

By Dwight Macdonald

# SPARKS IN THE NEWS

## Bank Report

The big news in the press this week, bigger than Danzig, bigger than the W.P.A. strike, is a table buried in the financial pages of the N. Y. Times under the not-too-thrilling headline: FEDERAL LOANS UP IN BANK PORTFOLIOS. The table, based on the newly issued second-quarter reports of the fifteen largest Wall Street banks, shows the percentages of these banks' total assets invested in various ways. It is worth reproducing:

	June 1938	June 1939
Cash	35%	40%
U. S. Gov't securities	29%	31%
Loans, discounts, etc.	25%	19%
Other investments & assets	11%	10%

Total assets 100% 100%  
The big news here is not something unexpected has happened, not "MAN BITES DOG", for example, but precisely "DOG BITES MAN - AGAIN!" A trend which was alarming enough—to the bourgeoisie—a year ago has become even more serious in the past year.

Banks make money—and keep the capitalist system going—either by loaning their funds to business men or by investing them in business enterprises. But this table shows us that both loans and investments have in the last year shrunk even below the alarmingly—again, to the bourgeoisie—low levels of 1938. On the other hand, there has been a decided rise in the percentage of assets held in the form of cash—that is, lying idle in the vaults, producing no income for the banks or for any one else—and in Government securities, which yield a very low rate of interest.

In short, only a little over one-fourth of these great banks' total resources of \$15,240,000,000 is at present invested in profit-making enterprises. The rest is either idle or else is siphoned out of the field of private enterprise completely into Government securities.

## Bond Addicts

The banks aren't making much money, but there is a great deal more to it than that. Their economic base has been shifted in the last ten years from private to state capitalism, from business enterprise to government enterprise. In 1930, the national banks of the country had \$21,600,000,000 out on loan to their customers, and \$4,100,000,000 invested in government securities. In 1937, they had \$12,700,000,000 out on loan, and \$12,300,000,000 in Government securities.

Small wonder that the conservative Senator Barbour, of New Jersey, recently described the banks as "bond addicts", which have been "all but ruined as lending agencies". The Senator admitted, sadly, that no outlet for bank funds exists in private industry, and that the

banks, therefore, "are helpless and cannot break the habit of putting surplus funds into Federal security issues."

The resulting situation is a curious one indeed. The huge annual deficits of the New Deal have been met not by increased taxation but by selling government bonds and short-term notes to the banks. Thus the New Deal has borrowed the money it needed for its spending programs from those very citadels of finance capitalism most violently opposed to any such program. The banks have lent the money simply because there has literally been nowhere else—except a safe deposit vault—they could put it. The New Deal is dependent on the banks, and the banks are dependent on the New Deal. So far, the political implications of this increasingly closer relationship between finance capital and the state have remained simply—implications. But it is in this sector that we may expect, in the future, especially clear warning signals of the approach of an American form of fascism.

## Money Goes on Relief

There are two major indexes of the success of the New Deal's attempt to save capitalist democracy: idle men and idle money. The last two years have been heart-breaking ones for the New Dealers because, after some progress in 1935-6, the whole business collapsed again, and unemployment and excess bank reserves have been steadily mounting ever since. Unless new fields for profitable private investment are opened up in a hurry, the outlook for capitalism as we know it is not bright. The latest S.E.C. report on new security issues, for May of this year, is not encouraging. Only \$31,200,000 in all were registered, only a little more than half the May, 1938, figure—and over half of this measly \$31,200,000 was accounted for by new investment trusts, which means a mere reshuffling of existing investments rather than creation of new outlets.

Meanwhile, money keeps piling up in the banks just as new thousands keep swelling the ranks of the unemployed. In the last three months alone, deposits of the fifteen largest Wall Street banks jumped 6%. Chase National, which a year or so ago outstripped London's great Midland Bank to become the world's biggest bank, has just reported an all-time high of almost \$3,000,000,000 resources, which is \$500,000,000 more than it had last year. Chicago has two billion dollar banks for the first time in its history. And while deposits mount, loans dwindle, investment in new enterprises has practically dried up. These vast accumulations of capital once were reservoirs from which money flowed to turn the wheels of tens of thousands of profit-making enterprises. They have become in our day stagnant pools, breeding places of disease for the whole capitalist system.

# Threaten To Spread Strike in Auto Plant

(Special to the Socialist Appeal)  
DETROIT, July 13—As the strike of skilled workers and maintenance men turned into its ninth day, 11 General Motors divisions in Detroit, Pontiac, Saginaw and Cleveland remained at a standstill in all die work and retooling on the new G.M. models.

Strike votes have been taken in the Fisher Body, Chevrolet and Buick divisions in Flint and in the Pontiac Motor plant in Pontiac. A general strike was also threatened by union spokesmen in the jobbing shops working on G.M. parts.

The corporation has finally acceded to enter negotiations with the U.A.W.-C.I.O. under whose auspices the strike is being conducted. Unless definite progress is made in these negotiations, all other G.M. plants working to meet the new production schedules will be closed down, union leaders declared.

Hide Behind Martin  
With the help of government mediators the corporation continues to hide behind Homer Martin's fictitious organization to deny a renewal of contract and the improvements demanded by the only legitimate representative of the auto workers, the U.A.W.-C.I.O. Strike-breaker Martin along with his corruption-ridden cronies of the A.F.L. building trades and Frank XX Martel have ordered their men to walk through the picket lines.

Pontiac has been the crucible of the struggle. Picket lines running into the thousands have fought off scabs, local cops and State police. Doddering, senile Governor Dickinson, famous for his "Pipe-Line to God" (and General Motors) has been hanging the threat of a state police invasion of Pontiac over the U.A.W. if the militant picketing persists and gives lessons in union organization to Martin's goons and finks.

As sentiment runs high in Pontiac, it will take much more than state cops to smash the picket lines.

## Not Our Kind of Job!



# S.P. TRIES TO SQUIRM OUT OF DISGRACEFUL STRIKE STAND

### Under Rank and File Pressure, Workers Security Federation "Reconsiders" Decision

By E. R. MCKINNEY  
Mournfully yielding to the refusal of the rank and file to return to work on W.P.A. projects, Lloyd Leith, secretary of the Workers Security Federation, has announced that the leadership of the federation has "reconsidered" its decision ordering their members to scab on the W.P.A. strikers. While the leadership is still in favor of the return to work, Leith admits that they couldn't get away with it. The previous position, to return to work, was reconsidered, says Leith "because of the pressure of the membership which is distinctly for continuance of the strike."  
While the Norman Thomas Socialist Party leadership of the new Workers Security Federation was attempting to escape from the wrath of its own membership, and the disgraceful sell-out which they had an-

# 50,000 WPA Strikers Keep Minnesota Projects Closed

(Continued from Page 1)

the most popular strike we have ever had in Minnesota. Last Friday and Saturday the strike spread from the Twin Cities and Duluth to the Iron Range and to southern Minnesota, making the shutdown practically state-wide.

The Federal Workers Section of Local 544, apart from the wage-rate cut issue, has enunciated a four-point program which it has called upon Minnesota congressmen and senators to introduce into Congress:

1. Provide each able unemployed worker a decent job at union wages and hours.
2. Get funds for this by transferring all war funds to the unemployed.
3. Open the idle factories, under union control, to produce consumer goods for the masses.
4. Enact a twenty-billion dollar housing and public works program.

The importance of the W.P.A. strike has compelled us to omit many articles on trade union activities and on world politics. It is nevertheless our hope that our field correspondents, especially those whose contributions have been squeezed out, will continue sending the material in.

# Let the People Vote on War!

(Continued from Page 1)

simple one. The Constitution would be amended so that war could be declared by the United States government only through a direct vote of the people, a direct popular referendum.

To an ordinary human being, this proposal seems most reasonable, modest and democratic. It is the people and all the people who must fight and suffer from war (they do not fight and suffer by representation). Should not the people themselves, then, decide whether a war is worth fighting and suffering for? The United States is supposed to be a democracy. What could be more democratic than to decide the most important of all questions, the question of war, by a direct vote of the people?

This is, indeed, what the people of the United States think. Authoritative surveys, such as the "Gallup poll," show that an overwhelming majority, two-thirds at the very least, favor the war referendum. In a democracy, you would think that such a majority would get what it wants.

Why not? What has happened to the war referendum proposal?  
(Continued in next issue: "The Opposition to the Ludlow Referendum")

# Protests Hounding of S.W.P. Literature Salesmen by Police

Protesting the continued police hounding of persons selling literature for the Socialist Workers Party, Edward R. Frank, Local New York organizer of the S.W.P., on July 13 demanded that Police Commissioner Valentine investigate these actions and put a stop to them. Comrade Frank's letter reads:

Dear Sir:

On May 25th I communicated with Mayor LaGuardia, requesting that the Police Department refrain from arresting people who were selling literature for the Socialist Workers Party, while at the same time allowing followers of Father Coughlin to sell his magazine without the slightest interference from your Department.

I was assured, by representatives of your department, that no discrimination would be made against people selling literature for the Socialist Workers Party, and that the civil rights of our people would be respected. Nevertheless, last Monday, July 10, 1939, two persons who were selling pamphlets for the Socialist Workers Party in front of Macy's Department Store and who were standing side by side with three other people selling Social Justice, Father Coughlin's magazine, were arrested and looked on charges of "disorderly conduct" and "violating the anti-noise ordinance." Not a finger was laid on the vendors of Social Justice. On Tuesday, July 11, 1939, another arrest was made under the same circumstances and at the same place.

## Deliberate Policy

Obviously, these arrests are the result of a deliberate policy of discrimination against the Socialist Workers Party and in favor of the followers of Father Coughlin. I do not know how true might be the assertion of Father Coughlin that 5,000 of his followers are members of various police departments, but in view of the open discrimination against the Socialist Workers Party in favor of Father Coughlin's followers in these arrests, and the violation of the civil rights of our people, our attorney has asked a postponement of the case involving Tuesday's arrest until August, pending an investigation into

the policy governing these arrests. This letter merely confirms my conversation with Patrolman Boies concerning this matter and my request that an investigation be initiated.

For your further information, these cases were booked at the Magistrates Court of the Second District, 6th Avenue and 103rd Street; Judge Thomas A. Aurelio presiding.

Trusting that you will make an immediate and complete investigation into this matter, and awaiting your early reply, I am,

Yours truly,  
EDWARD R. FRANK,  
Organizer,  
Socialist Workers Party,  
Local New York

# NEW CASTLE POLICE BEAT NEGRO WORKER

### Defense Committee Is Formed as Wave of Police Terror Swells

(Special to the Socialist Appeal)  
NEW CASTLE, Pa.—A committee for the defense of Negro rights has been set up here following a wave of police terror instituted against Negro people by the local administration.

Formation of the committee followed the brutal beating of Henry Bell, W.P.A. worker and a former member of the United Mine Workers of America by six white city policemen several days ago. Bell is still suffering from painful injuries.

The committee is composed of Negro and white members representing a number of trade unions and other progressive organizations in the city. It demands the arrest and prosecution of the police culprits as well as full recognition and respect for the civil rights of the Negro people.

Bell was resting in his home when he was startled by the unexpected entrance of several policemen. Fifteen minutes later neighbors were shocked to hear cries of agony coming from Bell's home as he was clubbed and blackjacked at the hands of the police.

Bell was so badly beaten that he had to be taken to the Jamison Memorial Hospital where his wounds were treated. After spending a night in jail he was discharged the next morning without a hearing. The unwarranted attack aroused widespread indignation and the defense committee was organized.

# Speakers at Puerto Rican Rally Flay Yankee Imperialism

NEW YORK—Bitterly denouncing the regime of Yankee Imperialism, and demanding freedom for their island homeland, the New York organization of the Puerto Rican Nationalist Party celebrated on July 7 the inauguration of its new executive board. Before a packed audience of anti-imperialist members of the large Puerto Rican colony of this city, massed in Lexington Hall, speaker after speaker flayed the "democratic" imperialist hypocrites in Washington, and reminded the very sympathetic audience of the many martyrs who have fallen in the struggle for independence, heroes whose martyrdom was not in vain.

The speakers were: Antonio Rodriguez Berrios, president of the Nationalist Junta in Harlem; Lorenzo Pineiro Rivera, secretary-general of the United States organization of the party; and Gilberto Concepcion de Gracia, president of the U. S. organization. The struggle against imperialist oppression, for the freedom of Pedro Albizu Campos and the other Nationalists who are kept in Atlanta Penitentiary by the Roosevelt government, and for immediate independence was the keynote of all three speeches as well as of the songs and recitations presented by Pedro Vargas and Paulita Lopez.

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## MEN AND WOMEN OF LABOR

# OUT OF THE PAST

By EMANUEL GARRETT

JEAN PAUL MARAT  
(May 24, 1743-July 13, 1793)

The Bastille, prison-symbol of the old regime, fell on July 14, 1789 under the surge of the aroused Parisian masses. The Great French Revolution had begun. The struggle between the hereditary-privileged and the newly powerful masters of trade which had been brewing for the greater part of the century reached its climax, and the former had to give way. On August 4 feudal privileges were formally abolished.

There were those who were quite content to let things stand as now established. The wealthy merchants, satisfied that the reins of government were being transferred to them through that section of the nobility which had aligned itself with new class power as well as through their own direct representatives, sought merely to consolidate the gains achieved and to stop the revolution cold at that point.

These plans were spiked however by a small group of far-sighted individuals who stood at the head of the masses, notably Jean Paul Marat, champion "of the propertyless whom the rich call canaille (dogs)."

Seeing the Revolution as of benefit only to the rich, Marat jumped into the fray with the sharpness of his pen, the vigor of his ideas, publishing the most important journal of the day, "L'Ami du Peuple" (The Friend of the People). In it he attacked the proposed limitations on the people's sovereignty, charged the commercial potentates with using the National Assembly (created by the Revolution) for their own advantage, predicted the treason of the liberal nobles,

Trained as a scientist, a well-established, respected physician with a large practice among the English and French aristocracy, the writer of several important treatises on optics and other scientific subjects, Marat had even before the actual outbreak of the Revolution given up science for revolutionary agitation.

From a writer of philosophical tracts, he gradually became a practical revolutionist, an advocate of class struggle.

## Persecuted by Counter-Revolution

Directing his blows in a series of great polemics against Necker, representative of the new regime, he articulated the "demands of those who have nothing on those who have everything." For higher wages, for equal rights, for abolition of bread and consumers taxes, for a general supply of cheap bread. Ever vigilant he didn't hesitate to speak out, call a traitor a traitor, warn the masses that today's "friend" will be tomorrow's enemy.

Marat demanded the safeguarding of the Revolution by the general arming of the people, by the disarming of the counter-revolutionary leaders—even by dictatorial means if necessary. To crush the spirit of the masses, the National Assembly ordered bloody massacres. European powers, working with royalists in France, declared war against the French. Explaining the meaning of the war and the massacres, Marat called for the overthrow of the King and the completion of the Revolution.

Eventually, in October, 1791, a Legislative Assembly elected by privileged suffrage replaced the National Assembly. But, wrote Marat, "The second legislature is not less rotten than the first." Prices and hunger were mounting. Force, he told the workers, would be necessary for the creation of a Republic. "Do you really believe that you can change the inclinations and habits, the manners and passions of the ruling class by the preaching of moral principles?"

Louis was taken prisoner in 1792. A new Communal Council was elected in Paris. Marat was made a member of its Committee of Public Safety which disposed of the counter-revolutionary ringleaders. His influence in the Paris Commune was decisive.

A National Convention was called. The masses, who worshipped him, elected him a member. To indicate the change that had been effected, he changed the name of his journal to "Journal of the French Republic by Marat, Friend of the People." The legend under the masthead of this journal read: "In order that misery may be diminished, the property of the wealthy must be abolished."

Never silent, never willing to compromise, Marat continued his battle against the weak-willies, the vacillators in the Convention. The latter who held the whip hand in the Convention for a time finally had him brought before the Revolutionary Tribunal on April 24, 1793. But he was acquitted, and the masses carried him home triumphantly through the streets of Paris. A leading spirit of the Jacobin Club (the Bolsheviks of the French Revolution), he organized the defeat of the Girondists (the vacillators), and helped establish Jacobin rule.

The years of persecution had, however, their toll. Marat became too ill to attend the Convention. Daily from his home he sent the Convention a letter of advice and opinion. Afflicted with a serious skin ailment contracted in the dank sewers, he spent the greater part of his day sitting in a bath, the only relief he had. On July 13, Charlotte Corday, an agent of the royalists, asked to see him. She was admitted. Approaching, she pulled a knife and stabbed him through the heart.

Charlotte Corday became the heroine of the counter-revolution when it wrested power from the Jacobins. Marat's name was besmirched, accused of the vilest crimes, his ideas distorted. By the same token, however, his name was revered by the masses, treasured with all those other martyrs who lived in the cause of emancipation.