would work for less.

A strategy of deception favored by the Republican Establishment was to subsidize fascist, antidemocratic organizations with very official sounding, “democratic” names. The American Liberty League was such an organization. In turn, the Liberty League subsidized other such groups.

The Southern Committee to Uphold the Constitution was one of them. It was formed to provoke fear and hatred of blacks, and to deprive the president of his southern vote. The chairman of this racist organization was a past president of the National Association of Manufacturers.

Another group promoted the danger of Jews and communists and the need for a strong fascist-like government in the United States. Much of the Republican Party’s 1936 platform echoed the American Liberty League’s antidemocratic philosophy.

In 1936, president Roosevelt, speaking before the men of Congress, asked their support for his Neutrality Act which prohibited the sale of weapons and materials to Europe, if they could be used for war. He attacked the American Liberty League and its supporters, claiming they:

...engage in vast propaganda to spread fear and discord among the people...They realize that...we have built up a new instrument of public power. In the hands of a people’s government this power is wholesome and proper. But in the hands of political puppets of an economic aristocracy such power would provide shackles for the liberties of the people...

Furious members of America’s privileged class did everything within their power, but they and their Republican Party failed to unseat the popular Democratic president. The common workers of the United States re-elected him by a landslide. A New York newspaper, referring to one privileged family’s part to defeat Roosevelt:

...Never before in political history, as far as observers could recall, has a campaign been dominated by a single family or has any family donated a compa-

nable sum in an effort to elect its man to the Presidency...

In 1936, Germany sent troops to support the Spanish dictator, hard pressed by commoners trying to unseat him from power. In response, more than 5,000 Americans voluntarily crossed the ocean, at their own expense, to fight and help Spanish commoners defeat the dictator and his Nazi “advisors.” The American political press branded them “communists” and “traitors.”

The Black Legion of Michigan and Ohio had produced a reign of terror and murder among union auto workers and Communist Party members. At a murder trial, five of the sixteen accused Black Legion thugs proved to be members of the powerful Wolverine Republican League; a few of whom were General Motors executives.

The Governor of Pennsylvania, disturbed by the violence in the auto industry remarked:

...I was United States Minister to Austria in 1933-34. I saw for myself how fascism and Nazism are born furtively in the dark; how they develop through just such organizations as the Black Legion, distorting prejudices, rousing passions, making a mockery of the truth, finally bursting forth into violence and bloodshed...

In 1936, workers at the General Motors’ Flint plant held a sit-down strike. Within one week, more than 100,000 GM workers had struck. Financial aid poured in from working men across the nation, and actor Charlie Chaplin pledged the strikers the proceeds of his new movie.

When workers seized a Chevrolet plant, 4,000 armed National Guardsmen were sent in, but GM management, fearing the 29-day strike would continue even longer and not wanting the bad publicity of an armed conflict, surrendered and gave the labor union the official representation it wanted in labor negotiations.

The Flint strike was a momentous event that temporarily changed the course of labor-employer relationships. The event made privileged industrialists, financiers and politicians realize American workers would no longer settle for capitalism’s crumbs.

A giant New York bank refused to do business with the Spanish Loyalists (commoners), but did accept the business of both the Spanish and Nazi dictators. The bank also helped the Nazis to raise funds from German Americans.

A study for a civil liberties committee revealed an interlocking system of private and government agencies working to suppress American labor organizations. The study revealed corporate management regularly employed at least two hundred and twenty-five private detective agencies to spy on labor union activities.

In 1936, the Supreme Court declared unconstitutional the New York law providing minimum wages for children and women.

In 1937, the House passed a resolution allowing its investigative committee to investigate anyone involved in “un-American” activities. The committee became known as the House Un-American Committee (HUAC), or simply The Committee.

Worker resistance to corporate abuse was reflected in the burgeoning union membership of eight million workers. Establishment police killed ten workers at a Memorial Day labor strike, and more in a South Chicago steel strike.

Attempts to pass a tax on marijuana, to raise additional revenue from the millions of Americans who smoked the weed, drove the trade underground. Americans didn’t want to pay more taxes.

In 1937, the men of Congress imposed sanctions against Cuba, and sent warships to circle the tiny island as a reminder to the popular Cuban government that the U.S. was prepared to forcefully protect private American investments in Cuba.

In Puerto Rico, police murdered one hundred and seventy-one people as they peacefully gathered to protest the U.S. presence in their country.

Between 1930 and 1937 there had been almost 10,000 worker strikes in the United States.

In October of 1937, the stock market collapsed wiping out whatever small gains had been made during the first years of the decade. Between September and December two million men lost their jobs.

Neither deficit spending policies, nor government sponsored work programs could stop the consequences of the failed capitalist system.

In 1938, a Securities and Exchange Commission investigation revealed the nation's largest oil and chemical companies were selling crucial fuels and chemicals to the Nazis, and held directorates in European corporations dominated by Nazis. The report claimed the country's biggest oil corporation was transporting oil to the Canary Islands, converting it to aviation fuel, and loading it onto Nazi tankers. The report also revealed the oil company's subsidiaries in Central and South America helped refuel German and Italian merchant vessels.

Addressing Congress in 1938, the president said,

...Among us today a concentration of private power without equal is growing...One of the primary causes of our present difficulties lies in the disappearance of price competition in many industrial fields...

He asked for a study of economic power in the United States and the strengthening of antitrust enforcement.

In 1938, the men of Congress finally passed a law establishing a minimum wage, a 40-hour work-week, overtime pay, and the restricted use of children under sixteen in a nonagricultural business.

A 1938 revenue law repealed the tax on undistributed corporate profits; another law excluded tobacco and alcohol from FDA regulations.

In 1938, Germany invaded Vienna. In 1939, it was Poland and Czechoslovakia.

Congress abandoned the original trust fund principle for the social security program and, instead, decided to make retirement payments out of current income. It was an unsound financial decision. Social security collections should have been put into a trust fund and invested in stocks and bonds, as are the funds of all well managed trusts for wealthy people.

The Japanese, who had begun empire building throughout Asia and the Pacific in 1931, to supplement the limited natural resources of their island economy with their invasion of Manchuria, invaded China. This disturbed American businessmen, who had long considered the United States as China's major trading partner.

More threatening to one of this country's largest corporations was Japan's aggressive entry into the nylon market, a market in which it held a monopoly. Not surprisingly, the American government notified the Japa-

nese it was considering higher tariffs on Japanese products made of nylon.

HUAC attacked Americans whose names were on communist mailing lists. Investigation, however, revealed most of these people had never been associated with communist groups or the party, and were guilty only of having their names on the lists.

HUAC also attacked labor unions on the pretext of communist infiltration and domination. The Committee didn't investigate or harass alleged American fascists or Nazis.

A Committee for Cultural Freedom asked for HUAC to clearly distinguish between hard-core communists trying to overthrow the government and Americans wishing merely to better the American System. A committee of prominent lawyers petitioned the House of Representatives to abolish HUAC.

The 1930s was the decade in which factory owners cried for more profits while workers, kept poor by the deliberate economic and political policies of the privileged, struggled for survival.

It was the decade in which Southerners, fearing the continued exodus of blacks from the south, arrested the representatives of northern manufacturers who came south soliciting laborers.

It was the decade in which campus and country seethed with political unrest, and the indifference of the Establishment to the suffering of working Americans shook the conviction of a great many Americans in the American Way as the best way for them.

It was the decade in which many profit hungry American businessmen invested in Nazi Germany, directly supporting its maniacal drive for world conquest.

It was the decade in which American commoners were introduced to the novel idea that it was a function of government to see that no citizen went hungry.

1940-1945

By 1940, there were only 6.5 million farms in the nation.

The deteriorating economic condition prompted the leader of a national labor union to remark:

...Unless substantial economic offsets are provided to pre-

vent this nation from being wholly dependent upon the war expenditures, we will sooner or later come to the dilemma which requires war or depression...

While U.S. foreign investment generally decreased between 1929 and 1940, Commerce Department records show “increased” investment in Germany.

The House passed a bill requiring the deportation of aliens convicted of subversion. In Philadelphia, HUAC agents raided Communist Party headquarters and carried off books and records. Despite a warning by a federal judge who ruled the raid illegal and the documents unqualified to be placed on official record, they were placed in the official records. There was, however, nothing incriminating in them.

HUAC investigated the Americans who went to Spain to help the Loyalists fight against the fascist dictator.

In 1940, the Nazis conquered France.

Concerned with the effects of corporate propaganda upon America’s youth, some citizens formed the Institute for Propaganda Analysis. The private company published and distributed literature to thousands of public and private high schools clearly explaining the techniques of the corporate propaganda machine.

An investigator hired by the National Association of Manufacturers reported IPA texts “tended to criticize our government and hold in derision or contempt the system of private enterprise” HUAC turned its attention to the Institute for Propaganda Analysis.

The U.S. Legation in Nicaragua reported subsidiaries of an American oil company were distributing pro-Nazi propaganda. Investigation revealed the company was distributing the literature not only in Nicaragua, but throughout Latin America.

Since the ratification of the constitution, American troops had been sent into foreign lands nearly 150 times; always for the benefit of American businessmen, always in causes detrimental to the common citizens of those countries.

HUAC gave the attorney general’s office a list of federal workers believed to be communists. Although some of the people who had provided the list were paid informants of dubious reputation, they were al-

lowed to remain anonymous. The attorney general’s office threw out most of the charges for insufficient evidence.

HUAC turned its investigation to the attorney general’s office.

In 1941, the Tolan Committee reported an estimated 35-50 million industrial workers and farmers had moved from their homes during the ’30s, looking for work, and that Americans fortunate enough to work had regarded these people as “bums.” The report claimed many city authorities had not only refused the unemployed relief of any kind, but had ordered the police to run them out of town.

In September, 1941, the Administration demanded Japan withdraw from both China and Indochina, and froze all Japanese assets in the country, depriving the Japanese military of crucial sources of oil, without which it could not pursue its wars of expansion.

On December 7th the Japanese retaliated by unexpectedly bombing and destroying the American naval fleet in Pearl Harbor. It was a sneaky attack, similar to the 1898 attack Americans had made upon the Spanish fleet anchored in Manila Harbor.

Despite all out war, an executive order permitted the American oil company to continue selling to the enemy through its foreign subsidiaries. Bureau of Investigation reports revealed the German Reichsbank paid the company directly for the oil shipments.

In 1942, following news reports claiming “pot” caused people to murder and rape, the mayor of New York City appointed a commission to investigate the status of marijuana in the city.

When mine workers, went on strike for better pay, the government seized the mines and demanded they return to work. The miners refused until their demands were met.

Riots in Detroit, which left thirty-four Americans dead, prompted the HUAC chairman to suggest un-American propaganda as the cause of racial hatred in the United States.

The United Nations formed a War Crime Commission (UNWCC). Prior to the organization’s formation, it had been agreed by all participants that the U.S. representative—whoever it would be—was to be the committee chairman. However, after the appointment in 1943 by president Roosevelt of a personal friend, the U.S. State Department opposed not

only the appointee, but the commission itself.

The men of State also suggested the English Foreign Office representative become chairman, and delayed notices to the president's appointee informing him of the commission's first organizational meeting.

Why this strange behavior?

Perhaps it was because the man strongly believed it necessary to aggressively prosecute war criminals and dismantle the German industrial machine to prevent still another war.

...I believe that the business of my Committee will be to take its part in the great effort to prevent a third war, rather than merely to act as an instrument of vengeance for past wrongs. The first thing is to make clear to every last German...that war is not a profitable business...

Or perhaps, it was because many of the people holding high position in the State Department, and in other key government positions, were the same men, or the sons of the men, who had prevented prosecution of German war criminals after WWI, and who had subsequently invested and profited from the rebuilding of the Nazi war machine.

In 1943, the foreign ministers of the U.S., England, and Russia met in Moscow and signed what is known as the Moscow Declaration, in which they agreed to support one another during the war. They also vowed to demand unconditional surrender of the enemy, to hold joint armistice discussions, and to transport war criminals "to the site of their crimes" for trial.

In 1943, the largest shareholder of a New York bank—and the bank itself—were among those indicted for helping to finance Nazi activities and coordinate the flow of Nazi cash throughout the world. Both shareholder and bank were acquitted.

Late in 1943, the War Department commanded European generals not to separate suspected war criminals from other prisoners of war, restricting UNWCC's ability to identify and prosecute individuals accused of war crimes. In March of 1944, the State Department instructed the U.S. representative to UNWCC to ignore alleged crimes against German civilians.

It was a crippling blow to the commission, for this meant it couldn't investigate or prosecute German bankers and industrialists who had supported the Nazis and made huge profits from the slave labor provided by concentration camps.

A Senate subcommittee revealed monopolistic control of American industries had given some American corporations great power enabling them to create demand by restricting production and raise prices to take advantage of the demand, simultaneously.

In 1944, after two years of testing, the thirty-one medical men on the New York commission to study marijuana concluded the drug posed no threat to the mental or physical health of users. The report concluded marijuana was neither addictive, nor a determining factor in major crimes.

The U.S. representative to UNWCC announced to the American press that, as yet, no war criminal charges had been made against senior Nazis, and of the tens of thousands accused of war crimes, only 350 names were on the commission's war criminals list.

Congress reduced the total for the president's emergency fund—the source of funding for the U.S. representative to UNWCC.

A people's revolution in Guatemala ousted the nation's elite families from power and held free elections, jeopardizing American domination of the Guatemalan economy. The U.S. Establishment began a propaganda campaign to convince American commoners that Guatemala was now a danger to this country.

There were more strikes in 1944 than in any prior year in American history. Unions honored their no-strike agreement with the government, but wildcat labor strikes persisted as overworked and underpaid men and women continued their fight for a better life. By 1945, thirty-five percent of the American work force belonged to unions.

In January of 1945, the State Department fired the UNWCC representative.

HUAC, now a permanent House committee with great powers, turned its attention once again to the film industry, particularly film makers who had made movies sympathetic to the oppressed peoples of Europe, or movies highlighting the cruelty and ruthlessness of American industry. "The

time has come to determine how far you can go with free speech,” said a committeeman.

In April of 1945, the New Deal president died. A few weeks later, the acting secretary of state recommended to Harry Truman, the new president, that as war between the U.S. and the U.S.S.R.

...is as certain as anything in this world can be certain...our policy towards Soviet Russia should immediately stiffen all along the line. It will be far better and safer to have the showdown before Russia can reconstruct herself and develop her tremendous potential military, economic, and territorial power...

In May of 1945, the Nazis surrendered to allied troops and, without advance warning, the new President of the United States abruptly canceled Lend-Lease aid to Russia. Ships that had been loaded were unloaded, and those at sea were ordered to turn around and return to the U.S.

The Yugoslavian partisan government requested transfer of specific Nazis back to their country to be tried as war criminals, but American and English authorities ignored the requests.

What This Means

It means by 1917, many American workers had finally accepted the truth that American-style democracy and capitalism would never bring them security. Inspired by the successful revolt of Russian commoners against their oppressive rulers, thousands of frustrated Americans publicly advocated socialism or communism as alternatives to capitalism.

It means, contrary to common belief, the objectives of government witch hunts during the early and middle parts of the 20th century weren't merely to ward off "evil" socialism and communism, but to intimidate Americans holding anti-Establishment beliefs from publicly voicing those beliefs. It was to restrain them from writing books revealing the abuses of American capitalism, and from making movies sympathetic to commoners of other nations.

It was to stop them from teaching America's youth the truth, and

from experimentation with other social systems. It was to stop revolution in the United States.

It means the nation's entry to World War II saved American capitalism from death. It was WWII that revived the failed economic system from its natural fate by putting millions of unemployed Americans to work defending their country. It was WWII that gave the American Establishment time to prepare postwar strategies to save its hierarchal society and its oppressive economic system.

That's what Chapter III means.

