

TRIUMPHANT PLUTOCRACY

The Story of
American Public Life
from 1870 to 1920

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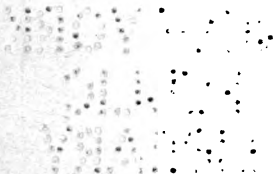
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ASTOR. LENOX AND
TILDEN FOUNDATIONS
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XXXI. THE 1920 ELECTION

The World War gave the business interests the opportunity for which they had been waiting. At the same time that they made millions they were able to come out in the open as the controlling force in American public life. Their answer to the Russian Revolution revealed their international stand. The events surrounding the election of 1920 showed how far they were ready to go in dominating the lives of the American people.

I spent the winter of 1919-1920 in Washington and New York, where I paid close attention to the business situation. I was particularly interested in the question as to whether a panic was going to be ordered by the New York bankers.

The masters of business life discussed the high cost of living, in other words, the cost of food and raw material, and how to reduce prices. They knew that the inflation of the currency was what had increased the price of all articles not controlled by the trusts, and they discussed the question of contracting the volume of money, for we have in circulation in the United States today nearly fifty-nine dollars per capita as against seventeen dollars in 1880. But the issue of money under the present system is very profitable to the bankers. They had made more than a billion out of the issue of money since the United States went into the war, and had inflated the currency, since the present bank act went into effect, by several billions of dollars. The bankers disliked to contract the currency because the issue of money is so profitable, and they finally hit upon another method and said, "We will contract the credit."

There were two fields in which it was possible to contract credit. One was the field of big business. The other was the field of agriculture. A contraction of credit to big business would have hit manufacturers and merchants (themselves). A contraction of agri-

cultural credits, on the other hand, would hit only the farmers who are unorganized and in no position to strike back. A decision was therefore made to curtail credit by compelling all the banks to restrict their loans in the farm-producing area of the United States.

After the whole matter had been argued through, an order was sent out from New York to all of the reserve banks throughout the United States to restrict their loans and to refuse credit on all the products of human toil not controlled by the combinations. The result has been, of course, the reduction in the price of everything that is produced on the farm. Meat, corn, cotton, oats and hay are all far below their spring selling prices, not because crops were unusually large, but because the farmers were compelled to sell all of their crops in the market at the same time. They were compelled to sell because they could not borrow. They would not borrow, not because money was scarce—there is more money in the country than at any time in its history—but because the banks refused it to the farmers. During this same time loans were made to Norway, Belgium, France. There was plenty of money for that, but food prices must come down, and the way to bring them down was to compel the farmers to sell by withdrawing all credits and calling all existing loans.

While American farmers were being refused credit, the Bankers' Club, which is the government of the United States, entered into a "consortium" with the bankers of England, France and Japan to loan money to China for railroad concessions and concessions of minerals and coal. Vanderlip and Lamont were in China all through April getting these concessions. This contract between the United States, England, France and Japan is a written contract and the Secretary of State is a party to it; and yet the people of the United States are refused access to it.

This same club in New York, composed of the bankers and the great industries, discussed the question of the cost of labor. They said, "Labor is clamoring for

more pay because of the high cost of living. We can reduce the cost of living by withdrawing credit and robbing the farmers, but we must also reduce wages," and they discussed for weeks the question of importing Chinese and Japanese laborers from the Orient. Their newspapers began to agitate the question, feeling out the public, but the opposition was so strong against taking down the bars and importing coolie labor that they turned their attention to Europe and made arrangements for the importation of laborers from the starving centers of Europe at wages that would send an American laborer to the poorhouse. These Europeans are now coming in at the rate of 100,000 a month. It is contract labor, in violation of the laws of the United States.

Unless American wages were reduced, it would be impossible for American manufacturers to compete in foreign markets, and unless food prices came down, wages could not be reduced without lowering efficiency. Therefore, the food prices came down and the farmers stood the loss, and this was done on the eve of an election. In years gone by the business interests would not have dared to operate so openly. That they do it now is the proof of their power, and of the contempt in which they hold the American people.

So much for the events which preceded the election. It was a period of open-handed assumption of power by the business interests. Now for the campaign itself.

My interests were centered on the Republican campaign because it was evident from the start that the Republicans were destined to win.

The Republican Convention was a very grand affair. I arrived in Chicago on the second and stayed until the twelfth of June, and saw the whole operation. I had a friend who has been a member of the Republican National Convention for forty years, and has been one of the leaders in every convention, and he reported each morning—between one and two o'clock—the result of every conference, so that I knew in advance just what

the convention was going to do the next day; and it always functioned according to program.

The representatives of the great interests arrived in a body and took charge of the convention from the start. It is the first time they have ever done this. There was Gary, head of the Steel Corporation; Davison and Lamont of Morgan & Co.; F. H. Allen of Lee Higginson & Co.; Atterbury, vice-president of the Pennsylvania Railroad, and Dick Mellon, of Pittsburgh, whose family is, I suppose—next to Rockefeller—the richest in America. Then there were George Baker and Frank Vanderlip and Daniel G. Reid. These men took no chances. They went to Chicago, wrote the platform, and nominated the candidate. They were willing to take Lowden or Wood, but Borah said that he would bolt the convention if they named either one of them. They were holding Knox and Hoover, Harding and Senator Watson of Indiana in reserve, and were willing to take any one of them, but they did not want a bolt in the party.

These financiers are the men who put the United States into the European war. They furnished the money to pay for preparedness parades all over the country; they are out for empire. They wanted to put a plank into the platform providing for a league of nations, or, rather, the Versailles Treaty with mild reservations, and they had prepared such a plank and they would have adopted it, but Borah and Johnson went before the committee and told them they would bolt if they put that plank into the platform. That, of course, destroyed Knox's chances, for he had agreed in advance that he would stand by and carry out such a plank if he were nominated; but without the plank these men would not trust Knox, and that ended his chance for the nomination.

They then canvassed Sproul of Pennsylvania, but Penrose wired that he would not stand for Sproul, who was trying to administer his political estate before he was dead. They finally concluded that Harding was the

man least objectionable and most certain to stand right on their plans to exploit the rest of the world. In other words, Harding was from Ohio—which they must carry in order to win—and he was sound on the question of the commercial conquest of the earth by the United States.

The business interests named Harding. They would have preferred a stronger man—Knox of Pennsylvania was the favorite—but Harding was more available, so Harding was chosen.

Just a word as to the record of this latest President of "the greatest community on earth," as published in the "Searchlight," after a careful study of his six years in the Senate:

"Harding probably ranks below every other Senator in initiative, activity and accomplishment.

"Neither his friends nor his enemies can connect his name with a single outstanding issue, good or bad.

"He neither introduced nor championed even one big constructive measure.

"He was absent or dodged 1,170 roll calls and quorum calls.

"All the bills and resolutions he introduced were local or private in character, except eight. None of these eight was of big importance.

"In all matters of politics, economics and spoils he was a follower of the Old Guard bosses—Penrose, Smoot and Lodge.

"On issues at all important he voted with the progressive group only nine times in six years.

"He has voted for the liquor interests thirty times, and against them only twice.

"He favored woman suffrage after much reluctance and indecision.

"He voted for the Cummins Railroad Bill, with its anti-strike provision.

"He stood consistently against conservation, voted for the vicious Shields water power bill several times.

"On every important test between capital and labor, he voted with capital.

"He opposed public ownership in every form.

"On revenue measures, he voted against every amendment to increase the tax upon profiteering and large incomes.

"He voted and spoke for conscription as a permanent policy.

"He opposed disarmament for all nations."

Harding never read the Declaration of Independence and never heard of Thomas Jefferson. Discussing Philippine independence January 28, 1916, Harding said: 'Independence was not the inspiration of the War of the Revolution. . . . The American Republic never gave a thought to the "consent of the governed"; never gave a thought to the violation of "inalienable rights" . . . I know what is in our hearts. . . . And if we are to go into the Orient for an expansion of commerce and trade, I fancy that the possession of these rich islands will be very much to our advantage.' "

The big bankers, who dominate our foreign, as they dominate our domestic policy, have registered their full determination to take the billions they made out of the war as profiteers and reach out for the oil and iron and coal of the world and, by concessions and the grant of privileges, exploit the great natural resources not only of North and South America, but of Asia and Africa. Vanderlip and Lamont spent all of April and half of May in China and Japan, securing concessions for building railroads and the right to develop the great coal, oil and iron deposits of that country. They had their agents also in Siberia. Their program is to make a contract with Mexico—they are going to call it a treaty—by which they can exploit all the resources of Mexico. If Mexico will not make the treaty, after Harding is inaugurated, our army will march into that country. They will proceed at once to build a bigger navy than England has, and they are fully determined to use the resources of the navy of the United States to carry out their imperial policy. They proposed to continue to exploit the laborers of this country and force what they

plunder from labor on to the other nations of the world by commercial regulations and concessions, which are to be backed up by the full force of the army and the navy of the United States.

We are no longer a republic or democracy or any semblance of either one. The entrance of the United States into the great war extinguished all possibilities in that direction. We are a feudal aristocracy with artificial persons for our feudal lords, the most cruel form of society it is possible to imagine. The old feudal aristocracy was composed of natural persons with some human sympathy; but our feudal lords have none of these attributes.

The situation leads me to repeat what I cannot say too often—that capital is stolen labor and its only function is to steal more labor. This has been true since Lincoln pointed it out more than seventy years ago, and it is equally true today when the power in the hands of the capitalists is greater than it has been at any time in history.

Back of all this program are the voters of the United States. Thrilled by the World War; terrified by the "Bolshevist Menace," as it has been described by the press; lukewarm on the question of mixing up in the chaos of European politics and finance; stimulated and, at the same time, reassured by four years of extraordinary "prosperity," sixteen millions of voters went to the polls on November 2, 1920, and cast their votes for Harding, the nominee of Big Business—the acceptable and accepted representative of the most sinister forces in American public life. Harding's plurality of seven millions—unprecedented in presidential elections, gives the Republican party an assurance of at least eight years of unquestioned power.

The Great War is over. Peace has been restored. Sanity is supposed to have replaced the hysteria of war frenzy. Yet Harding, spokesman of plutocratic imperialism, is in the White House, while Debs, the champion of economic emancipation, is in the Atlanta penitentiary.