

TAX-EXEMPT FOUNDATIONS

TUESDAY, JUNE 15, 1954

HOUSE OF REPRESENTATIVES,
SPECIAL COMMITTEE TO INVESTIGATE
TAX-EXEMPT FOUNDATIONS,
Washington, D. C.

The special committee met at 10 a. m., pursuant to recess, in room 304, House Office Building, Hon. Carroll Reece (chairman of the special committee) presiding.

Present: Representatives Reece (presiding), Goodwin, and Hays.

Also present: Rene A. Wormser, general counsel; Arnold T. Koch, associate counsel; Norman Dodd, research director; Kathryn Casey, legal analyst; John Marshall, chief clerk.

The CHAIRMAN. The committee will come to order.

Mr. Wormser, who is the next witness?

Mr. WORMSER. Mr. Earl is the next witness.

The CHAIRMAN. Mr. Earl will take the stand. Will you qualify? That is our custom. Do you solemnly swear the testimony you are about to give in this proceeding shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. EARL. I do.

Mr. HAYS. Mr. Chairman, before we proceed, I would like to put this in in the form of a request, and I hope the committee will see fit to grant it. I received a copy of Mr. Earl's testimony late yesterday afternoon at my office sometime, and I don't know exactly how long, apparently not as long as I had first thought, after the press gallery had received their copies. I had only time to read it over.

And I want to make it clear that I don't know anything about the League for Industrial Democracy. As a matter of fact, I don't know as I have heard of the organization prior to these hearings.

I am not, and I don't want to be, in a position of defending it or condemning it, either one at this time. But since Mr. Earl's testimony is full of prominent names, it is full of paragraphs taken out of context, which I thought I had demonstrated was a dangerous proceeding, I would like to have an adjournment of 24 hours for the purpose of evaluating this testimony so that I can intelligently comment or question Mr. Earl about it.

It may be that everything in his testimony is true. On the other hand, there may be quite a number of things that I would like to look over. And I think before we go ahead and name all of these prominent names, and I want it made clear that I don't intend to name any myself this morning, I believe, Mr. Chairman, under any kind of rules of procedure whatever that it would be only fair that we do have a chance to try to evaluate this so that we can intelligently talk about it.

The CHAIRMAN. Due to circumstances in my family, it was necessary for me to be out of the city over the weekend. So the gentleman from Ohio is 24 hours ahead of me so far as the statement is concerned because I have not had an opportunity to read it.

But without reference to this statement, if I may, Wayne, I would like to make one statement with reference to lifting things out of context.

I think when Mr. Dodd appeared before the committee, and the other witnesses, they had made a studious effort in every instance when a quotation was given, to give the source, the authorship, and enough of the context, a sufficient summation of the context so as not to get in a position of talking quotations out of context.

Now, I don't think, or I am not sure that that same thing can be said about what the gentleman from Ohio did when he read a couple of statements to the committee at a recent session. But so far as the committee members and so far as the committee staff is concerned, they have made a special effort not to get into a position of lifting out of context.

Having heard of the question that you raised with reference to Mr. Earl's statement being released to the press in advance of your receiving a copy, I made inquiry, and I understand that they were sent to the members and sent to the press all in a simultaneous operation. And as to who received the very first copy, I have no information. I did not get mine until this morning. On the other hand, I was not expecting it until this morning since I was out of the city.

The chairman has no disposition so far as he is concerned to rush a hearing. In fact, he has a very important, or there is a very important meeting of the Rules Committee this morning at which my presence is urgently requested, if not needed. And the gentleman from Massachusetts, whose active participation in the committee is highly appreciated and has been most helpful, has an executive session of the Ways and Means Committee this morning. So I think that it would suit our convenience entirely.

But I would suggest that we meet in the afternoon, Wayne, if that is agreeable, so as not to delay too much.

Mr. HAYS. Mr. Chairman, I appreciate the courtesy in partially agreeing with my suggestion, and I would be happy to compromise any way I could, but I just simply won't have time by afternoon to evaluate this.

Now, I will be glad to tailor my convenience to suit the committee in working an extra day, or I would be glad to hear Mr. Dodd whom we have postponed in cross-examination, or anything, to defer it; but I would like to have time to have my office staff evaluate this and look up some of the pamphlets that are quoted from and let me get on my desk the material so that I cannot only read the paragraphs that Mr. Earl has quoted but read some of the preceding and some of the following paragraphs in order to get a grip on the material. Because, frankly, Mr. Chairman, as I said before, this League of Industrial Democracy is absolutely a new field to me, and it is a thing that I know nothing about. And I just feel that I would like to be a little bit prepared on the subject.

The CHAIRMAN. I am not in a position to evaluate the League for Industrial Democracy upon the basis of the evidence because the evidence has not been presented. But I am not sufficiently naive to say

that I have been around Congress as long as I have and do not know anything about the League for Industrial Democracy. I think its impact has been in evidence in too many areas for me not to have made some observations concerning it.

Mr. HAYS. Mr. Chairman, I will say to you this: that I am just a country boy from Ohio and I am very naive, as anyone who has attended these hearings can see, and so I will plead guilty to it right now.

Mr. GOODWIN. My only interest is that we should get along, Mr. Chairman. I think that we should proceed with these hearings. I would like the forenoon off and the afternoon off, and as the chairman suggested I would like to be over in Ways and Means now as they are in executive session on a very important matter, the Philippine trade bill. I think, however, that this proceeding here is of great importance.

I have been considerably irked as we have gone along with the tremendous amount of time we have wasted here. I am already getting communications from people who are interested, expressing a fear that we will get along to the point where there won't be any time for some of them to be heard.

My only interest is that we should go forward as rapidly as we can.

The CHAIRMAN. The committee will stand in recess until 2:30, for various reasons, all of which have been discussed.

(Thereupon at 10:15 a. m., a recess was taken until 2:30 of the same day.)

AFTERNOON SESSION

The hearing was resumed at 2 p. m.

The CHAIRMAN. The committee will come to order.

I might first say that when the committee meets tomorrow morning, which I presume will be at 10 o'clock, we will meet in the Banking and Currency Committee room, 1301 New House Office Building.

Mr. KOCH. I was going to ask Mr. Earl: Before you read your statement, will you give the committee a brief outline of your history or background? Then the committee might want to ask additional questions.

TESTIMONY OF KEN EARL, ATTORNEY, LEWIS, STRONG & EARL, MOSES LAKE, WASH.

Mr. EARL. Yes, I will be glad to. My name, of course, is Ken Earl. I am an attorney out in the State of Washington now, although for 4 years prior to going out there to practice I was an employee on the staff of the Internal Security Subcommittee and the Immigration Subcommittee over in the Senate. I mean just that, too. I wasn't the counsel or the assistant counsel, or anything of the kind. I was a person who helped out in many of the projects and tasks which they undertook, and, of course, am not at liberty to divulge just what those were.

My home originally was in Nevada. As far as background other than that is concerned, I am a graduate of the Georgetown University Law School and took my undergraduate work in Brigham Young

University, Provo, Utah. Perhaps there are other areas someone would like to ask me about.

Mr. KOCH. How long have you been a member of the bar?

Mr. EARL. Since about 1951.

Mr. KOCH. Are you an expert on foundations?

Mr. EARL. No, sir, I am not an expert on foundations.

Mr. HAYS. I might say that, as I said this morning, I do not know much about this League for Industrial Democracy. In fact, if I were to call myself an expert, I am a 4-hour expert on it, since from 10:30 this morning until now is all the time I have had to do any research on it. Would you say you are an expert on this LID organization?

Mr. EARL. I would say this, Mr. Hays, that as far as the LID is concerned, the LID's publications pretty well speak for themselves, and so a person's main qualification in taking the material which I have to see what the LID has stood for and what it now stands for would be the ability to read and think.

Mr. HAYS. Would you mind telling us how old you are, Mr. Earl?

Mr. EARL. I am 34 years old.

Mr. HAYS. You are 34.

Mr. EARL. Right.

Mr. HAYS. In what year were you born?

Mr. EARL. 1919.

Mr. HAYS. In other words, in 1932, you were about 13 years old?

Mr. EARL. That is approximately right.

Mr. HAYS. Well, we may have occasion to refer to that.

How did you happen to be called to testify before this committee?

Mr. EARL. I was called by the chairman of your committee, because he learned, apparently from someone here in Washington, that I had occasion in the past to at least be interested in the LID and its activities.

The CHAIRMAN. If I may interrupt, I had intended to make a preliminary statement along that line. I became interested, along with the subject of the foundations in general, in the League for Industrial Democracy, and while it may not be a foundation within the accepted impression of foundations, it is a tax-free organization and is a foundation or a comparable organization. Over a period of time, a very considerable amount of literature was acquired by me on the League for Industrial Democracy, as well as some other comparable organizations. And in order to get it in form to be presented, I felt it was best for it to be given to someone who had some background and interest in this subject, and I knew about Mr. Earl and his work with the Internal Security Subcommittee of the Senate, and I called Mr. Earl and asked if he would take what he had and might have access to or get access to, and take the information which I had, and reduce it to a summary which could be presented to the committee. He at first had some uncertainty whether he could take the time to do it, but finally decided that he could do so, and I feel that we are very fortunate to have a young man with his experience, although young, and with his training and overall familiarity with the subject-matter, particularly the phases with which he is dealing, here to present the result of his research to the committee for its evaluation.

Mr. HAYS. In other words, did I understand you to say, Mr. Chairman, that it is really not a foundation? It really has no bearing on this investigation, then, does it?

The CHAIRMAN. I had a telegram from the League for Industrial Democracy today, raising the question whether the League for Industrial Democracy is a foundation. And I presume an accurate definition of foundation may have been formulated with the view of determining the scope of what foundations as embraced in the resolution. But in any event, the resolution under which we are working not only empowers us to investigate foundations but comparable organizations, and the language is written so that I think the committee has authority, for that matter, to investigate any tax-exempt organization, call it whatever you might. But, of course, I think actually the League for Industrial Democracy, receiving tax-free funds, is a foundation in the accepted sense of the word. And it is embraced in the group of some 7,000 foundations to which we have referred.

Mr. HAYS. Let me read a little of a telegram that I have here, a copy of a telegram. It says:

Recent trends indicate critical decisions during 1954 will materially affect Nation's future. * * * Radio tremendous force influencing public particularly grassroots America. * * *

Two labor unions spending over 2 millions annually on radio-television. Surely business should join spending fraction that sum. * * *

I am just reading a few sentences to give you a general idea.

I have no objection to putting the whole thing in the record.

America's future reached successful climax signing 5-year contract Mutual Broadcasting System.

They go on to say they are going to have John T. Flynn. It says:

Make check (tax deductible) payable America's Future, Inc. and send to: Francis A. Smith, first vice president, Marine Trust Co., of western New York, Maine at Seneca, Buffalo, N. Y.

And it is signed by various people and was sent out to the presidents of practically all the large corporations in the country.

Would that come under your purview? If we are going to investigate this LID maybe we ought to investigate this group, too.

The CHAIRMAN. Without having the details, I could not say unquestionably it would come under the purview of this committee.

Mr. HAYS. Then we could just investigate anything that you take tax deductions for, including the Red Cross, according to your definition, is that right? Or your church?

I mean, you are allowed to deduct for that, if you contribute to the church; aren't you?

The CHAIRMAN. Certainly, in the general concept—

Mr. HAYS. I am trying to circumscribe the thing and get some kind of a definition as to how far afield we are going to go.

The CHAIRMAN. Then do you feel that the League for Industrial Democracy is outside the purview of this committee?

Mr. HAYS. Mr. Chairman, that is not the point at issue. The point at issue is who is deciding who the committee will investigate. You decided in your own mind apparently that that is a fertile field, and if you want my opinion you felt you had fallen down so badly with the foundations you had better get something to salvage the situation with, and maybe this would be a good thing. Understand, I am not defending the LID, because I don't know enough about it. But I am just trying to bring out the facts and let the chips fall where they may.

The CHAIRMAN. It was originally the chairman's thought that the LID would have been presented very early in the hearings, very early. And then, as a matter of policy, it was my idea that it was best to outline the broad criticisms first, and then bring in the individual foundations and organizations in accordance with the procedure which was adopted.

Mr. HAYS. I have some more questions. I would like to get this thing in perspective, if there is any way to do it.

You did answer the question about being an expert on this, Mr. Earl.

Now, let me ask you this: Do you have any idea of the membership of the LID in numbers?

Mr. EARL. No, I do not.

Mr. HAYS. Would you know anything about its annual budget?

Mr. EARL. No, I don't. I don't think it is really pertinent.

Mr. HAYS. Well, of course, I didn't ask you that, but since you brought it up, I would be glad to discuss it with you.

Would you think its budget would be similar to that of the Ford Foundation? Do you think it spends \$10 million a year? I think it is pertinent to find out what its budget is, so that we will know what its influence is.

Mr. EARL. No, of course it doesn't have a budget like the Ford Foundation. I would think in comparison to Ford it would have a rather modest budget.

Mr. HAYS. A kind of miniscule budget, wouldn't it?

Mr. EARL. A which?

Mr. HAYS. Very minute. That is a good word, isn't it? I hope I am using it the right way. I like the word.

Mr. EARL. In comparison with the Ford Foundation, certainly.

Mr. HAYS. But you don't have any idea of what its budget might be?

Mr. EARL. No, I do not.

Mr. HAYS. Would you be surprised if I told you its annual budget was less than \$50,000?

Mr. EARL. No, Washington doesn't surprise me a bit any more.

Mr. HAYS. Well, I can see it is not going to be possible to surprise you very easily. Having been on the McCarthy committee, nothing will probably surprise you.

Mr. EARL. I am very proud of having worked on the McCarthy committee.

Mr. HAYS. If you feel you have to defend it, I would be glad for you to take time to do it.

Mr. EARL. Go right ahead.

Mr. HAYS. Do you have any idea how this organization derives its income, its tax-free money?

Mr. EARL. It is my understanding that it derives the greatest part from contributions from people like you and I.

Mr. HAYS. You mean people of very limited income. I don't know anything about your income, but if you are talking about mine, it is in the limited class.

Mr. KOCH. Minuscule?

Mr. HAYS. Well, there is some debate about this. I am inclined to belong to the school thinking it is minuscule, yes.

Mr. KOCH. Me, too.

Mr. EARL. But I understand that most if not all comes from contributions.

Mr. HAYS. In order that this discussion can proceed with some sort of continuity, you have no objection if, when you are quoting a paragraph, I stop and ask you where it was taken from or ask you a question or two about it, do you?

Mr. EARL. Not at all.

The CHAIRMAN. Mr. Earl has a prepared manuscript.

Mr. HAYS. I understand that, Mr. Chairman, but we have had so many prepared manuscripts and we have deferred the cross-examination, most of which is still pending, and since he came from such a great distance—

The CHAIRMAN. He is going to remain until the cross-examination is completed—if we follow the regular procedure.

Mr. HAYS. I think if we go along we can get it in today. I don't think it will take too long.

The CHAIRMAN. I very much hope so.

Mr. GOODWIN. I have been waiting for some time, Mr. Chairman, to get started.

Mr. HAYS. I may say I hope I don't inconvenience you, Mr. Goodwin, but you seem to be able to start off with less background than I have, and that is just a little difference we have, and I hope that doesn't annoy you too much.

Mr. EARL. Mr. Chairman, let me preface my statement by referring to something which gave Mr. Hays concern this morning. That is that a great many prominent Americans are mentioned in my prepared statement. I assure the committee that I am not engaged in character assassination nor anything akin to it. The various persons mentioned in my statement believe wholeheartedly in the things which they have said and done, and they are not about to repudiate any connection with or support given the LID and its activities.

Nor is this an attempt to "get" the LID or paint it as a Communist front. Far from it. The LID stands very proudly upon its record, as do the men and women who are associated with it. The LID and those around it have espoused a cause, and much for which they fight has been accomplished; not entirely, of course, due to the efforts of the LID, but they do lay claim to have exerted some influence and have helped bring about the goals for which they stand. This I do not quarrel with.

However, I do dispute their right to be feeding a team of players with tax-exempt dollars, when the medium through which most of us engage in political activity has no corresponding tax-exempt privileges.

May I also say a word regarding the problem involved in quoting excerpts from any prepared material? One obviously cannot, in attempting to characterize certain works, read the entire contents of a publication. And so in excerpting one becomes chargeable by another with an opposite view with quoting too little material, quoting out of context, or quoting too much material.

The LID has been a producer of very prolific pamphlets, and it is my belief that all have been written for the purpose of spreading, explaining, and making more palatable the Socialist program for America.

That is the conclusion which I have reached after reading great amounts of their literature. In excerpting from these publications, I really face the problem of deciding which of a great number of quotes to use, rather than the problem of finding something spicy enough to use.

With that foreword, I would like to turn to the prepared statement that the committee has.

As I mentioned earlier, I have had occasion to be interested in the course of the LID and your chairman has asked me to come here and chart that course.

In the Treasury Department publication, Cumulative List of Organizations that are Eligible for Tax-Exempt Contributions, the LID is listed on page 174 as such an organization, and I believe that it has had tax-exempt status for a great many years.

Mr. HAYS. Do you happen to know, Mr. Earl, whether that was ever questioned or not?

Mr. EARL. It was questioned some years ago. It was questioned, I believe, in the case of *Weyl, W-e-y-l*.

Mr. HAYS. *Weyl v. The Commission?*

Mr. KOCH. And may I say, if it is helpful to the committee, that that decision was in 1932, and it wasn't until 1934 that the prohibition against propaganda was placed into the statute.

Mr. HAYS. Of course, a good deal of the things that Mr. Earl is going to quote occurred in 1932, so I thought the court decision might have some bearing.

Mr. EARL. That decision was in 1932.

Now, of course, in charting the course of any organization, I presume you have to have a starting place, and with this one I started back at the time it received a new name, back in the twenties, and I mentioned its activities and doings in the thirties, and then more recently in the forties and fifties.

Under the law, certain organizations are granted tax-exempt status providing no substantial part of their activities are devoted to propaganda, political purposes, or attempts to influence legislation. As has been pointed out by prior witnesses before this body, notably Mr. Andrews and Mr. Sugarman, the task of checking on tax-exempt organizations is difficult, because of legal provisions that are too general, and in which the terms mentioned, "substantial," "political," and "propaganda" are not defined.

Mr. HAYS. Right there, I would like to stop you and tell you that if you don't mind my saying so, I think you are misquoting Mr. Sugarman and Mr. Andrews, and I would like to read, if you will permit me, from the record, page 979 of the transcript.

Mr. EARL. Go ahead.

Mr. HAYS (reading):

Mr. SUGARMAN. AS I indicated at the earlier stages, the Revenue Service at one time attempted to draw a line between propaganda and education by indicating that organizations engaged in disseminating knowledge or their views on controversial subjects may be engaged in propaganda and not entitled to exemption. The courts felt we should not draw that line into the statute. For that reason, organizations of that sort may now be granted exemptions under the existing judicial precedents.

I think that propaganda problem is one that we pretty well leave alone in the sense that in this area, like many others, we find that attempts to define terms do not help us particularly when we get to actual cases.

And then I would like to refer you also to a question that Mr. Goodwin put to Mr. Sugarman on page 992 of the transcript.

Mr. GOODWIN. Now my final question: I want to put that to the Commissioner. I am sorry. He put it to Mr. Andrews.

Would it be a fair statement to say that this is an indication that the Congress is pretty well satisfied with the way the Bureau and the Department are interpreting the original terminology, and the way in which the courts are placing their decisions?

Commissioner ANDREWS. I think that is a fair conclusion, yes.

Mr. EARL. I did not have access to the record.

My information came from an article by Robert K. Walsh, of the Washington Star. I quote:

He and Mr. Andrews—
speaking of Mr. Sugarman—

added that the task of checking on tax-exempt organizations is difficult because of legal provisions that are too general and the agency's lack of funds and facilities.

I agree, of course, with the statement made by Mr. Sugarman or Mr. Andrews, whichever it was, that the spelling out in the statute defining very meticulously what is and what isn't political propaganda, et cetera, wouldn't be very much help in actual cases.

The CHAIRMAN. I might interject that those of us around here who have read the observations of Mr. Walsh have very great confidence in his conclusions and analyses.

Mr. HAYS. I would say Mr. Walsh, who is present here today, is limited probably by the number of words he can put on the wire, and while he got across a general impression of what they did say, I think it might well be said that somewhere in here, and I don't have the exact page, they made another flat statement that they didn't want in any case to become censored down there.

Mr. EARL. It is a problem. I know that.

The CHAIRMAN. I don't think you should quote one sentence there. We have had a great deal about lifting things out of context.

Mr. EARL. I was only lifting one to quote one that had been lifted, you see. I thought it was permissible in that case.

The CHAIRMAN. There is no question but that the statute, as I understand the statute, does place responsibility upon the Bureau of Internal Revenue, in connection with activities and organizations, of determining to what extent these organizations do engage in political work and work of a propaganda nature. They are circumscribed by precedent and by decisions. We all recognize that. But, nevertheless, I think it is generally accepted that the Internal Revenue Service does have a responsibility there.

But I hope we won't take too much time discussing this angle.

Mr. HAYS. I don't intend to take any more.

I was a little flattered. I hope I interpreted your remarks accurately, to signify that my expression about lifting things out of context made some impression the other day.

The CHAIRMAN. I was very much impressed that that was true in the two instances in which you were involved.

Mr. HAYS. Well, that was the demonstration I was talking about.

The CHAIRMAN. You may proceed.

Mr. EARL. In an attempt to obviate certain apparent difficulties of this nature, I shall refer to two definitions which Mr. Norman Dodd, director of research for this committee, used in his recent report.

I received a copy of this report shortly after I came to Washington.

He defined "political" as "Any action favoring either a candidacy for public office, or legislation or attitudes normally expected to lead to legislative action." And he defined "propaganda" as "Action having as its purpose the spread of a particular doctrine or a specifically identifiable system of principles. (In use, this word has come to infer half-truths, incomplete truths, as well as techniques of a covert nature.)"

However, when one tries to ascertain whether or not a "substantial" part of an organization's activity is "political," "propaganda," or "designed to influence legislation," a problem of immense proportions is encountered. An organization's activities, ordinarily, will be neither white or black, but a shade of gray, and the problem becomes one of ascertaining whether black or white predominates in the gray.

In this prepared statement I have assembled excerpts from publications of the League for Industrial Democracy which I think appropriately illustrate and demonstrate its activities, both in years past and as of now. My own comments serve to tie the excerpts together and identify them, and, of course, represent my own views. However, I think that these excerpts will speak for themselves in demonstrating LID propaganda themes, political action, and attempts to influence legislation.

Let us first find out what the LID is:

The League for Industrial Democracy is a membership society engaged in education for a new social order based on production for use and not for profit. That is taken from an LID ad on an inside back cover of 1940 pamphlet entitled "New Zealand's Labor Government at Work, by W. B. Sutch."

Some time after 1940, this statement was changed, and a recent publication entitled, "The LID and Its Activities," reads:

The League for Industrial Democracy is a nonprofit educational organization committed to a program of "education in behalf of increasing democracy in our economic, political and cultural life."

Now, as a short aside: In both, the word "democracy" pops up and I presume presents the problem of trying to find out what they mean by the word.

This last pamphlet or publication that I referred to says this:

The league seeks to encourage every movement in the fields of labor, of cooperatives, of democratic public control and ownership, of social legislation, of civic rights, of education, and of international relations, which aims at the preservation, strengthening, and fulfillment of the democratic way of life.

Mr. HAYS. Well, do you question their right to promote those ideas at all?

Mr. EARL. No, I do not.

Mr. HAYS. Then what is the basis of your argument? The fact that they are doing it with tax-free money?

Mr. EARL. That they shouldn't be in the political arena with tax-free dollars.

Mr. HAYS. What about the Committee for Constitutional Government?

Mr. EARL. I am not going to talk about any other organization, Mr. Hays, because you are going to get into organizations about which I know nothing. If I speak of any other political parties, it will be the Democrats or the Republicans. Because I think the LID is an adjunct of the Socialist Party. Now, the Socialist Party itself, when you make a contribution—I don't infer that you do, but when anyone makes a contribution to the Socialist Party, it is my understanding that that contribution is not tax exempt, that you can't list it on your income-tax return.

Mr. HAYS. You are talking pretty much about a cadaver, aren't you, Mr. Earl?

Mr. EARL. What is that?

Mr. HAYS. You are pretty much concerned with a cadaver, aren't you, Mr. Earl? The Socialist Party is a corpse. It isn't even running a candidate any more. As a matter of fact, I think you will find, if you want to go back to when you started this, in 1932, and read the platform of the Socialist Party, and then read the Republican Party platform in 1952, you will find that their aims are very similar. I don't know what you are getting at. Or the Democratic Party platform for that matter.

The CHAIRMAN. The word "cadaver"—I would question its appropriateness. The group which is generally embraced in the term "socialist," as represented in parties of that stripe, has been controlling a great many elections and had a vital influence, in my opinion, on our national life. And I think some of the quotations I have read in his statement will indicate that it is not the numbers that have the greatest influence, but it is the course of action of certain people.

Mr. EARL. Allow me, with regard to what you have said, Mr. Hays, to say this: You mentioned that the Democratic program as of today, the Republican programs as of today, embrace a great many of the things that the LID embraces and that the Socialist Party embraces. And I am the first to agree with you. I agree that they do. But I disagree when it comes down to this. The Republicans and the Democrats are putting forward that program with tax dollars. Now, you will have to agree with that.

Mr. HAYS. No, I don't agree with you at all, and I will tell you why I don't.

Mr. EARL. Go ahead.

Mr. HAYS. The Republican National Committee has widely advertised that its congressional budget this year will be in excess of \$3 million. And it would be very interesting from my point of view to learn how much of that in excess of \$3 million is going to be depletion allowance money from Texas. And that is certainly not tax dollars.

Mr. EARL. Well, I will tell you. When you or I contribute to the war party fund of either the Democrats or the Republicans, we don't list it on our income tax. And that is what I am talking about.

Mr. HAYS. We don't list it on our income tax?

The CHAIRMAN. As a deduction?

Mr. EARL. As a deduction.

Mr. HAYS. That is right.

Mr. EARL. If you made a contribution to the LID you could.

Mr. HAYS. I suppose that people who give \$5 could. But do you know how many do?

Mr. EARL. Enough do to keep them going. Put it that way.

Mr. HAYS. To get up to that \$45,000 a year they spend.

Mr. EARL. I don't know whether they spend 45 or how much they spend.

Mr. HAYS. Well, I am telling you. I can read the exact figures as to how much they spend if you want, in promulgating these ideas of theirs.

The whole point I am making, Mr. Earl, is that it seems to me you have crossed the continent on a rather unimportant mission about a very unimportant organization, as I see it.

Mr. EARL. Perhaps that is the way you feel about it.

Mr. HAYS. Which has no relation to this investigation, that I can see.

The CHAIRMAN. If Mr. Earl will be permitted to give his statement, we will be in a position to evaluate it.

Mr. HAYS. I am going to evaluate, Mr. Chairman, as we go along, if you don't mind. I think we can get a better evaluation.

Mr. GOODWIN. Mr. Chairman, I wonder if that is the way to do this in the most expeditious way? My desire is to make progress. It seems to me I don't want to make a motion at this stage, but I am very definitely of the idea that we should go ahead with the statement, and such speeches as are to be made from the committee rostrum should come at the conclusion of the testimony of the witness.

Mr. HAYS. That is a good idea, Mr. Goodwin, except that, to use your own terminology, we never get to make the speeches, because then we have another witness the next day, and they are put off indefinitely. So that these people get to peddle all of this tripe, if you will permit me to use the word, and it gets out to the press, and they release it to the press before the committee gets it.

Mr. GOODWIN. The gentleman from Ohio has thus far in the proceedings been able to get in what speeches he wanted to apparently.

Mr. HAYS. And he wants to keep it up, too, if you don't object.

The CHAIRMAN. The chairman was just about to apologize for his failure to give the gentleman from Ohio any opportunity to project himself into these hearings, and I certainly don't want to be guilty of such laches in the future. And I particularly have in mind the case of one witness where a rough calculation indicated that he had only been interrupted 246 times.

Mr. HAYS. Now I know where Fulton Lewis got that statement. And are you the one who told him I was put on this committee to wreck it?

The CHAIRMAN. I didn't know Fulton Lewis got the statement in the first place.

Mr. HAYS. I wouldn't want to question your veracity.

The CHAIRMAN. I know by inference that you do question it. That doesn't make a particle of difference. I am not expecting you to accept my veracity in public. In private, of course, I know you would.

Mr. HAYS. I would accept it even in public, Mr. Chairman. But once or twice you have tested my credulity pretty far. But I accept your veracity right down the line; and if I don't, I won't tell you by inference or innuendo. If the time ever comes, I will tell you, period. So until then don't you read anything into my remarks.

The CHAIRMAN. Well, I know that the gentleman is very frank and he isn't very credulous.

Mr. HAYS. When somebody tells me he doesn't know how television got here, I have to be credulous to accept that. But I did.

The CHAIRMAN. There is no misunderstanding as to how television got here. The organization which I presume these gentlemen represent called me before the hearings started about television and stated they wished to take a TV newscast. I told them it would be satisfactory with me, and I discussed it, I am sure, with the gentleman from Ohio and some of the other members of the committee and no objection was advanced.

Mr. HAYS. Oh, no objection at all.

The CHAIRMAN. And insofar as the hearings this morning were concerned, they came in on the basis of their prior authorization. So there is no misunderstanding about that.

Mr. HAYS. Oh, no, no.

The CHAIRMAN. And the hearings would be so much better if the gentleman from Ohio would confine his attention to the matter before the committee and not get involved in these other matters.

Mr. HAYS. If you want to debate this, we can. Did you or anyone speaking for you advise anyone that you had a witness coming in today who would blow the lid off?

The CHAIRMAN. I certainly did not.

Mr. HAYS. All right. I accept your veracity. I just heard that.

Mr. GOODWIN. I would like the record to show, Mr. Chairman, that I am suggesting that the witness be permitted to go ahead and submit his evidence without interruption. At the end of that, of course, there will be an opportunity for any members of the committee to ask questions, and I assume to make speeches from the rostrum.

Mr. HAYS. Would you have any objection to just having him insert it in the record? We do not have to be read to, or do we?

Mr. GOODWIN. I think we should hear his testimony. My only concern, Mr. Chairman, is that we go ahead and make as much speed as we can and get along. I am told that the program for this session of Congress is to adjourn on the 31st of July at the latest. I can see that, unless my suggestion is adopted, we are likely to come up to the end of this afternoon's session with probably not more than 2 pages out of 40 gone over. I think this is a waste of time.

The CHAIRMAN. The Chair hopes that the suggestion of the gentleman from Massachusetts might prevail, which is in accordance with the motion that was made and was carried earlier in the proceedings, since a script of the testimony is available to the committee, and we adjourned over until this afternoon in order to give all the members opportunity to read it or at least such members as might have had time.

Mr. HAYS. Yes, but when the gentleman finishes reading his script, which is going to be some time later this afternoon, I can just hear the chairman now saying, "It is 4:30, and it is time we adjourned, and then tomorrow we have someone else coming in as a witness and you will have to defer cross-examination." And I am just not going to submit to that kind of procedure, Mr. Chairman.

I would like to go along and be as agreeable as possible, but this business of letting these people release these stories to the press and letting it go out unchallenged—I can't sit idly by and do it, especially when they go back to 1932 and talk about things that were prevalent then.

And a lot of people made a lot of statements in 1932, and, of course, when they were living through the depression they felt very strongly about it, and they perhaps wouldn't make them in 1952 or 1954.

I will try to not interrupt the witness any more than I can help, but there are some things, such as the statement about Mr. Andrews, that I felt had to be straightened out before we go any further.

The CHAIRMAN. With that discussion, then, the gentleman will please proceed.

Mr. EARL. We were talking about the definition of the word "democracy" and what the LID means by that word. Reference is made in a publication entitled, "Revolt"—this is a long time ago, 22 years ago, as a matter of fact, October 1932. .

Mr. HAYS. Who published that? May I ask that?

Mr. EARL. The LID published it.

Mr. HAYS. Was that an LID publication, or of some affiliated body?

Mr. EARL. By the Intercollegiate Student Council of the League for Industrial Democracy.

Mr. HAYS. Then it was not the LID itself, but an affiliate; right?

Mr. EARL. Right. We have read now where it is from, published by Intercollegiate Student Council of the League for Industrial Democracy.

Mr. HAYS. That is all I wanted in the record.

Mr. EARL. And under an article entitled, "What the LID Stands For," the concluding paragraph throws some light, I think, on what they mean by democracy.

Mr. HAYS. Are you reading now from your statement? I am trying to follow you here.

Mr. EARL (reading):

The LID therefore works to bring a new social order; not by thinking alone, though a high order of thought is required; not by outraged indignation, finding an outlet in a futile banging of fists against the citadel of capitalism; but by the combination of thought and action and an understanding of what is the weakness of capitalism in order to bring about socialism in our own lifetime.

Now, of course, that is a long time ago; but my thesis is that they haven't disavowed that. They still have the same aims. I think it is very well put there.

We are told by Harold Lewack in *Campus Rebels*, a Brief History of the Student League for Industrial Democracy, published in 1953, that the Intercollegiate Socialist Society, forerunner of the LID, was founded in 1905 following a call by Upton Sinclair and George H. Strobell for the organization of an association—

for the purpose of promoting an intelligent interest in socialism among college men and women.

Now, another aside from the prepared statement is that they still have their own student organizations on the campuses, and it is presumed they still have the same goal in mind.

In 1921, for various reasons cited on page 8 of Lewack's *Campus Rebels*, the society's name was changed to the League for Industrial Democracy.

Let us observe that Socialist forms of government are in power in various countries of the world, but I presume it is admitted that ours is a Republican form of government; though not long ago it would have been permissible to refer to it as a Democratic form of government.

You have referred to it as a cadaver. That is fine, but the LID is still strong and healthy. Of course, that is the problem involved here. Whether or not the LID has abused its tax-exempt status.

Let us now examine some of the agitation and propaganda themes of the LID.

This next, preceding the excerpt, is my thought as to what that attempts to do.

Mr. HAYS. You are editorializing now.

Mr. EARL. That is right.

Special pleading and incitement to direct action on the picket line and elsewhere would appear to be outside the scope of the normal educational process. In *Revolt*, the publication to which I referred earlier, for October 1932, published by—I said LID, and now I should change that to Intercollegiate Student Council for the LID—are found practical suggestions for political agitation. Under the heading “Blueprints of Action—a Handbook for Student Revolutionists,” students are urged to do several things. Among them:

Teach labor courses, form workers’ educational groups, boycott businesses unfair to labor; parade with antiwar banners and floats from the campus to the business center of town on Armistice Day; distribute “No More War” leaflets; sell Disarm—

which was a publication.

Where ROTC is compulsory, a student strike is advocated as the most effective weapon.

And picket homes and offices of the guilty capitalists. And earlier they had referred to Tom Mooney and his troubles.

Mr. HAYS. Right there, you have a star, and it says, “Not a direct quotation inside brackets.” That is your own summation?

Mr. EARL. Where I have, “Who have imprisoned Tom Mooney and other innocents,” it refers to the fact that earlier in the article they were speaking about Tom Mooney and his troubles.

Mr. HAYS. What are those dots in there? That indicates you have left out sentences?

Mr. EARL. That indicates material is left out.

Mr. HAYS. I don’t suppose you would want to comment, after what happened the other day, but I would just like to read you one short paragraph and see if you think it would be dangerous.

Mr. EARL. I heard what happened the other day. I read about it. And I will say right now that I probably, though you may read it, won’t comment on it.

Mr. HAYS. All right. You have that privilege.

Our forefathers of a hundred or even 50 years ago likely called our present social organization socialistic. Socialism has certainly infiltrated into our social and economic structure. Our own liberal political and social philosophers have affected it, and many of the measures of President Roosevelt’s New Deal were labeled socialistic. Perhaps some were.

This part I want to emphasize—

but I feel that many conservativists were alarmed at the expression “social justice” and believed that anything connected with it was tainted with socialism. At any rate, socialism has been a strong propelling force in the last hundred years to make men’s minds more alert to the necessity of social justice.

You wouldn’t want to comment on that, would you?

Mr. EARL. No. May I go ahead now?

Mr. HAYS. Would that ring faintly familiar at all to you, Mr. Wormser?

Mr. WORMSER. I think it does.

Mr. HAYS. That is from one of your books, isn't it?

Mr. WORMSER. That is right.

The CHAIRMAN. Since you have read that, I want to interject that that is one of the purposes of opposition, to have some effect upon the majority party.

Mr. KOCH. Mr. Chairman, on behalf of my partner, may I say Mr. Wormser is not tax-exempt.

Mr. HAYS. I just point out that there are people who have ideas and express them, and I am wondering if you are trying to stifle ideas, the free market place of ideas. Someone used that expression once. In fact, I think a president of a university used it.

Mr. EARL. No; I would be the last to try to stifle it.

The CHAIRMAN. The only thing, as I understand it, that you are trying to show by the quotation is that organizations promoting what amounts to a destruction of the institutions under which we have grown and prospered these one-hundred-sixty-odd years ought not to be financed by tax-exempt funds?

Mr. HAYS. Are they advocating the destruction or the change of them? That is the thing I want to know. And if they are advocating the change, the gentleman has already testified that he was—what?—13 years old in 1932?

Mr. EARL. I am now 34.

Mr. HAYS. But in 1932, do you remember anything about the depression at all? Who was feeding you then? Somebody must have been. You weren't earning a living.

Mr. EARL. I will tell you. I have never had a hungry day in my life.

Mr. HAYS. You don't know how you would feel if you did, do you?

Mr. EARL. No. I trust I never will.

Mr. HAYS. And I trust that some of these social revolution changes that have taken place, such as social security and unemployment compensation and Federal deposit insurance will keep you from that very thing.

Mr. EARL. Let me say this: I won't argue with you about social security or the Federal Deposit Insurance Corporation or any of them, or the merits of them, either way. Because both parties have espoused them. That isn't the problem here, as I see it. The problem is: You get into the arena with tax-exempt dollars, or don't you?

Mr. HAYS. But you take a pretty limited view of this, Mr. Earl. That is my only quarrel with you. I think you have a legitimate point.

Maybe you would answer this question, without naming anyone. Do you think it is just as bad to get into the conservative side with tax-exempt dollars as you do the other side?

Mr. EARL. It would be a legitimate place of inquiry; sure.

Mr. HAYS. Well, that makes it a little better.

The CHAIRMAN. The question involved here is an organization using tax-exempt money, promoting "Parade With Antiwar Banners," at a time when the security of the Nation is involved.

Mr. HAYS. In 1932? The security was involved all right, but your party didn't do anything about it; when the Japs went into Manchuria and Hitler went into the Rhineland and so on.

The CHAIRMAN (reading):

Where ROTC is compulsory, a student strike is advocated as the most effective weapon.

LID is a militant educational movement which challenges those who would think and act for a new social order based on (production for use and not for profit) that is a revolutionary slogan. It means that members of the LID think and work for the elimination of capitalism. * * *

And so forth and so on.

Those are the things that we are making inquiry about, as to whether tax-exempt money should be used to promote them.

Mr. HAY. Let me read you a revolutionary slogan and see if you think we ought to investigate it.

Whenever any form of government becomes destructive of those ends, it is the right of the people to alter or to abolish it, and to institute new government, laying its foundation on such principles and organizing its powers in such form as to them shall seem most likely to effect their safety and happiness.

Now, that is real revolutionary. That is out of the Declaration of Independence. You can't get much more revolutionary than that.

The CHAIRMAN. Of course, the Declaration of Independence refers to the right of the people to set up a government.

Mr. HAYS. And to abolish it and to change it and to do whatever they think is necessary for their happiness. I don't know anything about this LID or how bad an organization is.

Mr. GOODWIN. We are trying to learn something about it.

Mr. HAYS. I don't think you are going to learn much except from one side.

The CHAIRMAN. We will be very glad to have the representative from whom we received the telegram come down and give us the other side. Now, we have been here 1 full hour.

Mr. HAYS. And we have had some very profound documents read from, such as the Declaration of Independence.

Mr. WORMSER, I meant no offense by quoting your book. You should be glad to have it read with such high-class literature as this. I am trying to prove that people have ideas and have a right to promote them and sell them if they can.

Mr. WORMSER. I think it is only fair to say that it was read out of context.

Mr. HAYS. Oh, yes. I have done a lot of reading from your books. I want to know what goes on in the staff's mind. And I did find that some of the things that go on in your mind click in mine. So I feel we are closer together than we have ever been.

Mr. GOODWIN. That is a hopeful note to go on with.

Mr. HAYS. But I keep saying, "Don't be too optimistic."

Mr. EARL. Any notion that the LID was to confine itself to the cloistered atmosphere of academic pursuits, as distinguished from "work" and "action" is dispelled by the editors of *Revolt*, who write on page 6 of this issue, under the heading "What the LID Stands for"——

Mr. HAYS. Is that still 1932?

Mr. EARL. Yes.

The CHAIRMAN. If I may interject, he is going back to the beginning of the LID, when it was organized under the name of League for Industrial Democracy as the successor to the Student Communist League or whatever it was, and he is going to come on up to date, so that his quotations are not from any one period, but over a long period of years.

Mr. HAYS. We could prevent a lot of interruption, which undoubtedly must interrupt your cerebral continuity somewhat, if you would just, as you read these quotations, say, "This is 13, and this is 35" if you happen to know.

Mr. EARL. I ordinarily prefer them with that. If you can stand it, we will be to 1950 on page 11.

Mr. HAYS. I will try to wait with bated breath.

Mr. EARL. From the publication in 1932, *Revolt*, on page 6, under the heading of "What the LID Stands for"—

The League for Industrial Democracy is a militant educational movement which challenges those who would think and act for a new social order based on production for use and not for profit. That is a revolutionary slogan. It means that members of the LID think and work for the elimination of capitalism, and the substitution for it of a new order, in whose building the purposeful and passionate thinking of student and worker today will play an important part.

Other quotations from page 6 of this same article suggest that LID spokesmen were interested in a rather strenuous program of education:

Men and women who would change a world must blast their way through the impenetrable rock. No stewing over drinks of tea or gin, no lofty down-from-my-favorite cloud, thinking more radical thoughts than thou attitude makes a student movement or a radical movement. LID students talk and write about conditions. LID students act about them.

* * * a staff of 6 or 8 leave the Chicago or New York offices to help coordinate activities. They get into classrooms, they talk to classes. * * * In addition these speakers furnish a valuable link between students and their activities later on. After graduation the work continues unabated. In city chapters, in New York, Chicago, Philadelphia, Detroit, Baltimore, the work of education and action goes on.

The LID emergency publication, the *Unemployed and Disarm*, have reached a circulation of one-half million. * * * Students organized squads of salesmen to sell these magazines, containing slashing attacks on capitalism and the war system, at the same time it enable the unemployed to keep alive.

In November of this year a training school for recent graduates will be opened in New York * * * to equip students by field work to perform their tasks in the labor movement. * * *

This language about recruiting and training, I think, would be more appropriate in an Army field manual than in the journal of an educational association.

In the same issue, Paul R. Porter, a field secretary of the LID, who has more recently been a director of the ECA in Europe, and as an aside, a recipient of an LID distinguished award, expressed his fears that American business leaders might turn to fascism as a means of saving their dying world. In an article entitled, "Fascist Goat Glands for Capitalism," Mr. Porter writes, and this, of course, is from the same publication published in October 1932:

Social systems do not commit suicide. Societies grow senile and shaky but their ruling classes hold to the last their power and privileges against the class ultimately destined to displace them. It is this fact which makes so grave the prospects of fascism, in America as well as in Europe.

Because political democracy, for all its weaknesses and delusions, is a power instrument in the hands of the workers, the ruling class will attempt to divest them of it (p. 7).

Talk of "ruling classes," the "delusions" of democracy, the inevitability of class displacement, is language borrowed from Stalin and Lenin.

Mr. HAYS. Let me read you a paragraph right here very similar to this:

President Hoover and his associates had announced there would be a short period—

this is 1932 they were talking about—

of unhappiness, after which the law of supply and demand, if not interfered with, would restore normal conditions. This might have been true, but the country felt very sick when Franklin D. Roosevelt took office and was in no mood for waiting. Those who were without jobs, who could not pay their rent, who could not sell their merchandise, who could not get their money out of banks which had failed, were not hopeful that the old capitalistic system would correct its own maladjustments. F. D. R.'s overwhelming victory at the polls was deemed a mandate to overhaul the old machinery thoroughly.

Do you think that is revolutionary?

Mr. EARL. I am not quarreling with it.

Mr. HAYS. Do you think it is revolutionary, Mr. Wormser?

Mr. WORMSER. I think you ought to put my whole book in evidence.

Mr. HAYS. We ought to get the title in anyway. It might create a demand for it among the New Dealers.

Mr. KOCH. And the price.

The CHAIRMAN. You may proceed.

Mr. EARL. Explaining that a "Socialist revolution means a redistribution" of wealth "on an equalitarian basis," Mr. Porter advises workers and farmers that—

* * * their recourse now is to form a political party which they themselves control, and through which they might conceivably obtain state mastery over the owning class (p. 7).

Mr. Porter visualizes the onset of fascism in these words:

When Community Chests are more barren than Mother Hubbard's cupboard and workers begin to help themselves to necessities in stores and warehouses, when bankrupt municipalities stringently curtail normal services, then vigilante committees of businessmen, abetted by selected gangsters, might quickly and efficiently assume command of governmental functions.

The assumption of power by vigilantes in a few key cities would quickly spread. The President (Hoover or Roosevelt) would declare a national emergency and dispatch troops to zones where vigilante rule was endangered. Probably he would create a coalition super-Cabinet composed of dominant men in finance, transportation, industry, radio, and the press, a considerable number of whom would be Reserve officers.

Mr. HAYS. May I ask you about the "Hoover or Roosevelt" in parentheses? Does that mean that was written before the election?

Mr. EARL. This was written in October of 1932, and I think the election was in November.

The CHAIRMAN. Are you correct in this phrase here, that Mr. Porter—Paul R. Porter, we should say, to distinguish him from another distinguished man—spoke of "vigilante committees of businessmen, abetted by selected gangsters"?

Mr. EARL. Where are you reading from, sir? Oh, that is from the quote at the bottom.

The CHAIRMAN. That is pretty strong language.

Mr. HAYS. That is the bottom of page 4, the second paragraph from the bottom, the next to the last line.

Mr. EARL. I will read from the magazine.

Mr. KOCH. Is that a direct quotation?

Mr. EARL. Yes, it is.

Mr. HAYS. I understood Mr. Porter as saying that could happen. Right?

Mr. EARL. Yes. His thesis here seems to be that that very well could happen.

Mr. HAYS. That was written in 1932?

Mr. EARL. October 1932.

Mr. HAYS. You could get a lot of funny statements written back there, when people really were hungry, with 12 million unemployed. Of course, that makes them pretty poor prophets today.

Mr. EARL (reading):

The bulldozing methods of the wartime Council of Defense would be employed against protesting labor groups and some individuals might be imprisoned or shot, though several "cooperative" A. F. of L. officials might be given posts of minor responsibility.

And then my own comment on that:

Mr. Porter's objectivity and ability to see the picture of life as a whole—valuable assets to a scholar engaged in education—are further demonstrated by this passage taken from the same publication, the same page:

The American working and middle classes are, politically and economically, among the most illiterate in the world * * *. Insofar as they (the middle class) comprehend the class structure of capitalist society their impulse is not to welcome union in struggle with the working class into whose ranks they are being pushed, but on the contrary to vent their humiliation in resentment against militant labor.

Many workers, for their part, are disgusted by the impotence of most A. F. of L. unions and would quickly respond to demagogic Fascist agitation, even as many once flocked into the Ku Klux Klan. Unemployment to them is not an inevitable consequence of maldistributed income * * * (p. 7).

Having analyzed the danger, Mr. Porter then outlines the action program that can ward it off:

Watch now those little flames of mass unrest * * * Great energy will be generated by those flames of mass revolt. But revolt is not revolution, and even though new blankets of cruel repression fail to smother the fire and in the end only add to its intensity, that energy may be lost unless it can be translated into purposive action. Boilers in which steam can be generated—if we may work our metaphor—need be erected over the fire, and that steam forced into engines of reconstruction.

Trotsky, in describing the role of the Bolsheviks in the Russian Revolution, has hit upon a happy figure of speech which we may borrow in this instance. No man, no group of men, created the revolution; Lenin and his associates were but the pistons driven by the steam power of the masses. The Marxist Bolshevik party saved that steam from aimless dissipation, directed it into the proper channels.

To catch and to be driven by that steam is the function of the radical parties in America today (p. 8).

Mr. Porter was a trifle unhappy because the Socialist Party was "not yet a consistently revolutionary party," and he apparently regretted the tendency towards moderation in the Socialist parties of both Great Britain and Germany.

This is from the same article:

There are members who would pattern it (the Socialist Party of America) after the German Social Democracy and the British Labor Party, despite the disastrous experiences of two great parties of the Second International. There are members who have lost to age and comfort their one-time fervor, and members who would shrink from struggle in time of crisis (p. 8).

Yet, voicing hope for the Socialist revolution in America, Mr. Porter closed on a note of optimism and advice.

They (the Socialists) must overcome the quiescent influence of those whose socialism has been dulled by intimacy with the bourgeois world, and they must speak boldly and convincingly to the American working people in the workers' language.

If their party can rise to these tasks then perhaps capitalism can be decently buried before it has found temporary rejuvenation in a Fascist dictatorship (p. 8).

While it would not be fair to attribute these views to the entire membership of the LID, they are of special significance for the reason that Mr. Porter, as organizer and lecturer for the LID, was the missionary who contacted thousands of students in his travels about the country. They are not the opinions, therefore, of a casual contributor to a party organ, but the fixed beliefs of one of the most active of the permanent cadre of our Socialists.

In another article, *Journal of the LID Chautauqua*,—this was taken from *Revolt*, page 10, printed in October 1932—Carrie Glasser describes an LID summer school. She writes as follows in the same issue of *Revolt*:

We can tell also of heartening accomplishment, of the seeds of new thought we have planted, of clubs organized for working men and women (in the West Virginia coalfields), of labor plays written and acted, of songs composed by the workers themselves, and herein we see the hope of a fruition of social discontent which will lead to a social change (p. 10).

Mr. HAYS. I am going to have to comment right there: do you know about conditions in the east Ohio oilfields, adjacent to where I grew up and still live, in 1932? Do you know anything about those conditions?

Mr. EARL. I have read about them, but I am sure you are much more familiar with them than I. I realize they were very bad.

Mr. HAYS. Do you realize men worked 14 hours, sometimes going to work in the dark and coming home after dark, and that instead of a pay check, they frequently got a slip telling them how much they owed the company for groceries? Have you heard of such conditions that existed in Ohio in 1932?

Mr. EARL. I have heard that they did.

Mr. HAYS. I did not "hear that they did." I saw it and lived through it. And I saw my father extending credit to those coal miners' families for food, knowing full well he was never going to get the money, because he could not stand to see their kids go hungry. Then you talk about a little revolutionary dogma. I am amazed they did not say worse things than that.

The CHAIRMAN. Whatever the conditions were, and they were bad, that does not justify an organization, for the purpose of sponsoring a revolt against our form of government, going in and trying to capitalize on the misery and discontent of the people.

Mr. HAYS. They wanted change and they got the change.

The CHAIRMAN. The whole tenor of what he is saying here is that they are revolting against our system of free enterprise and free labor.

Mr. HAYS. Mr. Reece, you are not proud of that free enterprise that was paying those men no wages at all in 1932?

The CHAIRMAN. I am proud of our system of free enterprise, free enterprise and free labor, which has given us the highest standard of living that any people on earth ever enjoyed. While we have our

ups and downs, the continuous course of history has been upward, and I am proud of it. And for one, I do not want to see the taxpayers' dollars used to try to break down that system.

Mr. HAYS. Well now, I do not think you are as disturbed about that as you are perhaps about some other political matters, but be that as it may, let me say to you, as to the great free enterprise system, that I believe in it. I am a capitalist. And as I said to you the other day, I do not want anybody running my business.

But you know, when the capitalistic system—and as I say, I am one of them—gets in trouble, as your coal miners and operators did in 1932, they were very happy for the Government to bail them out.

The CHAIRMAN. I voted for the Bituminous Coal Act because I thought it was a good thing.

Mr. HAYS. Because you thought that the Government could help out free enterprise. It is all right if it is free enterprise and they are getting a little help, but when the fellow who is doing the work gets help, that is revolution.

The CHAIRMAN. If we are through—

Mr. HAYS. I do not know if we are through or not. I do not get many answers, except that I get some speeches about wrapping yourself in Old Glory and how wonderful the Fourth of July is. But these are pretty fundamental things. They were to those people then. And I have heard it said to this committee, "Just muddle along through these depressions." Of course, if 10 or 12 million people starve to death, I expect they would not want to "muddle." But if they want to do something about it, that is revolution. Is that what we are saying?

Mr. GOODWIN. There must be a better forum, Mr. Chairman, for colloquies of this sort. I do not know quite where it would be, but I am sure it is not in this committee.

Mr. HAYS. Well, I won a debate on this subject over on the floor of the House from a fellow statesman, geographically, that is, from Ohio, and I will debate it any place anyhow, because I lived through it. When you start talking about the coal miners of West Virginia and Ohio, you are talking my language. I know something about it.

The CHAIRMAN. Proceed.

Mr. EARL. Felix S. Cohen, under the heading "Politics and Economics," has this to say in the same issue of *Revolt*:

The crucial issue of industrial civilization today is not between laissez-faire individualism on the one hand and collectivism on the other. History is deciding that question. The question for us is what sort of collectivism we want (p. 20).

Modern technology makes collectivism inevitable. But whether our collectivism is to be Fascist, feudal, or Socialist will depend * * * upon the effectiveness with which we translate those political ideals into action (p. 20).

Mr. Cohen reminds his colleagues that political warfare to achieve a new social order is total, not limited, conflict:

You cannot fight on the economic front and stay neutral on the legal or political front. Politics and economics are not two different things, and the failures of the labor movement in this country largely arise from the assumption that they are. Capitalism is as much a legal system as it is an economic system, and the attack on capitalism must be framed in legal or political terms as well as in economic terms (p. 21).

* * * a Socialist attack on the problem of government cannot be restricted to presidential and congressional elections or even to general programs of legislation. We have to widen our battlefield to include all institutions of government, corporations, trade unions, professional bodies, and even religious bodies,

as well as legislatures and courts. We have to frame the issues of socialism and democracy and fight the battles of socialism and democracy in the stockholders' meetings of industrial corporations, in our medical associations, and our bar associations, and our teachers' associations, in labor unions, in student councils, in consumers' and producers' cooperatives—in every social institution in which we can find a foothold * * * (pp. 22-23).

This is scarcely the outline of an educational project. Rather it is the battle plan of strategic sociology, through which an entire civilization can be shifted from its cultural, economic, political, and moral foundations. Mr. Cohen's language is the jargon of the professional revolutionary, not the scholar. Consider the following:

I don't think that we can capture the New York Telephone Co. or the BMT in a day or a year. But then I don't think we can capture the Federal Government in that time, and if we did gain control of the Federal Government without having any experience * * * in other institutions which govern the country, our control of the Federal machinery might not do us much good (p. 23).

Mr. Cohen explains the advantage of infiltration over the simple use of the ballot in advancing the cause:

Even a single stockholder in a public utility may have a nuisance value that modifies the activity of that corporation in the interest of its employees or its consumers, and may have a voice that reaches the public outside of the corporation in impressive terms. Paul Blanshard has done more for socialism with his two shares of stock in the BMT and the New York Telephone Co. than a hundred men and women who vote the straight socialist ticket on election day and forget about socialism the rest of the year (p. 23).

Finally, Mr. Cohn reminds his colleagues that these tactics of penetration are useful however the revolution is finally accomplished—by legal or unconstitutional means:

But the need of fighting politically within corporations and trade associations and professional bodies, as well as labor unions, is just as pressing if we think that fundamental social change can be secured in this country only by unconstitutional measures.

In a revolution, when the ordinary political machinery of government breaks down, it is absolutely essential that the revolutionary force control the remaining centers of social power. In Russia the success of the Bolshevik revolution rested with the guilds or soviets, which were not created by the Communist Party and which antedated the revolution. A socialist revolution in this country will succeed only if our guilds, chief among them our engineering societies, have within them a coherent socialist voice (p. 23).

The author reveals his respect for the democratic process in these words:

We may not need a majority. We do need at least a few Blanshards in every important corporation and association who have made themselves familiar with the concrete evils which that corporation or association contributes to the putrid mass of capitalism, and who will be able to carry essential industrial activities through a time of crisis (p. 23).

In the December 1932 issue of the same publication, *Revolt*, appears an article by Amicus Most entitled "Students in the Class Struggle." Its announced purpose is to give serious thought to the part that students can play in the class struggle and their place within a workers' movement. Excerpt follows:

Karl Marx in the Communist Manifesto wrote: "In times when the class struggle nears the decisive hour—a small section of the ruling class cuts itself adrift and joins the revolutionary class," and "A portion of the bourgeois ideologists, who have raised themselves to the level of comprehending theoretically the historical movements as a whole," goes over to the proletariat. Students will, therefore, fall into this classification. They are really idealists who are acting against the economic interests of their own class, for the middle class is actually opposed to changing the capitalist system (p. 11).

It, therefore, becomes essential, if the student who has accepted the Socialist philosophy is to become an active factor in making socialism a reality, to completely forget his class interests (p. 11).

The student must be active in strikes, in unemployment organizations, in demonstrations, etc., not as a leader, or by making an occasional speech, but by participation as a rank and file worker. He must be a picket, he must do the clerical work, distribute the leaflets, face the police and thugs, the dangers and the public condemnation just as any other worker does (p. 11).

In the same issue of *Revolt*, Paul Porter, field secretary, whom we referred to earlier, reports on activities of individual LID chapters:

* * * the true measure of student Socialist strength will be found in the League for Industrial Democracy chapters and Socialist clubs that remain permanently on the campus. Their manifold activities will comprise the main stem of the radical student movement (p. 12).

Mr. Porter announced the convocation of a mass rally against war in New York.

Planned as an outgrowth of the conference will be a student delegation to Washington soon after Congress convenes, to serve notice that hundreds of students will reject the role of cannon fodder in another war, to request that the State Department furnish a list of investments for which American youth may some day be called upon to fight, and to demand that money now spent in maintaining the ROTC and the CMTC be used providing relief for the unemployed (p. 12).

Surely a march on Washington constitutes an attempt to influence legislation.

And, to quote from page 12:

Delegates are already making preparations to attend the traditional Christmas holiday conferences of the LID, which will be held for the 18th successive year in New York and for the 5th in Chicago. This year's New York theme will be "Socialism in Our Time" and has been divided into three main categories, to wit: "How May Power Be Won," "Building a Power Winning Organization," and "The Morning After the Revolution." The Chicago conference will be along similar lines.

Mr. HAYS. Can you tell me what year those two paragraphs were written?

Mr. EARL. They are still from 1932, sir.

It is conceivable that the subjects discussed under those headings were all theoretical, though the titles suggest "action."

Other projects of LID chapters, described by Porter, include riots and visits to soup kitchens.

Taken from page 13 of the same publication:

On Armistice Day military-minded former Senator Wadsworth * * * spoke in Ithaca on behalf of a bigger Army and Navy. Members of the Cornell Liberal Club, the Socialist Party, and student peace groups held a rival meeting after which they marched with banners past the high school in which Wadsworth was speaking. Leonard Lurie, Cornell LID representative, describes their gentle reception: "Several of the Army officers rushed at us and tore down a few posters. The police joined the destruction which was over very shortly. They prodded us along the street with their stick, and Fred Berkowitz remarked, "I wonder how much the police get for hitting people * * *."

Growing in frequency are those trips of economics and sociology classes to case illustrations, such as breadlines and strikes, of this magnificent chaos called capitalism. Recently students from Amherst and Mount Holyoke, under the leadership of Prof. Colston Warne, made the rounds of New York's choicest soup kitchens, and visited Brookwood Labor College and the officers of various radical organizations (p. 13).

And in parentheses, I refer to the Report of Proceedings of the 48th Annual Convention of the A. F. of L., November 19-25, 1928, pages 315-318, on Brookwood Labor College. Also see New York

Times, November 29, 1928, page 12, for report of action at the same AFL session. (See also Appendix IX Investigation of Un-American Activities, Select Committee on Un-American Activities, House of Representatives, in the 78th Congress, for citations for Prof. Colston Warne.)

Under "Blueprints for Action," on page 14 of this issue of Revolt, students are urged to:

Transform your Thomas-for-President Club into a permanent LID chapter, which we hope can be known as a Socialist Club, if you have not already done so. Have each member join the LID. Many may also wish to join the Socialist Party, which should be encouraged. For an elaborate program of action in the months ahead consult the detailed Blueprints in October's Revolt, or write to Paul Porter at the LID.

Mr. HAYS. That is still 1932?

Mr. EARL. Yes, sir.

Mr. HAYS. That dangerous movement of 22 years ago folded up pretty completely, did it not?

Mr. EARL. A message from the national chairman of the Intercollegiate Student Council reads:

The presidential campaign is over, but ours has just started.

It is hardly necessary to make suggestions as to what is to be done. Workers' forums, college forums, miners' relief work, LID Lecture Series, renewed and vigorous efforts to sell Revolt—all these projects will aid in the educational work that is so necessary at this time.

We must look ahead 4 years. Local elections are in a sense more important than national elections. *To measure the success of the LID, is to measure the growth of socialism in the community you are in* (p. 14). [Emphasis added.]

If encouraging students to join the Socialist Party and working to win local elections for Socialist candidates is "educational" activity, it is difficult for me to see why the Republican and Democratic Parties do not qualify for tax-exemption under the same provisions of the statute.

In February 1933, the title of "Revolt" was changed to the "Student Outlook." The editorial states:

With this issue Revolt becomes the Student Outlook. Students felt it was more important to sell our magazines and convince by its contents than to shout "revolution" and have no one listen. Persons who give us more than a glance will not mistake our colors.

Another editorial on page 1 of this issue calls for "student guts":

* * * it is questionable whether the student who hasn't guts enough to get out on his college campus and hawk the Student Outlook will overcome his delicate scruples if the time comes to face tear gas and machine guns * * * Only those who steeled themselves to decide with firmness during school hours will do so at those moments that historians pick out for special mention.

Under the title "Socialism in Our Time," in the same issue of the magazine, Helen Fisher reports on the 17th New York conference of the LID. She writes (on p. 8):

The speeches and questions were those of participants in the building of a power-winning organization, not spectators.

It was a conference of practical revolutionists.

Both Reinhold Niebuhr and Franz Daniel ruled out the possibility of our ever attaining a Socialist commonwealth by purely parliamentary action * * * Both felt that the change would come through the general strike or some weapon similar to it.

In the discussion of the Day After the Revolution, Paul Blanshard stressed the necessity of presenting at least a sketch of the proposed society to those we are trying to get to fight for it. Sociolopia, according to Mr. Blanshard, would

have an international government, some international battleships and airplanes, complete control of munitions, an international language and socialized ownership of industry with control by workers, technicians, and consumers. Lewis Mumford then spoke about the need for disciplining ourselves morally and intellectually the day before the revolution.

Mr. HAYS. Mr. Earl, would you care to comment there on whether or not, as to all of these quotes you have read—and some of them sound pretty radical, I would be the first to admit—you perhaps think, though, sort of prove the case for the value of free expression; that even though people talked like that in the 1930's, when we had a depression, we solved those problems by peaceful legislation, and that the capitalistic system has become even stronger because of remedial legislation, certainly, then it was in the thirties?

Mr. EARL. I will agree with you, Congressman Hays. But I think I will have to revert again to the theme that this is what I would term "political action," and I doubt that they should have been in it.

Mr. HAYS. In other words, are you advocating now, Mr. Earl, that the Congress take some kind of action to dry up the \$45,000 a year that this organization has, so that they cannot express these views?

The CHAIRMAN. You are not recommending anything, as I understand it.

Mr. EARL. I think that what I believe in and advocate is pretty well set forth here, and of course it will be up to the committee to decide. However, I have said before, I have said earlier here, that I think that their tax exempt status was certainly being violated.

The CHAIRMAN. Wayne, it is not correct, that while we won out, so to speak, there was great difficulty encountered? Take the sit-down strikes, particularly in Detroit, but which spread to other parts of the country. Take the Allis-Chalmers strike. And now it has been definitely established, I think, on a factual basis, that both of those disturbances that gave the country genuine alarm were inspired, prompted, by these and similar, comparable influences for the purpose not of helping the United States and our system here but for the purpose of destroying it insofar as they had the power to destroy it.

There were many other instances, over the country, delaying production of essential military equipment, as well as equipment to produce the supplies needed by the military, to the point that we were very greatly handicapped for a period of time, as a result of which we had great losses.

Mr. HAYS. Mr. Chairman, I would not want to get into any debate with anybody about relative merits of the various strikes that have occurred in this country.

I come from an area where strikes are not an unknown thing.

I have, as I grew up, witnessed the militia coming in and breaking up strikes, and I have even seen a few strikers shot and seen them hauled away, and all of that. And I want to say to you as objectively as I can that it has always seemed to me that in any strike that I have personally observed, there were probably two sides to the thing. There probably was more merit on one side than there was on the other. This is as I viewed the situation, when the coal miners struck in 1927, and again when they have had strikes since then. And I might tell you now, and you probably know as much about it as I do or more, that the big coal companies do not have strikes much any more, because they have finally adopted the idea that labor unions are

here to stay and we are going to do business with them. But there was always some merit there. The men were either getting not enough to live on—and I suppose from the viewpoint of the operators, they had merit, too, because they had to show a profit, and they had to try to pay some dividends to their stockholders.

It seems to me that the whole thing that has come out of it—neither this committee nor any other committee can edit the thinking that goes on in people's minds. I think the crux of this is not whether this little minute organization that has only \$50,000 a year approximately to spend has espoused some, to me, rather radical ideas, if these quotations are accurate, and I assume they are. That is not the issue, as I see it, whether they have done it on tax-free dollars or whether they have not. It seems to me there is a bigger and more basic issue here. Who is going to edit the thinking of people? Who is going to say that you cannot demand social change? Who is going to say that you cannot advocate the changing of the social order? I think it is here that we have something basic.

The CHAIRMAN. In a much shorter speech, I will answer that: Nobody.

Mr. HAYS. I am glad to have that concession.

Mr. EARL. I might say this, before I continue, that it is my thinking that these quotes that we have listened to, Mr. Hays, although they concern very difficult problems of the times back in 1932 and 1933, that have since been solved to a great extent, all in the political arena. And they do more than that, as far as these people were concerned. You will notice all through here that their theme was the pushing of socialism. And a great many things that have happened are things that you and I agree with today. And just because a Socialist is supposed to love his mother and his wife, I should not turn around and say because they believe that I certainly will not love my wife or love my mother.

The things that they advocated were that all of these be done not particularly to help America and help the system that was then in, but to overthrow that system and supplant it with a system of socialism.

The CHAIRMAN. And your quotations later will indicate the doings right up to the present time.

Mr. HAYS. Mr. Earl, in a very friendly way, I am going to ask you to try to answer this question. Do you not suppose that if someone had spent as much time as you obviously have in studying the writings of people on the other side, we could come up here, somebody could come up here, with a pretty long document of pretty horrible quotations about people who were advocating the use of troops to put down the workers and to move in police and to surround the workers' homes and all that?

Do you not think we could dig up that kind of stuff?

Mr. EARL. You probably could, sir, but probably not with tax exempt money.

Mr. HAYS. Then let me say this, before you go any further. The thing that I am trying to point out is that despite all of the extreme argument on either side, I consider it kind of a tribute to the good commonsense of the American people that we rectified what were some obvious mistakes by peaceful means and did not listen to the extremists on either side. And I am just wondering about what the value

is of rehashing this 20 years later. And at the moment we are only rehashing one side of it.

As far as I am concerned, I do not even want to rehash the other side, which would be just as extreme, I am sure.

Mr. KOCH. Mr. Hays, if there were another side that was financed by tax-exempt foundations, I think the staff would like to have it.

Mr. HAYS. Well, now, right there, are you saying that this organization was financed by tax-exempt foundations?

Mr. KOCH. No; it is a tax-exempt foundation.

Mr. HAYS. No; it is not a tax-exempt foundation. It is a tax-exempt organization. I will grant you that. But it is not a foundation, by any stretch of the imagination.

Mr. KOCH. I think we can agree on this. It is one of those foundations that are created under section 101, subparagraph 6. And that section, Mr. Hays, has a provision against propaganda. And, as I understand it, it is our job to check whether that definition is clear enough, or whether we should throw the thing out and let all the foundations, whether they have an income of \$33 million a year or \$50,000 a year, get into the act. The thing is that we have to go into this question of propaganda, as I see it, under 101, subdivision (6), and I do say that LID is one of those creatures.

Mr. HAYS. Of course, there are a lot of other creatures, too. There is the Committee for Constitutional Government. But you do not want to go into that. I will promise you that you do not.

Mr. KOCH. Wait a minute. Did not the witness who mentioned the outfit—did we not find out that that was 101, subparagraph (8), which has not got that propaganda clause? And the contributions to that other are not tax-exempt.

Mr. HAYS. You mean to say that the contributions to the Committee for Constitutional Government are not tax-exempt?

Mr. KOCH. I understand that their own income is not tax-exempt.

Mr. WORMSER. There is that distinction between 101 (6) and the other.

Mr. HAYS. Which one are they under? I will agree with this in principle to save further argument. And though I may disagree with some of the people who represent the Committee for Constitutional Government, I firmly agree that they have the right to espouse whatever belief they want to. But the only thing I will get into any argument on is that I think these people and the people from the Committee for Constitutional Government ought to be treated alike. If one is tax-exempt, the other should be, and if the one is not, the other should not be.

Mr. GOODWIN. And you will agree that if we can conclude these public hearings seasonably, we ought to leave plenty of time in executive session to go into all of those matters?

Mr. HAYS. Oh, yes. I have no optimism that we will ever be able to come to any agreement, but I am willing to devote as much time as necessary trying.

Mr. GOODWIN. I am going to be much more optimistic than you are, Mr. Hays.

The CHAIRMAN. Knowing the agreeableness of the gentleman from Ohio and his great capacity to study and resolve the facts and work amicably with people when he gets behind closed doors, I have con-

fidence that we will be able to get out a report which will be signed by all the members of the committee.

Mr. HAYS. Mr. Chairman, if I were as thin-skinned as you are, I would take offense at that obvious sarcasm, but I am going to accept it just as though you meant it, and when the record comes out there will not even be your inflection in there, and people will think you did mean it.

The CHAIRMAN. We do not have any trouble when we are together behind closed doors. We never have.

Mr. HAYS. I will just say: Do not be too optimistic.

The CHAIRMAN. You may proceed.

Mr. EARL. Alvin Coons made a similar report on the conference in Chicago, where the LID considered everything "from technocracy to technique." This is from page 9, and this is still back in 1933, in February:

Clarence Senior, national secretary of the Socialist Party, expressed the belief that reforms would only further encumber the capitalistic system and that every concession would only hasten its end.

Affirming his faith in democracy as an instrument of social change, he advocated its use as long as possible, not however, excluding the use of other methods should it fail.

"Radical students," he declared, "can spend their time more profitably getting acquainted with the problems of the workers, than they can in studying chemistry to learn how to make bombs, or in going into the ROTC to learn how to shoot. You can hardly expect to teach the workers to shoot straight for bread if you cannot teach them to vote for it" (p. 9).

Under Blueprints for Action, in the February issue of *The Student Outlook*, these techniques are advocated (p. 16):

Boring from within.—Never will it be emphasized too strongly that college radicals must shunt their freshmen, particularly, onto the college paper. Especially journalism students, those that write well, and will succeed. Send so many for tryout that one, at least, will make the grade. Keep their marks up to avoid disqualification or suspension.

Make interlocking directorates, by having your men in all school activities, to promote radical activity of otherwise quiescent groups, and to make the news of these groups redly tinged. Cosponsored action, possible with interlocking directorates, makes good news.

Then, if I may, I will turn to that article. They entitle this, "This Is One Way to Sell Radicalism." And down under a subheading called, *Newspaper Style*, paragraph E:

Propagandize only in quotations or in adroit wording. Examples: "Capitalism is bankrupt. At least this is what 100 youths contended at a meeting."

It is now time to turn from an analysis of LID ideology and revolutionary techniques in the early thirties to an examination of contemporary activities and beliefs. A study of LID personnel and pamphlets suggests that, even today, the league is expending more energy in political action than in education. Certainly there is much evidence to support the view of LID "research" is designed to influence legislation.

On April 15, 1950, for example, the league sponsored a symposium entitled "Freedom and the Welfare State" to celebrate its 45th anniversary. Some of the speeches made at the conference will indicate the bias of the educators present. All of the quotations which follow

are taken from Freedom and the Welfare State, a published account of the conference.

Dr. Harry Laidler, executive director of the LID, called upon his associates to meet the need of college students for guidance from those who do "honest, independent thinking" and thus offset "reactionary" propaganda in the colleges and the "totalitarian" propaganda from abroad.

This is taken from pages 5 and 6 of that publication, which I have here.

We in the league are happy to record the social progress that has been made during the first half of the century. We are, however, conscious of the fact that the goals of full democracy and economic security have not as yet been reached * * * Economic injustices in the distribution of the fruits of industry are widespread. An inner circle of owners and executives of mammoth corporate groups still possess vast power over the lives of our people.

Mr. HAYS. Mr. Earl, right there, on that very last sentence that you read, starting with "An inner circle," would you disagree with that statement?

Mr. EARL. I would not necessarily disagree with it, no.

You mean, as regards my own thinking?

Mr. HAYS. Yes. It is more or less a true statement, is it not?

The CHAIRMAN. I personally disagree with it, myself, but you have a perfect right to express your opinion if you care to do so.

Mr. HAYS. This committee has apparently been trying to make out the thesis that an inner circle of executives of foundations possess vast power over the lives of our people, and I am wondering if it is not true that an inner circle of owners and executives of great corporations possess vast power over the lives of our people.

Mr. Reece has a right to his own opinion, but I think he is pretty far out on a limb there.

To go back to my more or less famous quotation of last week, exactly the same words almost—

The CHAIRMAN. All of our corporations now are controlled by the Government, under the law which has been set up to provide free competition in the enterprise system, so that today an inner circle of owners and executives of corporations can control the lives of the people.

Mr. HAYS. Of course, the law says that they shall not do that, but again any law is only as good as its enforcement agencies, and of course you will never forget, I do not suppose, and probably never will be able to live down the statement that "what is good for General Motors is good for the country."

The CHAIRMAN. Even the inner circle of the great New York Central Railroad was not able to control the lives of its own stockholders, much less the people.

Mr. HAYS. And that is the case right there, because I did not know how to get my friend, Mr. Young, into this. He went out and fought for the stockholders and the little people in the New York Central, and he had a tough time getting his battle won. It was not easy, and he will tell you that himself.

The CHAIRMAN. Of course, we had better not get into that discussion. All of his associates were not particularly little people.

Mr. HAYS. No. That is true. They certainly were not. But he has put forth a program and a platform for the little stockholders,

and he has done an unusual thing in his very first meeting, saying that his board of directors are not even going to take expenses. So I kind of feel like the little stockholders are going to get a break.

The CHAIRMAN. I have a very high regard and very warm affection for Mr. Young. And I suffered no great pangs of disappointment when he gained control in his fight.

You may go ahead.

Mr. EARL (reading) :

The league, with its program of total democracy in industry, government, and human relations, has surely a great educational task before it.

We are seeking to meet the social challenge in many ways. We are continuing to send distinguished lecturers from here and abroad to our colleges and cities. We have published more pamphlets on educational and social problems this year than in many years past. We are conducting a campaign for the organization of city chapters which is meeting with remarkable success.

And I mention again that this is in 1950.

Our dinners and conferences during the last year or so, with Senator Humphrey, President David Dubinsky, John Dewey, Senator Lehman, and Walter Reuther, among others, as honored guests, have been of historic significance. Such college conferences as the recent regional conference at Harvard have been of a high order.

Our greatest educational task, is, however, before us. In the college world, the 2½ million young people on the campuses are today groping for light on problems of democratic social change. They are being propagandized by numerous reactionary organizations which have large sums of money at their disposal. They are being propagandized by totalitarian forces that receive their line not from hard, honest, independent thinking, but from a dictatorial government abroad. They are bewildered. Students are looking to democratic organizations like the league for enlightenment and guidance (p. 6).

Recruiting, training, organizing, public relations—these are still the chief activities of the LID by the testimony of its own commanding officers.

Both Mr. Ewing and Mr. Reuther—Mr. Ewing, as an aside, is Mr. Oscar Ewing, who went to represent President Truman at this particular meeting—seemed to feel that the real threat to America was from reactionaries.

The conservatives may yell "socialism" at any suggestion for improvement. They may feel the hot breath of revolution with every proposal for change. But most dangerous enemies we have to our American way of life are those very people whose emblem is not the eagle but the ostrich * * * (p. 13).

Those blind forces of reaction in America who would lead us back down the road to so-called normalcy and commit the American economy to the economics of scarcity and special privilege, are the Cominform's most valuable allies. These same blind forces, if permitted to grow unchecked in America, will drive us again to depression and disaster as they did in 1929, and provide the Cominform with a weapon more devastating than a stockpile of H-bombs.

Mr. HAYS. Just one question there, Mr. Earl. Do you not agree that if we did have another depression, it would be a good weapon for the Cominform?

Mr. EARL. Would be what, sir?

Mr. HAYS. A very good weapon for the Cominform.

Mr. EARL. Sure, I agree.

The CHAIRMAN. It is now 4:30. It would appear evident that Mr. Earl is going to be unable to complete his testimony this afternoon, and I thought we ought to discuss what the program is.

We had anticipated completing with Mr. Earl today, but not finding it convenient to proceed this morning, and being delayed somewhat in the afternoon, it is now certain that we cannot complete today.

Some of us have some obligations in our offices that must be fulfilled.

What are your suggestions, Mr. Wormser?

Mr. WORMSER. I think we had better continue first thing in the morning with Mr. Earl. We have the Social Science Research Council scheduled for tomorrow, but I suggest that we put them on after Mr. Earl.

The CHAIRMAN. If that is agreeable, then, we will go ahead with Mr. Earl.

Mr. HAYS. Is there any objection to inserting the rest of his statement into the record? We can have time to read it tonight and question him in the morning.

The CHAIRMAN. There may be some parts of it that he might suggest be put in the record, and some read. I have not, myself, had opportunity to read it yet, and I have had no one to assist me in digesting it, so that I am not in a position, as one member of the committee, really to say.

Mr. HAYS. My only point is this, Mr. Chairman. He is going to read it into the record, and I certainly am not going to object to his reading it. I would think that we could expedite the thing, since it has already been released to the press, and they have had a chance to cull over any parts of it they want, and the committee may have an opportunity to go over it tonight, and we could just consider it read and go on in the morning.

The CHAIRMAN. I am sure there are certain parts he would like to read.

Mr. EARL. If I may suggest this: I will go through this tonight and digest the rest of it.

Mr. HAYS. Why not insert it in the record, and then if you have any comments on various pages, you could go through it and note your comments. Do you think that would work out?

The CHAIRMAN. Let us determine that tomorrow. This is valuable testimony, in all probability, that he is now getting ready to present, and the chairman would not like to see the committee restrict him too much in the presentation of it.

Mr. HAYS. I had no idea of restricting him. I would be willing for him to comment at any length he wanted. But it seems to me the mere reading of it, since it has been released——

The CHAIRMAN. At the gentleman's insistence, we have suggested to the witnesses to prepare written statements of their evidence, and I am sure the gentleman does not intend to reflect on the importance of the testimony by reason of the fact that it has been prepared in writing and therefore is presented by the way of reading it.

Mr. HAYS. No; the gentleman from Ohio has no such intention, and my only idea in this in the beginning was to do the very thing we have done now. We go up to quitting time, and if the witness is not through, in order to prevent a break in his presentation, we could allow him, as we did for the staff, to put it in the record and continue his comments at another time.

The CHAIRMAN. I am sure of that. But we canceled the session this morning, and in the first hour of the session this afternoon, practically the full hour was consumed in colloquy between the members of the committee, which the chairman does not remove himself from as a participant, but the result has been that the witness has only occupied 1 hour this afternoon.

Mr. HAYS. I have no objection, Mr. Chairman, to the witness reading the rest of it in the morning if he wants to. I was only trying to expedite the thing and give some continuity to his presentation.

The CHAIRMAN. That can be done.

The committee will stand adjourned until 10 o'clock tomorrow morning.

(Whereupon, at 4:35 p. m., the hearing was adjourned until 10 a. m., Wednesday, June 16, 1954.)

