SUMMER SCHOOL
GREAT SUCCESS

Workers Profit by Lectures on Wages and Productivity, Company Unions, Women in Industry, Unemployment and the Business Cycle, etc.

The fifth session of the Workers' Summer School, of which Dr. Zeuch—Commonwealth director of education—is a member of the faculty, was held at Geneva Glen, near Denver, Colorado, June 26 to July 4, this year.

The course conducted by Dr. Zeuch, "Living Economics,"—which consisted of lectures on "Wages and Productivity," "Company Unions," "Stabilization of Capitalism," "Women in Industry," "Unemployment and the Business Cycle," and kindred subjects, was evidently the most popular course on the curriculum; being attended by the entire school.


In addition to the work of the regular faculty, special lectures were delivered by John H. Cover, on "The Scientific Basis of Social Science" and "The Scientific Basis for Labor Politics." Thomas E. Howard, president of the Farmers' Educational and Cooperative Union of Colorado; assisted by Mr. Blow, President of the Wyoming Farmers' Cooperative Union;

Prison Reform
Organized labor is rapidly assuming leadership in the campaign for more sound and scientific handling of convicts in our prisons, and Commonwealth College is providing the technicians. For more than two years Mrs. O'Hare was on leave from the faculty to make a survey of the convict labor problem for the Union Made Garment Manufacturers' Association and the United Garment Workers of America, and to organize the campaign of education to eliminate the prison labor contractor from the prison system. Last October she returned to Commonwealth.

conducted a forum on Co-operation that was well worth while.

Spencer Millier, Jr., Executive Secretary of the Workers' Education Bureau of America; A. A. Heist, Pastor of Grace Community Church and President of the Workers' Summer School; and the Honorable Arthur V. Cook, Labor Member of the British Parliament; also addressed the students on several occasions.

Miss Ethel C. Clark, Secretary Industrial Girls, Y. W. C. A., of Denver, was in charge of recreation, which consisted principally of hikes and games.

This Is Good
Fortnightly wishes to call especial attention to an article beginning on the second page, "Do We Need Commercial Banks?" The writer of this unusually well written exposition of the uselessness of Commercial Banks is now teaching in one of the largest and most popular universities in the United States. For many years he was with the National City Bank (The Standard Oil Bank). For obvious reasons, it would be a breach of faith to disclose his real name at this time—although we may be given the privilege of disclosing it later.

THIS IS NEWS

Nellie Tobie and Thelma Triplet are in Chicago. Nell is tending a fruit stand in a department store. She and Thelma room together; and they have solved the problem of entertainment by joining a "Dill Pickle" club, "where rebels, freaks, and slum seekers congregate. You have to go through a foot space between two buildings, through a hole in the wall—after going down the alley a ways—then through a long 'maze' and finally into a barn like reception hall, where dances, lectures, and plays are offered." Their address is, 8 West Erie St., Chicago.

Paul Henkle is working on the E. G. Crosby, a boat that plies the Great Lakes, and sails out of Milwaukee. His address is, in care Wisconsin and Michigan Transporting Co., 54 West Water St., Milwaukee, Wisconsin.

Sol Carp has a building contract at Glnspey, New York. Willie Schub and Lucien and Raymond

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UNIVERSITIES NO GOOD SAY KENTUCKIANS

Sons of the Blue Grass State Say the Intellectual Product of the Modern University Is Below Par.

Returning from a two week's vacation and around his "old Kentucky home," W. C. Benton, Commonwealth instructor in law, reports that he found people more readily interested in our educational experiment than in anything he was ever connected with. Practically everybody with whom he discussed the subject—including a number of Kentucky's most prominent men and women—emphasized the opinion that the modern university is more or less deficient in its intellectual product. Everybody seemed fully aware that the viewpoint of the average university student of today is of a social rather than an educational character. And almost everyone agreed that "the Commonwealth plan" is the best "if it is a work." Needless to add, Mr. Benton did his best to convince them that it will work.

Workers are not alone in their need of education, according to Mr. Benton, who says that the request most often made of him was for a description of the recent flood. They read that the Arkansas river was on a rampage, and they knew that Commonwealth is in Arkansas, but their knowledge of geography was faulty that they did not know that Commonwealth is miles and miles miles from the flood region, and that a flood of sufficient depth to bother us would have to stretch from the Blue ridge to Pike's peak.

Another Bouquet

Last Fortnightly, a friend in New York said that my "Chip-Will's-a-wonder" was poetry. Now read this from a lady in Seattle:

"The little paper is neatly gotten up and of course I am interested in it all. I especially liked 'Dogwoods and Violets.' The little story about the humming bird almost takes one's breath away. I can't see how a 'heart interest' story could be more impressive. Often a little sylph like that contains more genuine heart appeal, and far more appeal to the intelligence, than if it were spun out into yards of 'literature.'"

Who says we at Commonwealth work without compensation?
Commonwealth College
Fortnightly

Do We Need Commercial Banks?
By AN INSTRUCTOR IN BANKING

I. Once as a student in a finance class, my curiosity prompted me to ask, "Why do we have banks?" My instructor, somewhat impatient that such a simple question should even be discussed, replied that banks increased the production of goods. "They lend credit to the butcher, to the grocer, to the manufacturer, to the realtor, and thus we are furnished with bountiful supplies of beefsteak, canned corn, cornflakes, and corn meal." Still I was unconvinced: "Just how can you make corn flakes out of slips of paper?"

"Well, it's this way," my professor replied, "the manufacturer of corn flakes is short of funds. He wishes to increase production and thus enhance his own prosperity and that of his workers. He goes to the bank. In that bank are the savings of the people, entrusted to the banker's care. These funds are turned into industry, thus bringing prosperity to the depositor, the banker, the manufacturer of corn flakes, and the workmen in his plant." Even with this I was unconvinced.

As fate would have it, my lot became, some years later, that of an instructor in banking. And to me came, each term, the task to confront those "thirsting for knowledge" that after a number of years study on the question, I didn't know why we have banks.

Of course, I could tell them the usual platitudes about banks being safe places to leave silver and jewels during the summer; that banks through a checking system relieved one of the fear of a burly thief; and that banks had "potato raising" contests for the inculcation of thrift in the adolescent mind. But, of course, explanation wasn't really necessary. The question of doubt was readily passed on as of no importance in lives which were more concerned with football than with finance.

II. Then a year ago I found myself able to answer the question with some definiteness. I could say that banks are a part of our economic system engaged in the, to them, essential business of decreasing production. Instead of thinking of the banker as a blessing to his community my view became one of opposition to his action. But why?

Briefly I hold four counts against the banker, none of which is, of course, original. (1) The banker through increasing his loans does not stimulate production, he merely dilutes the purchasing power of the dollar by giving deposit credit to the borrower and taking it away from already existing dollars; (2) the banker tends to cause an ill balance between production and consumption by directing the credit he grants to the purchase of machine tools, thereby, by dilution, robbing the market for consumption goods; (3) the banker by so vitally altering the purchasing power of producers and consumers in an already unstable economic system, is a large influence in bringing on the ebbs and flows of business with its calamitous results of lowered production and unemployment; (4) the banker by drawing many intelligent men (also a lot of stupid ones) into a business which is its essentials unproductive is robbing society of sorely needed leaders in industrial management.

In 1870, bank loans and bank notes in the U. S. totalled approximately $800 millions. By 1910 this figure had mounted to $6,500 millions and in 1924 was at a peak of $10,300 millions. Some adjustment might be made in these figures, for population and production increases. But withering such matters aside, did this 1300 percent increase in loans bring more corn flakes, more corn meal into existence, or did it rather disturb the economic system and make livelihoods more difficult for many and the system more difficult for all?

Still you may ask, "Don't the depositors supply the funds loaned?" One must answer—"No." Deposits in the usual bank are just slightly lower than loans—most deposits are created by loans: Not that any particular bank has on hand the deposits created by its own loans—rather, since all banks, on a given reserve, lend at roughly the same rate, they swap and cancel checks with little or no exchange of gold. Few banking authorities would disagree at this point.

Most students of banking fail to recognize that the commercial banking system may best be compared to a geyser—and, at that, scarcely to an "Old Faithful." If credit is not overly extended through the usual inflationist policy, a certain degree of adjustment may come between the funds used in buying consumption goods and those going into production. Unfortunately, however, the bank loans are essentially in the latter field, and thereby give impetus to the eruption which inevitably follows.

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This is News

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Koch are working with him. A letter addressed to general delivery will probably reach them.

Ida Mindlin is working at her trade, of Ladies' Garment Maker, in New York. Her address is, in care Tarrant, 7215 3rd Ave., Brooklyn, N. Y.

Peter Hoedenmaker, president of the Student Council, wrote us that he has not sold his trade of electrician rather slack in his home town, and that he would probably have plenty of time to visit Brookwood Labor College this summer. Since then, we have been informed that Pete is working in Patterson, New Jersey. His address is 1066 McBride Ave., Little Falls, N. Y.

Harriet Bibeck writes that she is helping her father cut trees—or "fall timber," as westerners express it. She says her experience on the wood gang at Commonwealth is proving a big help to her now. Her address is, Spring Valley, California. (Paul and Vaughn take notice.)

Mildred, Katherine, Leopore, and Johnnie Koch are with their parents at Mount Healthy, a suburb of Cincinnati, Ohio, where Mr. Koch has bought land and expects to go into the chicken business.

Claire Jakens is visiting in Cincinnati, but thinks of going to New York later.

Irene Cassaway is spending the summer with a sister in Waco, Texas.

Earl Roberts is at his home at Beeville, Texas. (No is it not so very close to Waco.) He writes that it is very hot and very dry there, and that he wishes he was back at Commonwealth where he could take a plunge in the Commonwealth swimming pool.

Vaughn Chortain, the love-sick Wobbly, was in Evanston, Illinois the last time we had news of him. He is liable to be in China or South Africa by now.

Earnest Koch drove his Ford truck through to Cincinnati. After a brief visit with his parents, he will go on to New York.

August and Ottie Danielson are in New York. August is working, they do not like the "stone desert" very well and write as if they were more than half wished themselves back at Commonwealth among the birds and flowers and trees.

Bernard Kleinann is working in a garage in Syracuse, New York; and is organizing a group of The Young Workers League—which he says is bound to sweep the country if he ever gets a chance to start.

Lloyd Lane is at his home at Old Potter, Arkansas. He will teach school near there this coming autumn.

Society Notes

Commonwealth has recently been augmented by the arrival of one girl, three boys, sixteen pigs and eight baby chicks.

The baby chicks are an accident. One of our white leghorn hens—that never become broody—"stole a nest" under a dense growth of Poke-berries and, after everybody had given her up as lost, came clucking in to the barn the other day with eight downy youngsters.

The pigs came "the natchel way," and are the joint and more or less undivided family of Commonwealth's three blooded brood sows.

Louie Mosher and Dean Clarke are from Spadra, Arkansas. They are the children of striking miners, and will this summer work out their tuition for next winter's school. El len Goodwin of Hartman, Arkansas, and Ralph Long of Coal Hill, Arkansas, are also children of union miners, and are here on the same terms as Louie and Dean. The average age for the four is eighteen years.

Mocking the Mockers. There are many kinds of birds at Commonwealth but just at present the mocking birds are the most interesting and are here on the same terms as Louie and Dean. The average age for the four is eighteen years.

Mocking the Mockers. There are many kinds of birds at Commonwealth but just at present the mocking birds are the most interesting and are here on the same terms as Louie and Dean. The average age for the four is eighteen years. Follows a series of songs and stop to listen. Then Father Zeuch would start in a series making up in volume what he lacked in melody; and there was much lack. The mocking bird would listen till he got through and then hop a little closer and excitedly do his best to match in volume the pouring out of Father Zeuch. Finally Father Zeuch had to give up the contest to go and milk the cows and the mocking bird let out a paean of victory hopping about with joy and warbling at the top of his powers.

One does not study merely to swallow knowledge, but to gather what may be useful to one.—Ibsen.

Prison Reform

[Continued from Page 1.]

to take up her work as a teacher, but whenever any state federation of labor finds itself involved in a struggle for better prison administration Kate is usually called on to act as technical advisor.

Alabama is making a sincere effort to discard its old, brutal prison system, which has become a disgrace to the state with scandals recently, and is inaugurating up to date and scientific methods of dealing with criminals. The state federation of labor is working in cooperation with the more advanced state officials, and Mrs. O'Hare has twice been called in to help. A year ago she delivered a lecture in Birmingham, which was reported by a court stenographer and printed. About a hundred thousand copies were distributed throughout the state, reaching every public official, educator, minister and social worker in the state as well as leading citizens in every section.

Through the public opinion created by this bit of educational work the state convicts have been taken out of the mines, and new and better methods of employing them are being developed. The contract held by a subsidiary of the Reliance Manufacturing Co., to operate a cotton mill and a shirt factory by convict labor, with the prison, expires in a few months and public opinion is demanding that it shall not be renewed.

The Alabama State Federation of Labor asked to borrow Mrs. O'Hare for a short time to help the work of ways and means of meeting the problems of getting the convicts out of the mines and eliminating the shirt factory from the prison. So between strawberry and blackberry canning seasons she hopped over to Alabama to give the expert advice necessary.

She reports that Alabama has one of the finest and most up to date prison plants in the country; that there is a sincere effort on the part of the state officials to wipe out the horrors that have made its prison system one of the worst in the world, and to inaugurate a humane, scientific and just system of handling delinquents and providing work that will really be curative and reformatory instead of merely punitive for the convicts and profitable for the convict labor contractors and corrupt politicians.

She feels confident that, if the campaign of education already so well started is continued, in a short time Alabama will put its prison system which has been a scandal for years will be as up to date and scientific as that of any state.
Commercial Banks
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The foregoing statement should not be taken to indicate a belief that banks and institutions are necessarily a loss. Indeed such is not the case. Even the worst thorn may incidentally serve some useful purpose. It is probable that on certain occasions a bank which recklessly expands credit in financing a new industry renders a social serviceability. Moreover, there are certain offsets to the usual over-inflation in production goods. The not wholly justifiable granting of installment credit to the consumers of phonographs, radios, cars, clothing and furniture, acts to some extent to offset the tendency to balance the capitalistic machine in favor of excessive production goods. Finally, there is something to be said for the business cycle as an exciting and stimulating effort in an otherwise dull economic life. That is to say that security is nowhere attained, and, through its lack, brings disastrous results; the whole tendency is toward avoidance of any semblance of straitification. Wage scales bob about and the worker, not knowing how full his next day's dinner pail will be, ever struggles for more. Under falling profits or rising wages, schemes for lowering output cost through greater efficiency gain a ready acceptance. Then too, as a not wholly insignificant item, the changing price level makes people realize that we have an economic system; otherwise they might, in Main Street fashion, forget all about it.

III
But what is to be done about this institution of commercial banking? If it is as bad as pictured, surely it should not be long tolerated. The call, as generally stated, is always for constructive rather than for destructive criticism. Unfortunately, it is not in my makeup to construct and it would be enthusiastic for me to say that I could. But after all, is not destruction of considerable value? I may be able by long experience to diagnose with great accuracy the numerous ailments of my fellow animal without having the slightest idea as to the method of remedying these ills. It is sufficient that I speedily report the symptoms to a qualified garageman.

Nevertheless, some is tempted to throw out a line or two of suggestions which might be helpful in treating the problem. Would it not be possible to conceive of a banking system composed of only two parts: (1) A limited fund of deposit credit placed in a postal checking system and used for current business transactions. The government, as recipient of such deposits, would make no loans whatever to business enterprises, but would rather act as a clearing house and would thus greatly extend the convenience of the present checking system by widening its area of application and the negotiability of instruments employed. (2) An investment banking system which would be so branched as to supply business institutions with both long and short term credit. Such a development would differ but little from our present investment banking system, except that commercial paper house would continue to serve (through on a larger scale); the promoters (rigidly regulated in their operations) would continue to float capital shares. The great difference would be that the rather undeveloped commercial paper house would take on a new significance. Thus if a corporation desired to secure short time funds, commercial paper would be offered on the open market, which paper would be readily absorbed by individuals, corporations or investment trusts organized for that purpose. The commercial paper house would, of necessity, have to be well regulated by the government, though the greatest restraint upon fraudulent activities on its part would be the reputation that it would seek to maintain in the business community.

But what are the advantages to be derived from such a system? Would the final result be far different from that achieved with the use of the "goldsmith's trick"—the extension of fictitious credit by pyramiding upon a gold base? It would appear that certain favorable results would follow. (1) The 30,000 giant mausoleums now grudging our credit would no longer take their share of the social product as a charge. This would include not only the largely wasted time and energy of the numerous busy individuals who are directly engaged in that lucrative undertaking, but also much of the time of that substantial body of men now maintained in the maintenance work. Of course, some of the necessary work in connection with the checking system would have to be carried on. This, however, would not be a tremendous item.

Another gain to be registered would be a more stable currency situation. The banker's motive for credit expansion would have been largely removed and in the place of recurrent periods of inflation and depression, a somewhat stabilized trend of prices might be readily introduced. This is not to argue that prices would be immediately stabilized. To accomplish this end, the government would necessarily have either to vary the quantity of outstanding monetary circulation or to make adjustment in the relative monetary values of gold and silver. The other benefit is that the present tendency to over-stimulate the manufacture of production goods would pass. Nowhere would the credit stream be tapped artificially to the production rather than consumption. Finally the revamping of our financial structure would be but one additional step in the program of all reformists. It would place us that much nearer to the attainment of a social order in which remuneration can only follow the rendering of social service.