

July 1939

National Issues

A SURVEY OF POLITICS AND LEGISLATION

Moseley, Dies and the G.O.P.

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BY GEORGE MORRIS

Tory Tax Revision

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MOVEMENT • THE PRESIDENT'S NEW RECOVERY PROGRAM • WHAT
HAPPENED IN THE REPUBLICAN-CONTROLLED LEGISLATURES.

NATIONAL ISSUES: *A Survey of Politics and Legislation*

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Congress and July 4th — *an Editorial*

Just as the leaders of the thirteen colonies gathered at Independence Hall in 1776 were called upon to write a document which created the nation, so today the members of the 76th Congress are faced with the vital task of making that nation secure against fascist tyrants. In facing this task our legislators can well learn from the spirit and method of our forebears.

In the fight for American national independence, Washington, Jefferson and Franklin did not hesitate to seek and accept the aid of the enemies of British tyranny in England and Europe. In the belief of Tom Paine and his compatriots, freedom was not considered the birthright of a single country, but the concern of *all* countries. They knew that the well-being of the colonists and the strength of the new nation they envisioned could best be assured by cooperation with the progressive forces which were arising amidst the decaying empires of Europe. To use a contemporary phrase, they forged a democratic front so that democracy could be born.

If the great achievements resulting from that epoch-making Continental Congress which gave us our Declaration of Independence are to be safeguarded, then it devolves upon the present Congress of 1939 to act as wisely and boldly as did our Continental fathers in their critical period. Just as the founders of our nation understood that every gain registered then by Tory Britain in other parts of the world militated against the cause of the American colonies, so today American democratic statesmen must realize that every new aggression by fascist Germany, Italy and Japan—whether in Europe, Asia or Latin America—encourages fascist forces within our own country and threatens the safety and security of our republic.

Not all enemies of American independence wore the British redcoat in 1776; nor do all the enemies of American democracy in 1939 wear the Nazi brownshirt. Working

within and through our economic and parliamentary system, Wall Street monopoly capital seeks today to foist upon the nation a policy in foreign and domestic affairs which would serve the needs of German-Italian-Mikado fascism and would strike the death knell to American national security and democracy. Working through the reactionary-isolationist bloc in Congress, these modern Tories are doing everything they can to prevent the application of a democratic foreign policy advocated by President Roosevelt and supported by the majority of the people. They seek to retain the existing pro-fascist Neutrality Act which has already served Hitler well in Spain and the Mikado in China.

The 76th Congress can not allow itself to be dictated to by the tory spokesmen of Hitler fascism, any more than the patriots of 1776 let themselves be swayed by the pro-British tory traitors within their midst. The birth of our nation was at stake then. The life of our nation is at stake now. Just as it sought the active aid of all democrats throughout the world in the hour of its own struggle for birth, so today our country is faced with the plea of those democratic nations now threatened or already devoured by fascist aggression.

The least that Congress can do is to revise the unneutral policy of "neutrality" in accordance with the proposals of the Bloom Neutrality Act of 1939, with such appropriate amendments as would provide for the distinction between aggressors and the victims of aggression. The least Congress can do, in the interests of our country as well as those of the great Chinese nation fighting for its freedom and independence, is to place an embargo against the Japanese aggressor. In these two minimum acts, Congress would align the United States more definitely on the side of world peace. It would contribute to the realization of a firm system of mutual assistance against aggression and war which the Soviet Union is now trying to create in

spite of the obstacles and delays initiated by the Chamberlain Munichmen.

The ragged and ill-equipped Continentals fought desperately and victoriously through the American Revolution because they knew that the well-being of their families was closely aligned with the outcome of the struggle for liberty and national independence. In modern terms, they were fighting for the social security of their loved ones as well as for the national security of their homeland. They fought to remove the British foreign domination which hindered the pursuit of life, liberty and happiness. In the ringing words of the Declaration of Independence resounded the aspirations and hopes of the common man, without which independence would have remained a mere pious wish. The whole content of the first decades of the new republic was the fight for the realization of these aspirations under conditions of the rapid development of a vast continent which made possible the continuous improved welfare of the majority.

In this period and during this struggle there developed and took root the basic concepts of guaranteeing the economic and political rights of the people, and the militant progressive course of popular mass action by which these rights are defended, which have become embodied in the historic traditions of the spirit and content of Americanism. Today Wall Street and its political henchmen strike at these traditions by undermining the basis for security, democracy and peace. Their sitdown strike against recovery is not only meant to impoverish the people; it would destroy the economic foundation of political rights. In 1939, the monopolies, like George III, seek to put the people at the mercy of tyranny by the sabotage of recovery, the nullification of democratic rights and by obstructing a positive American peace policy.

The founding document of 1776 was made out of the very stuff of liberty and democracy. It recorded those iralienable rights which later came to be written into our Constitutional Bill of Rights and which served as the credo of the nation. At no time in the history of the country, not even during the Civil War, were these basic rights so dangerously threatened as they are now.

Today the tory Republicans, led by the "redcoat" Hoovers and Vandenberg and operating in alliance with the Garner Democrats, set themselves up as the nullifiers of these basic documents and principles. They seek in the halls of Congress and the anterooms of committees to cut down and scrap those gains towards social security and civil liberty won by the people. The Wagner Act—Labor's Magna Charta—is on their blacklist. Liberalization of the Social Security Act is being fought. The unemployed are being attacked together with the W.P.A. program. Health, education, housing, farm aid and democratic rights are but phrases to them.

To these full-blooded Tories, pedigreed 1776-1939 stock,

the Declaration of Independence, the Bill of Rights, and the traditions of the Continental Fathers are but words in textbooks—and the true defenders of democracy are branded as "subversive." In this devious work, the tory Republican "redcoats" are assisted by the Democratic "coalition" turncoats—the Garner-Glass "economy bloc"—who remain within the Democratic Party for the purpose of trying to "deliver the body" of New Deal progressivism upon the doorstep of monopoly capital reaction in 1940, should their tweedledum Republican brothers fail to do so through their own medium. Their trump cards are economic and political sabotage, red-baiting and the promotion of strife and division in the labor and progressive movement.

Our national independence was won only when the people became firmly united against the foreign tyrant and the turncoats. In that original crisis, and in every crisis of the country in which the forces of progress triumphed, the unity of the people and their firm resistance to vacillators and traitors were the decisive factors. And this unity and singleness of purpose could only be obtained on the basis of struggle for a people's program for security, peace and freedom based upon the needs of the given period.

The statesmen and politicians of today would do well to learn from the first statesmen of our new-born nation. They would do well to study the words and deeds of the great Jefferson, Franklin and Paine. The people can gain renewed courage and faith in their progressive democratic cause through a knowledge of how their forefathers faced and solved each national crisis.

To the majority of the people today the foreign fascist aggressors are the redcoats of this era. The appeasers and apologists for fascism are the Tories within the nation itself. While the "yes, but" Democrats are in truth the modern Benedict Arnolds.

The first session of the 76th Congress is now drawing to a close. Only the greatest organized activity of the people can stave off the enactment of the undemocratic McCormack sedition amendments and the so-called anti-alien laws, can prevent the emasculation of the Wagner Labor Relations and the Wages-Hours acts, can prevent any reduction in the Senate bill for farm appropriations, can restore a minimum of necessary relief appropriations. Only the maximum mobilization of public pressure, imbued with the fighting spirit of 1776, can secure favorable Congressional action to revise the unneutral Neutrality Act and to embargo the fascist aggressors. Only the sustained unity of action of labor and the people can put across the Wagner Housing program, aid the small businessmen, maintain and extend the W.P.A., P.W.A., T.V.A., F.S.A. and N.Y.A. programs; pass the anti-lynching bill, and establish effective public control and regulation of the big trusts, especially of the banks, insurance companies, utility magnates and railroad barons. Only unity of the people can

ensure a progressive program for recovery, democracy and peace now.

Time is short. The tasks are great. But drawing the lessons from our historic struggle for national independence, the people can still wrest a number of significant concessions from the first session of the 76th Congress, can gird their forces for supplementing the people's gains through existing New Deal legislation with the protection of their interests by labor and farmers' organization, unity and struggle. And here the key question centers upon the labor movement, and, above all, upon the successful fight for unity—unity of action of all progressives, in the first place of labor.

By devious means the British and American Tories of 1776 tried to dissipate the forces of independence by spreading dissension, encouraging sectional strife and economic chaos and spreading slander about the leaders of democracy. The fascists and reactionaries of today employ the

same tactics with new formulas: anti-Semitism, anti-alienism, anti-unionism, red-baiting and slanderous attacks against the President, the New Deal, and the labor and progressive movement.

The Tories of today are no less dangerous than their forebears. In fact, they constitute a more sinister menace. For they are more cunning, more skillful and deceitful. Besides they are better organized, have greater financial resources, more strategic political positions and fascist war-making international alliances.

The people today are becoming more conscious of this menace. They are becoming more determined and united in their struggle against monopoly reaction, fascism and war. With greater organization, unity and common action of labor and the progressives, the American people can still wrest important concessions from the 76th Congress in the people's interest, can advance the cause of national and social security.

GENE DENNIS

Moseley, Dies and the G.O.P.

BY JOHN PAGE

Perhaps the most dangerous of all the insidious tricks the Dies Committee has yet perpetrated was its recent five-day feint against Nazi and fascist organizations.

Dies' melodramatic announcement that he was at last going to turn the spotlight on notorious anti-Semitic and subversive groups was recorded in the press as man-bites-dog news. This was what the people were waiting for. This was the job the Dies Committee had been directed by Congress to do.

But as usual the Dies Committee didn't do it. Instead, it used the five-day wonder of a fascist "investigation" as a bid for that minimum of public confidence in its "sincerity," without which the effectiveness of its next attack on labor, the progressive movement and the New Deal, which is now in preparation, is uncertain.

The pro-fascists who manipulate the Dies Committee conceived this neat strategy. But Mr. Dies fumbled its execution. The temptation to hear his own views echoed by the Knight of the White Camelia, George Deatherage, was too much for him. True, he remembered to read the White Knight a little homily on the virtues of "tolerance." But when Deatherage protested that he was still "enough of a bigot to believe in white supremacy for the South," Chairman Dies was quick to accept that amendment.

Only Major General George Van Horn Moseley was cheated out of the fullest enjoyment of a forum before the Dies Committee. That was because Dies was in Texas when Moseley appeared, and acting chairman Healey of Massachusetts insisted that the General answer the not-

too-probing questions of Rhea Whitley, and struck Moseley's anti-Semitic "statement" from the record.

Chairman Dies himself described the testimony of Deatherage, Campbell, Dudley Pierpont Gilbert, and Moseley as "tidbits." With these "tidbits" he is baiting his hook for another \$50,000 appropriation from Congress. Whether or not he gets the money, the Dies Committee will not reveal more than "tidbits" of the fascist danger. The main course it is cooking up for the American people is New Deal with "red" sauce, and that will be dished out as near to election time as possible.

It is inevitable that the fascist plot against American democracy should thicken with the approach of 1940. The more firmly the majority of Americans unite behind the social objectives of the New Deal and the progressive policies of the Roosevelt Administration, the more desperate are the measures to which reaction resorts in its efforts to regain power.

Deatherage expressed this desperation in its most extreme form when he wrote to army reserve captain James E. Campbell:

"I believe, as you do, that it would take military action to get this gang out."

And on December 14, 1938, speaking to two hundred and fifty of the nation's leading industrialists under the auspices of the New York Board of Trade, Moseley showed that Deatherage was justified in adding "the boss agrees with this."

"Our domestic enemies should be warned," thundered Moseley, "not to excite the wrath of patriotic America, for once these patriots go to battle they will . . . make those massacres now recorded in history look like peaceful church parades."

The Republican high command, and the monopolists from whom it takes its marching orders, may not yet be ready for military action at the moment. But, no less than the beer hall putschists, they are determined to "get this gang out" at any cost.

That is why, though Chairman John D. M. Hamilton could formally clear himself of specific charges made before the Dies Committee, neither he nor the Republican Party can cover up their common hatred of democracy and the New Deal that makes them either partners, organizers or fellow-travellers of openly subversive forces, native and foreign. More was at issue than the personal motives of Chairman Hamilton in permitting a Republican list to be used by a fascist and anti-Semitic organization. The Dies Committee did not inquire into the *real* issue—the responsibility of the Republican Party and its national chairman for anti-Semitic and other pro-fascist activity carried on to serve Republican ends; the logic that leads men like Deatherage and Moseley to ally themselves with the Republicans as inevitably as they ally themselves with Fritz Kuhn and the German-American Bund.

By the same logic, Martin Dies, himself an arch-enemy of American democracy, will not and cannot investigate un-American activities.

But while the Dies Committee once more muddled the waters of truth, it could not altogether hide from the people the fact that the fascist danger to our democracy is clear and present. The curtain, however quickly and clumsily rung down by the Committee, has been lifted for an instant. And in that instant the people glimpsed the familiar pattern of fascism in the days before it came to power in unhappy countries which once enjoyed a democratic way of life.

The pieces of the pattern are plain to see. The spread of anti-Semitism, anti-Catholicism and "white supremacy." The fanatic "nationalism," inciting suspicion of the "alien" and the foreign-born. Treason, draping itself in "patriotic" phrases. The traitor generals in the armed forces, the Fifth Column in the reserve corps, the suggestion that "until the people are again fit to govern themselves, the military had better take over for a while."

There is what General Moseley called the "antitoxin of fascism" to cure the "disease of communism"—that outmoded gag of the "anti-Comintern" pact which has now openly declared itself as the anti-democratic military alliance of Hitler and Mussolini. There is the demagogic appeal against the "international bankers," a hand-me-down from Hitler to Father Coughlin. And, finally, there is the unseen hand of the most reactionary clique of finance capital, shelling out the funds and pulling all the strings.

These are the pieces of the pattern. How do they fit together in the America of today? How do the trails of such small fry as Deatherage and Gilbert lead to Wall Street and Republican Party headquarters? How many Moseleys are there in our armed forces? What are the connections that link American fascists with the Gestapo and the espionage systems of fascist Italy and Japan? Where do the Associated Farmers, the private munitions stores of the open-shoppers, the Ford "service" system and Father Coughlin tie in? The American people will not be safe until the pattern is fully revealed and all its pieces and links isolated and dispersed.

But the Dies Committee did not ask these questions, fearing that the answers might lead to some of its own members, knowing that they must lead to its earlier witnesses and to its most ardent admirers.

The American Coalition, which has endorsed Moseley, has no less vociferously applauded Martin Dies himself. And Walter Steele, Coalition spokesman, last summer spread his anti-democratic slanders over hundreds of pages of the printed record. The two hundred and fifty leading industrialists who applauded Moseley at the New York Board of Trade meeting include many who also cheered Martin Dies at the New York Economic Council's banquet, where Fritz Kuhn graced the festive board.

The trail that leads to Indiana state Republican leader Felix McWhirter, to the Republican "corn rally" of last summer, to Republican ex-Senator Hatfield of West Virginia, also leads beyond—to the unholy alliance of Hoover Republicans and Garner Democrats. It leads to Martin Dies, himself, who in the 1938 election campaign shut his eyes to the anti-Semitic propaganda of the Republican Party, in New York, Minnesota, California and Michigan, and helped Republicans to office with his own red-baiting forays.

Republican Representative Thorkelson of Montana was water-boy for General Moseley throughout the hearings. It is a short step from Thorkelson to Winrod, to Vandenburg, Taft and Dewey, to Hoover and Garner, to Ford and Girdler, to Morgan, Mellon and the du Ponts.

Two of the Dies Committee's "experts" on communism are listed by Deatherage as "men who are heads of large groups on our side of the fence." They are John Frey of the A. F. of L.'s Metal Trades Department, and the American Legion's Americanism Commission Director, Homer Chaillaux.

It is easy to see why the Republican members of the Committee, Mason of Illinois and Thomas of New Jersey, want to keep the lid on. It is easy to see why Dies himself, though prodded by a fear that Attorney General Murphy and a real investigation would expose the swindle he has practiced on the people and the Congress, dared not go beyond a perfunctory gesture.

But what about the other Committee members? Par-

ticularly, what about Jerry Voorhis, in whose own backyard the Associated Farmers are plotting to retire him to private life? For Representative Voorhis the policy of "appeasement" is suicide. The reactionaries in his district will not sell him their votes for any compromise he may be prepared to offer. And the progressives who elected him demand something better than the "impartial" condemnation of fascism, nazism and "communism" to which he won even General Moseley's assent.

Insistence that communism and fascism are "the same" is the very essence of the poison brewed by the Dies Committee. Mr. Dies and the reactionaries reiterate this lie deliberately knowing that those who swallow it become paralyzed in the struggle for progress and democracy against reaction and fascism. Others, like Congressman Voorhis, may be less aware of what they are doing when

they "lump all the isms" together for attack. But whatever the motive, the consequences are the same: the democratic forces are divided and weakened, the fascist forces emboldened and strengthened.

The latest exhibition staged by the Dies Committee has again emphasized the fact that democracy is in danger. And, among other things, that Mr. Dies and his associates are preparing to launch a new red-baiting onslaught against the labor and progressive movement, including the Communists. It has drawn attention to the need for a real investigation and curbing of fascist penetration and activities. In this, the Department of Justice could perform a valuable service to democracy and the people. And such an investigation must include a thorough probe, as well as dissolution, of the Dies Committee and its pro-fascist activities and sponsors.

Peace and the Bloom Bill

BY JAMES S. ALLEN

The future of America's foreign policy may be greatly influenced by Congress in the coming weeks. The first show-down will take place in the House, where the isolationist, pro-fascist forces are led by Hoover's Charlie McCarthy, Hamilton Fish. In the House Foreign Affairs Committee the issue was joined on strict party lines. The Democratic majority in the Committee has reported out the Bloom bill, which embodies the main proposals made by Secretary Hull in his letters to Chairman Bloom and Chairman Pittman of the Senate Foreign Relations Committee.

This long overdue consideration of neutrality revision begins at the moment when a new international crisis is maturing. The present crisis, like the one which followed the "peace" of Munich, comes as a surprise only to those who still cling to their dangerous pacifist illusions, refusing to recognize that concerted action by the Western European powers, together with the Soviet Union and the United States, is the only guarantee of peace.

Developing at an accelerated rate in the Far East and simultaneously deepening in Central Europe, the new crisis was already foreshadowed last month. The estimate of the foreign situation set forth in our June issue has been fully confirmed by events.

At a time when the American press generally was obscuring the Chamberlain-Halifax sabotage of Anglo-Soviet negotiations, we noted the danger of new "appeasements" hatched in Downing Street. A month has passed. The British people, who ardently desire the swift conclusion of an anti-aggression alliance with the Soviet Union, are still being put off with false hopes, evasions and "assurances" that fail to reassure.

In the British Parliament, where they dodged the questions of the Labor and Liberal opposition, Halifax and Chamberlain hinted to Hitler that a between-meals snack of colonies might be arranged. And they indicated that the more substantial fare of a second Munich was by no means ruled out.

It is not surprising, in the light of the Halifax and Chamberlain speeches, that the latest British counter-proposals, carried to Moscow by the foreign office underling William Strang, are unsatisfactory to the Soviet government. The Soviet Union continues to stand firm for its principles of equality, reciprocity and real collective security. It will accept no substitute.

The *Izvestia* editorial discussed in our June issue first pointed out the worsening of the international situation, and Premier Molotov's historic speech to the Soviet parliament sounded a second warning. The significance of Germany's denunciation of two important treaties and the conclusion of the German-Italian military alliance must now be clear, even to those who professed to find no cause for alarm in these events.

Nazi troops are on the move in Central Europe. The brutally repressive measures adopted in the Czech provinces and Slovakia are aimed at more than the continuing resistance of the Czechoslovakian people to Nazi barbarism. They are aimed also at Poland, and camouflage a mobilization at the Slovak-Polish frontier.

Of the fact that Japan is riveted to the war axis there can no longer be any doubt, even in the minds of those who pursue the Chamberlain "weaning" policy. No more than Italy can Japan be "weaned." On the contrary, Tokyo

acts in agreement with Rome and Berlin today, as it acted when it seized Canton during the Munich crisis, Hainan after the fall of Barcelona, and the Spratly Islands while Czechoslovakia was being finished off.

The theory that Japan can be "weaned" from the axis has been used by Chamberlain as one pretext for the failure to conclude an alliance with the U.S.S.R. Why offend the Mikado, needlessly? Perhaps, though Hitler inconsiderately refused to attack the Soviet Union, his "anti-Comintern" partner in the Far East would oblige?

But the Japanese military machine, already badly battered by the magnificent resistance of the Chinese people, shares the Nazi predilection for easier game. More than the Red Army, the Red Navy, and the Red Air Corps make Berlin and Tokyo reluctant to take on the U.S.S.R. In the classless society of the first socialist state, the complete unity of the Soviet government and the whole people has been forged. The traitor generals and the Trotskyite Fifth Column, on whose aid the fascist war-makers counted so heavily, are gone. That is why Japan, with exquisite politeness, declines the Chamberlain invitation to march on Moscow. Once more, an "anti-Comintern" power chooses to stalk the weaker prey of democracy.

At this critical juncture in the affairs of Europe and Asia, the Congress of the United States has a heavy responsibility to the American people and the peace forces of the whole world.

That responsibility was clearly stated by Secretary Hull in his letter of May 27:

"The simple fact of our existence as a great nation in a world of nations cannot be denied, and the substance of the legislation adopted in this country inevitably influences not only this country but also other countries. . . . [The problem] is that of so conducting our affairs and our relations with other peoples, both before and after the outbreak of war elsewhere, that we shall be more and not less secure, so that we shall not become parties to controversies, and so that our attitudes and actions will encourage other people to avoid rather than to become engaged in controversy."

Unfortunately, the concrete proposals for revision of the present un-neutral "Neutrality Act" contained in the Hull letter and now embodied in the Bloom bill do not fully carry out these principles. The most important of the new provisions is the repeal of the present embargo on the sale of arms to all belligerents. There can be no question that this is a necessary step, and one that will be resisted by Hitler and his agents and apologists in the United States. Freedom to sell arms to France and Great Britain is essential to the defense of our own country, and is demanded by an overwhelming majority of the American people.

But the Bloom bill, while advancing the defense of our interests in relation to a probable war in Europe, does not adequately meet the threat to our national security arising from the war already raging in Asia.

This fundamental weakness in the Bloom bill was promptly seized upon by Congressman Fish and the isolationist minority and turned to demagogic account in their minority report:

"We have let our excitement about what may happen to our remote interests in Europe blind us to what is now happening to our immediate interests in the Pacific, where our treaty rights are being violated and our national interests threatened every day."

In these words the minority report on the Bloom bill seeks to confuse and win over to the isolationist camp the 72 per cent of the American people who, according to the last Gallup poll, favor an embargo on all war supplies to Japan. In posing the problem as though it were necessary to choose between defending American interests against a real threat in the Far East and betraying them on the pretext of an imaginary danger in Europe, the Fish report does double duty for Berlin and Tokyo.

The fact is that there are two seats of the war danger, equally real, equally menacing to American security. The fact is that the European and the Asiatic war-makers are inseparably linked by the Rome-Berlin-Tokyo axis. America's national security demands that we act with equal firmness against aggression, whether practised by Japan or prepared in Berlin.

But Hamilton Fish, and the tory isolationist bloc in the Senate, are determined that we shall not act at all in our own defense. The crux of their position is clearly stated in the Fish report:

"We cannot dictate what other nations shall do. We should not attempt to influence their decisions. . . ."

The mandatory embargo, advocated by these traitors to our national safety, would, however, have a profound and disastrous influence on the decisions of the war-makers. As Secretary Hull put it, "*the substance of legislation adopted in this country inevitably influences*" the decisions of other nations. Neither Berlin nor Tokyo denies this obvious truth.

The most recent Japanese provocations, admittedly aimed at the Far Eastern interests of the United States as well as at those of Great Britain and France, make it imperative that the Bloom bill be strengthened by an appropriate amendment applying to the Far Eastern crisis. The Schwellenbach bill, which has been introduced in the House by Representative Wallgren of Washington, offers the basis for an amendment to curb Japanese aggression. This bill implements the Nine-Power Pact and provides "for retaining in the United States, and denying export therefrom, articles or materials to be used in violation of the sovereignty, independence, or territorial or administrative integrity of any nation, contrary to the treaty engagements of the United States."

The Fish report, in attacking repeal of the arms embargo, asks with mock horror, "Are we to become the arsenal of the world?"

It blithely ignores the fact that we are already the arsenal of a Japan which threatens to turn our own guns against us. In 1937 and 1938 the United States led all other countries as supplier of all six "great essentials" to Japan for war purposes—oil, iron materials, metal-working machinery, copper, aircraft parts, and automobiles, parts and accessories. Our sales of aircraft and parts soared from \$2,484,000 in 1937 to \$17,454,000—a rise of fifteen million dollars or 603 per cent. The Schwollenbach-Wallgren resolution, if passed as an amendment to the Bloom bill, would at least end this suicidal service as an arsenal for Japan.

Even more effective would be an amendment to the Bloom bill incorporating the principle of the Thomas-Geyer proposals to distinguish between aggressor nations and their victims.

As it stands, the Bloom bill is practically assured of passage in the House. It extends slightly the discretionary powers of the President to invoke the law where American peace and vital interests are at stake, though it does not restore the full freedom of action in the conduct of foreign policy granted the President under the Constitution. The Fish report's claim that "No President ever had such power before" is a deliberate untruth, designed to raise the old bugaboo of a "Roosevelt dictatorship."

The other provisions of the Bloom bill are in the main re-enactments of existing statutes, continuing the Munitions Control Board, regulating shipping and travel in combat areas, etc. Restrictions on credits to belligerents and continuation of the cash-and-carry provision are, in our opinion, subject to criticism. We should prefer that they be modified to allow for the extension of credit to victim nations, when such a course is required by our own national interests and defense.

The pro-fascist isolationist bloc in the Senate, led by the Tories Nye, Clark, Vandenberg, Taft, and Hiram Johnson, is preparing to block even the minimum advance toward a positive peace policy represented by the Bloom bill. Although this bi-partisan reactionary coalition can muster only about twenty-five votes, it threatens to filibuster against peace and national security.

An amended Bloom bill, providing for an embargo against arms shipments to Japan and establishing the policy of no trade with aggressor nations, would enormously strengthen the position of the Administration when the issue reaches the Senate.

If House advocates of a Japanese embargo get together with the supporters of the Thomas-Geyer proposals we believe that they can amend the Bloom bill along these lines and speed it to passage.

At the present time no question of foreign policy has such broad support among all sections of the people as the desire to end America's share in Japan's war guilt. Because it fails satisfactorily to meet the needs of American defense in the Far East, the Bloom bill is regarded with comparative apathy by the American people. Their enthusiastic support will be most completely assured, if it goes to the Senate in strengthened form. For that reason all progressives, the labor, religious, and peace groups should immediately urge amendment of the Bloom bill in the House to distinguish between the aggressors and their victims.

The way to the present crisis, which is rapidly approaching a new danger point, was prepared by the Munichmen and their refusal to join with the Soviet Union in building a real peace front against aggression. It was prepared, too, by the long and dangerous delay of neutrality revision in this country. The conditions for an anti-aggression front exist, in the consistent policy of the Soviet Union, in the increasing demand of the British people for an end to "appeasement" and the Chamberlain-Halifax betrayers.

The American people are eager to make their contribution to the peace of the world and to the safety of the United States. They want President Roosevelt's anti-fascist orientation in foreign affairs implemented by a positive peace policy which will firmly put the United States' influence on the side of world peace, cement our friendship with the Soviet Union, effectively aid the Chinese people, strengthen the Good Neighbor policy with Latin America, give the British and French people further support against the Chamberlain-Bonnet Munichmen, and thereby help block the road to fascism and war.

Small Business vs. the Monopolies

BY MILTON HOWARD

Mr. Small Business Man—independent manufacturer or storekeeper—has got to face the facts and make a definite choice. He has been too long a sucker for the Big Business interests which have been using him as an anti-New Deal front in direct opposition to his own individual interest. When Big Business needs help to protect its monopoly position, it puts its arm around the shoulder of Small

Business and says: "We are brothers." But when Small Business goes to the bank for credit, or faces Big Business as a buyer of supplies or a seller of manufactured products, the independent merchant or manufacturer feels the brutal, destructive and crushing impact of Big Business monopoly.

Many an alert merchant or independent manufacturer

must observe with bitterness how the Big Business propagandist on Monday clasps his small competitor as a "brother," but denounces and abuses him on Tuesday as "incompetent" when it is proposed to help him with government loans. To the Hoover mentality, government loans of four billions to Big Business are "constructive"; similar loans to small business are attacked as "socialism," "regimentation" and "inflation."

The dramatic parting of the ways for Small Business, it appears to us, was made vivid by the contrasting programs offered on May 22 by President Roosevelt, on the one hand, and the Republican minority leader of the House, Congressman Martin, before the convention of the American Retail Federation. Roosevelt called on independent business to protect its *direct economic interests, its sales and profits*, by allying with the progressive coalition of New Deal, labor and farm forces. Martin repeated the "We are brothers" act by which the big banks and monopoly aggregations have tricked Small Business for too long.

It is interesting to get, right in the beginning, a picture of the Small Business versus Big Business line-up. There are approximately 1,560,000 small retailers in the country. They are utterly dependent upon Wall Street-controlled banking systems for credit. There are 28,000 corporations in America with annual incomes of more than \$25,000. The remainder of America's incorporated businesses, 175,000 firms, have net annual incomes of less than \$25,000. These are "little business." They are at the mercy of the price-fixing system of industrial and railroad monopoly on the one hand, and banking monopoly on the other, the two, of course, being interlocked. Their mortality is great. But their services to the American community are clear and established. They must be defended against monopoly. They are part of the New Deal forces.

President Roosevelt told the retailers what is confirmed by their own experience—government action is urgently necessary to bolster the purchasing power which private industry has failed to uphold. The national debt represents not only the liability of a loan but the national asset of buying power and constructed wealth, as is true of all constructive financing.

President Roosevelt launched an unanswerable attack against the theorists of the "hands off business" school.

"This school is eager to gamble with the safety of the nation and of our system of private enterprise on nothing more than their personal hunch that if government will keep its hands off the economic system customers will just happen. I use the word 'gamble' because there is modern experience to support their theory. In fact, modern experience denies their theory. Between 1925 and 1933 government abandoned practically all concern for business and put into effect a tax system such as the 'Old Dealers' dream about. You know what happened to customers and buying power."

The President is quite correct in appraising the Big Business theorists as ruthless gamblers. But their guilt goes

beyond this. Big Business is actively engaged in calculated sabotage of the economy with the aim of paralyzing recovery, smearing the New Deal with economic failure, and promoting political reaction.

Mr. Martin's Republican Party program is the only too-familiar demand of the National Association of Manufacturers and the United States Chamber of Commerce. Summed up before the retailers' convention, it boils down to a demand for smashing the corporate tax system, and levying heavy taxes on small business and consumers, unrestricted domination of the credit market through the banks, a halt to Federal regulation of such monopolies as utilities, etc., and a pledge by government not to interfere with monopoly price-fixing.

This is the well-advertised "confidence" program of Big Business. A most cursory survey reveals that such a program would only doom thousands of small merchants throughout the country to a speedy bankruptcy. It would swell the already swollen profits of "business" (Big); it would spell new economic disasters for the majority of American businesses (Small).

The notable remarks of delegate Mr. Homer W. Ladd, Jr., one of the few independent businessmen to take the floor at length, vividly picture the plight of the small businessman, and indicate how interlinked with the advance of the New Deal and labor is the economic fate of the small merchant. Mr. Ladd is the proprietor of a good-sized furniture store in Fort Worth, Texas. The business is several decades old. But it faces acute problems which arise from the steady advance of monopoly control both in the sources of credit and in the paralyzing effects which monopoly is having on the purchasing power of Mr. Ladd's potential customers in Fort Worth.

Of the greatest interest, and wholly typical, was Mr. Ladd's description of the failure of Wall Street-controlled banking to provide adequate credit for the special conditions of his market. His customers need long credits because of the seasonal nature of farm income; but the banks will not underwrite such credit. He must carry large stock because of his distance from the source of supply; the banks place serious obstacles in the way of this necessary procedure. The banks make no provision for crop failures and their effect on local income. The railroad monopoly handicaps local business because of rate differentials. The construction of new homes which would stimulate the buying of Mr. Ladd's furniture is blocked, whether it be private or government construction, by bitter Tory opposition exercised through political filibustering in Washington, or refusal to make building loans.

At every point, this typical American exponent of "free business enterprise," so lovingly proclaimed by the monopolists of the U. S. Chamber of Commerce, is hampered in the exercise of his enterprise by pro-fascist political reaction

and monopoly restrictions. The independent merchant strives to expand free enterprise to meet an obviously waiting market. Monopoly restrictions of every conceivable kind stand in his way.

It is therefore ironic to peruse the testimony of Wall Street banking representatives before the Senate Banking and Finance Committee arguing against such a proposal as the Mead Bill for the Federal guarantee of bank loans to small business. That small business cannot get credit is not denied. What is affirmed by reactionaries is that only "unsound" loans are refused. The spectacle of billions of idle dollars and record-breaking excess bank reserves, is "justified" on the basis that the American economic machine presents no outlets for "sound" loans. No more damaging self-indictment of the investment capital system as at present dominated by the Morgan-Rockefeller-Kuhn, Loeb banks could be made.

The argument of "soundness" is absurd and uneconomic. Is it conceivable, for example, that the drastic curtailment of public utility financing, from the billion-dollar levels of the years preceding 1936 to practically zero since 1937, is the result of a lack of "soundness" in the utility industry? Or a failure of the market? The facts are too damning. Calculated Tory policy is piling up this unprecedented hoard of idle capital, doing incalculable damage to jobs, recovery, merchandising and the national income.

Mr. Adolph Berle Jr. is thoroughly in accord with the known facts in declaring before the Senate Monopoly Committee that the investment machinery controlled by the Wall Street banks has broken down. Propositions like the Mead Bill for government-guaranteed loans attest to the crying need, even if the specific measure itself still fails to grapple adequately with the problem. Government guarantees of loans cannot force the Morgan, Rockefeller, Kuhn, Loeb banks to unloosen the idle dollars hoard. And wherever it can do so, the provisions of the original draft of the bill still place interest rates too high and require collateral which in the nature of the economic crisis aggravated by monopoly sabotage cannot be available to Small Business.

The report that the undistributed profits tax has been repealed in Congress by the House augurs ill for the people and America's small businessmen. It demonstrates the suicidal policy of permitting Small Business to act as the shock-troops for its fiercest economic enemy—monopoly. For it is inevitable that the repeal of the undistributed profits tax will act as a signal for a new drive to shift the tax burdens from the 28,000 upper corporations upon the 157,000 corporations of \$25,000 annual income or less. The provisions for tax exemptions and the extension of capital-loss provisions will reduce government revenue from large capital, and force the necessity of seeking new corporate income. The independent business is already the target of the Chamber of Commerce. From even such

liberal-seeming propagandists as Mr. John T. Flynn comes the anticipatory propaganda proclaiming that the bankruptcy of Small Business will be not a testimony to monopoly destruction, but to Small Business' "incompetence." President Roosevelt had warned of such a contingency; but the New Dealers were either unable or unwilling to block it. The deception of certain Small Business circles with the propaganda of "tax deterrents" played no doubt a contributing part. The net result of the "tax deterrent" propaganda is to strengthen the ability of monopoly to crush independent business, and to increase taxation on the middle class and lower income groups.

It is high time for small business retailers to break with the forces which oppress it in everyday business life, but which flatter it for selfish political purposes.

It is high time for Small Business to come face to face with its problems, to define its enemy, and to take sides with its logical allies, the New Deal, labor and the farmer. These are not only his customers; they are also his defenders against the ravages of credit and price-fixing monopoly.

The Communist Party offers for the consideration of the small businessman and for the people as a whole, a triple action program to increase his sales, improve his ability to net profit by breaking down monopoly prices and railroad gouging, and by striking at the root of the idle dollar sabotage.

We propose that the government take over the "Big Three" banks in Wall Street, the Morgan, Rockefeller, and Kuhn, Loeb banks. This will provide for credit needs of independent business and farmers. We propose a five-year, five billion dollar a year, Federal housing program to be financed by graduated taxes on the upper corporations, on tax-exempt bonds, and on inheritances. We propose to put an end to railroad rate gouging by nationalizing the railroads.

These are proposals practical, sane and sound. They would open up vast markets for independent business, break the log-jam of idle capital, promote jobs and recovery. They would remove from the doorway of Small Business the overhanging shadow of bankruptcy.

The small businessman cannot permit his business enemies of the National Manufacturers Association, and their legislative representatives, the Garner-Hoover "economy bloc" to misrepresent his interests in Congress. He must begin to make his own voice felt as an independent force wherever necessary. He must cooperate with all progressive forces and put his shoulder to the wheel in defense of the W.P.A., the Wagner Act, of decent wage-envelopes for his customers, of a positive American peace policy, of progressive legislation for labor and farmer alike.

This is the only common-sense program for Small Business to follow.

Prospects for Labor Unity

BY ALAN MAX

Although beset with serious difficulties, labor is slowly but surely forging that unity which almost an entire nation sees as indispensable for the preservation of democracy.

For signs of this progress toward unity, one must look especially to the cities and states where united action is on the increase. One should look to the state of Illinois, for example. There the state leaders of the C.I.O., A. F. of L. and the Railroad Brotherhoods erected a milestone on the road to unity, when they signed a joint pact condemning the Lantz Bill—a state anti-labor measure. Without this historic joint statement, the bill undoubtedly would have passed. With labor united against it, the measure went down to a crushing defeat. Heartened by this triumph, the same leaders of the three groups of labor signed another joint statement, this time for an adequate state relief bill. With the signing of this second statement, Illinois labor virtually served notice on the Republican Party reactionaries and Garner Democrats that it intended to place its united activity on a permanent basis.

In Illinois the movement for unity has reached its highest stages. But everywhere signs point in the same direction. There was that unprecedented conference, for example, of the International Typographical Union, one of the oldest organizations of the A. F. of L. and the C.I.O. American Newspaper Guild, at which the national leaders of both unions signed a statement urging unity of the entire labor movement and pledging to work out a method for amicable settlement of all jurisdictional questions confronting the two unions.

There is Pennsylvania, where labor realized that it had been too slow in working out a joint defense against the anti-labor program of the Republican Governor, Arthur James. With the closing of the legislative session which had seen a catastrophic assault on social and labor legislation, the C.I.O. and A. F. of L. started to work out methods of cooperation, which, had they come sooner, could have halted the Republican steam-roller.

There is Detroit where the A. F. of L. Teamsters refused to drive through the picket line of the C.I.O. auto strikers at Briggs, even though Homer Martin, armed with a charter from William Green, was attempting to break the strike. When the C.I.O. emerged victorious, and Martin in desperation started a "wildcat" strike in General Motors a few days later, not only did the auto workers ignore the "picket lines" of Martin's goons, but so did the A. F. of L. Teamsters.

There was the convention of the A. F. of L. Hat, Cap and Millinery Workers with its resolution urging labor

unity and its refusal to accept an amendment which would have placed the responsibility for the delay in unity upon the shoulders of the C.I.O.

There have been the endorsements for a third term for President Roosevelt by the convention of the Hatters, the conservatively led A. F. of L. Musicians, and the State Federations of Tennessee and Iowa. At first glance these actions might not appear to be part of the unity development. But when it is realized that they were taken in opposition to the policy of the controlling clique of the A. F. of L. Executive Council which is fighting unity in the secret hope of tying the Federation to the G.O.P. elephant in 1940, the real significance of these endorsements becomes clear.

It was in this setting of advancing unity (which had been taking place with the encouragement of the C.I.O. leadership and despite the furious opposition of the A. F. of L. Executive Council) that the C.I.O. Executive Board held its important meeting in Washington on June 13.

The meeting took a highly constructive position on all phases of unity—not only unity of labor but also the unity of the entire nation for attaining recovery and for defending democracy against the encroachments of fascism.

The report of John L. Lewis, unanimously accepted by the Executive Board, talked first of all of the great problem of the American people as a whole: the continuing economic crisis and the attempt by Congress to smash the beginnings in social legislation made by the New Deal.

"The slow undermining of the faith of these people (the 11,000,000 unemployed) in the ability of our nation to provide them with a job," Lewis declared, "constitutes an ever-growing menace to the stability of our form of government. So does their exile from the economic system of the nation raise increasing doubts as to the ability of that system to survive.

"What has Congress done? Worse than nothing, for the responsible agencies of Congress have busied themselves, in open cynicism, with tearing the vitals out of the meager provisions already existing to help the unemployed eke out a living."

This was Lewis's powerful indictment of the coalition of Tory Democrats and reactionary Republicans which has dominated the present session of Congress.

As part of a recovery program with which to unite the people, the Executive Board proposed expansion of the W.P.A. to 3,000,000 jobs (meanwhile the A. F. of L. leadership was giving at least tacit encouragement to the move led by Rep. Woodrum to knock the bottom out of the W.P.A.). A second point proposed was a pension drive for the aged on the basis of \$60 a month at the age of 60.

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It was typical of the outlook of the C.I.O. that it did not propose to dominate the growing pension movement, but proposed, in the words of the resolution adopted, to "undertake a national campaign in cooperation with old-age and progressive groups."

Major attention was centered upon the organizing of the unorganized, who still number 20,000,000. In this connection a statement by Lewis stood in sharp contrast to the efforts of the majority of the A. F. of L. Executive Council to destroy the C.I.O. unions. Said Lewis: "The C.I.O. did not set out to reorganize the organized, but to organize the unorganized."

Pointing out that in many important industries, such as aircraft and shipbuilding, "we have only begun the job of organizing," Lewis declared:

"We cannot rest. We are a vital labor movement and there is no stopping or no rest for us until all who work for their living in this country have a union for their protection."

To this job of organizing the unorganized—which after all is the goal of any genuine labor unity—the C.I.O. came with greater strength than ever. It had just emerged from a series of important victories—achieved in spite of attempted union-busting or virtual strike-breaking by the ruling clique in the A. F. of L. Executive Council. Heading the list was the great victory in the coal industry. There were also the consolidation of the auto union, the organization of the textile workers on a permanent basis and the growth of the packing house organization to a strength where it is now preparing for national negotiations with the big packers.

There had been, too, the effective blocking of the move to destroy the Wagner Labor Act at this session. It was significant that in discussing this achievement, Lewis did not claim credit for the C.I.O. alone but spoke in the spirit of the cooperation that is being forged down below and which is the guarantee of ultimate unity:

"Had it not been for the thunderous voice of labor, the C.I.O. united with the rank and file of the American Federation of Labor, this Congress might have destroyed the National Labor Relations Act." (Emphasis mine—A.M.)

In pointing out that it was futile to expect to get unity from the top leaders of the A. F. of L., Lewis served notice that the membership of the A. F. of L. must take matters in its own hands to an ever increasing extent. Lewis put his finger on the real obstacle to unity when he spoke in forceful terms of the "liaison and the entente cordiale between A. F. of L. leaders and industrial and financial interests opposed to labor in order to fight the C.I.O., and attempt to emasculate it and to bring about a crystallization of anti-New Deal sentiment in the country."

With these words Lewis threw a searchlight on a deplorable situation, an understanding of which is essential for the promotion of unity. While the membership of the

A. F. of L. has been moving steadily in a progressive direction and toward cooperation with the C.I.O., the dominating clique on the A. F. of L. Executive Council (not including men like Daniel Tobin, of course) has been taking the opposite course.

Today the A. F. of L. Executive Council leaders have cast their lot almost openly with reaction and the Republican Party leaders. Always preferring an alliance with Wall Street against the interests of the working class as a whole, to an alliance with the workers and the rest of the people against Wall Street, men like Matthew Woll, John P. Frey, William Hutcheson and Thomas Rickert are today determined to prevent a New Deal victory in 1940 at all costs. A prerequisite of a New Deal victory is labor unity—not necessarily at the top—but certainly in the ranks of the workers. It is against such unity which these A. F. of L. leaders have been fighting while publicly maintaining a pretense of wishing to see labor united.

It is reliably reported that the recent meeting of the A. F. of L. Executive Council flatly repudiated the agreement made by its representatives in the Unity Negotiations Committee to permit the original C.I.O. unions to retain their expanded jurisdiction when they returned to the A. F. of L. In fact, according to report, two of the four negotiators, Matthew Woll and Thomas Rickert, joined in repudiating their own action. The A. F. of L. negotiating committee is a body without any authority or power. Its purpose seems to be to act as a smokescreen behind which the Executive Council hopes to proceed unobserved to the destruction of the organizations of the C.I.O. and the wiping out of all New Deal labor and social legislation.

With the C.I.O. as a whole and the membership of the A. F. of L. eager for unity and with only the majority of the A. F. of L. Executive Council opposed, the road to a unified labor movement is clearly marked out. It requires, first of all, a rapid increase in the cooperation and joint action of local unions, city and state bodies and even national unions of both bodies of labor together with the Railroad Brotherhoods. Such joint action should center around the issues of common interest to all labor—security, recovery, civil liberties, peace. If the achievement of labor in Illinois were to be repeated in the other forty-seven states, the problem of labor unity would be solved overnight.

Secondly, the membership of the A. F. of L. and all those of its leaders who are progressive, are faced with the stern duty of putting an end to the splitting policy of the Executive Council. Progressives in the Federation have little to be proud of if they remain silent while the Executive Council issues charters to strikebreakers like Homer Martin, openly takes the side of the employers as it did in the coal lock-out, and organizes boycotts against C.I.O.-made products. Serious consideration should be given to the timely warning of Lewis that "until now we

have done no more than defend ourselves," but that the "day will come when the C.I.O.'s patience and tolerance in the face of the vile and lying attacks upon its integrity and its policies and its organizations will end."

The road to unity is not a smooth one. No goal is easily attained when the most reactionary and ruthless financial

interests in the country are opposed to it. But a combination of the C.I.O. with its advanced leadership and members, and the wide-awake membership of the A. F. of L., can batter down, with the friendly cooperation of New Dealers and other progressives, all obstacles to a single, powerful, unified labor movement.

Idle Money and the T. N. E. C.

BY DAVID RAMSEY

"It is our task to find and energetically adopt those specific measures which will bring together idle men, machines and money. In proportion as we succeed, we shall strengthen the structure of democratic economy."—President Roosevelt to the Temporary National Economic Committee.

It is a central fact of our times that idle dollars keep idle men from operating idle machines. Vast reservoirs of money in stagnant pools are blocked off from the mainstream of our economy by monopoly barriers. To smash the dams erected by Wall Street, and enable these reservoirs to swell the current of recovery, are urgent tasks for the American people. President Roosevelt quite properly urged the Monopoly Committee (temporary National Economic Committee) to get to the bottom of the problem of idle dollars, saying of the questions related to it, "I know of no more urgent ones in the country today."

The evidence laid before the Committee on the questions of investment and stagnant capital was extremely clear in its implications, and constituted by far the most important phase of the monopoly investigation. Professor Alvin H. Hansen presented the outlines of the problem. He listed those leaks and frictions which keep the economic mechanism from running in high gear, with a resultant stagnation of productive investment, especially in the heavy industries—the mainspring of recovery.

During the 1920's, for example, about \$18 billions was the annual figure for capital investments. This helped produce a national income between \$70 and \$80 billions a year. But since the 1929 crisis, new capital investments have run from one-third to one-half the former average, with the exception of 1936 and 1937. And even during the latter year, the railroads and utilities invested \$800 millions less than in the previous decade, while housing ran \$4 billions below its former peak. The backlog of idle dollars is graphically shown by a comparison of investment totals: from 1923-1929 inclusive, there were \$128 billions of capital investments; from 1931-1937, only \$65 billions. An additional investment of some \$10 billions a year is needed to raise the national income to the 1928-1929 levels, and much more if we are to attain the per capita income of 1929.

The piling up of idle dollars is but a reflection of a more fundamental factor—American capitalism during the 1930's passed from a period of expansion to a period of stagnation and decline. The national economy is slowing down as is demonstrated by the increasing non-utilization of our industrial plant. During the 1920's, according to the Brookings Institution, only 80 per cent of industrial capacity was used. And during the 1930's, this over-capacity of industrial plant in relation to available purchasing power was intensified; only 60 to 65 per cent of capacity was actually used for production. Naturally, this increased the total amount of idle capital, since Wall Street which controls the financial pipe-lines was reluctant to make new investments that would cut into its vested interests. Its demand for super-profits, its pressure against labor and farm income, made for stagnant pools of capital. In the polite words of Professor Hansen, the country was forced into "a chronic maladjustment—a failure of adequate capital outlays for a society geared to . . . a high-investment level."

This is the background of New Deal work relief and public investment expenditures, for only government intervention could keep the stagnant economy from falling into a catastrophic decline. Big business being unwilling to make large-scale capital investments, the government had to act first as a pump-primer, and then as an emergency pump. Federal expenditures became a floor for wages, prices and even profits; they became the only workable substitute for private investment, all the more so, after Wall Street launched its sit-down strike in 1937 in an effort to ruin the New Deal.

Without government intervention, the economy would soon slide down into the depths of a more acute crisis, as the events of 1937-1938 eloquently demonstrated. Those factors which helped maintain the economy at its 1928-1929 levels are either absent today, or are sabotaged by Wall Street. Thus there are no foreign markets today where we can ship surplus goods and capital in the large quantities of the 1920's, unless special provisions are made by the government to help China and the Latin American countries to escape fascist domination. There are no industries

on the horizon which could play the role of the auto industry during the boom years. On the other hand, where there is room for great expansion, as in housing, or moderate expansion, as in public utilities or large scale rehabilitation and modernization as in railroads, monopoly sabotage prevents needed capital investments. Now what private capital cannot and will not do, the government can and must do.

The key to economic recovery, therefore, lies especially in the stimulation of capital investments, primarily in the heavy industries. And this key must be used by the government, since the monopolies do not and cannot make use of the available idle money. They have barely tapped their own reserves; they have no need for going to the stagnant money markets. Steel, auto, even the new airplane industry, have such reserves of super-profits that they are not in the market for new capital. Dr. Oscar Altman of the S.E.C. reported to the Committee that big industry required relatively little new capital, and what was needed was taken from surplus profits. We might add parenthetically that effective surplus profits and excess profits taxation would to some extent alleviate this condition. The drive of the Garner Democrats and Hoover Republicans against progressive taxation will only increase the pools of idle money.

To keep the economy from going off the rails, witnesses suggested certain lines of action to be pursued by the government. Professor Hansen, who is a well-known middle-of-the-road economist, was attacked as a "Left-winger" by the *New York Herald Tribune*, simply because he recognizes that government investment and stimulation of the economy are a first essential for recovery. Professor Hansen made a number of mild suggestions: reducing the interest rates on Federal Housing Administration loans, leasing equipment to the railroads through a public agency, and an extensive program of public works. They were based on his conclusion that "we can overcome the current unemployment problem only by supplementing private investment with public investment on a considerable scale." Yet these recommendations, based on irrefutable facts, were attacked by the reactionary press as a "spending program."

What the Tories are really after was shown by the testimony of Mr. Alfred P. Sloan of General Motors and Mr. Owen D. Young of General Electric. Although admitting that their corporations had no use for outside capital, they tried to confuse the issue of idle money by broadcasting the worn-out bromide that the New Deal was standing in the way of recovery. This blatant piece of demagoguery came after expert witnesses, none of them radicals, had shown that recovery was linked to the productive use of idle capital which the big corporations did not need, and which they seek to keep stagnant. It is significant that the *New York Herald Tribune* had to spar with a straw man, Mr. Stuart Chase's semantics, and the *New York Times* had

solemnly to deny that capitalism was getting senile—despite ten years of crisis and depression—because they had no way of answering the facts disclosed to the Committee.

Professor Hansen had, of course, only posed the problem. He had shown the stagnation of capital investments. But how is the government to tap the pools of idle dollars, not only for its own use, but for capital-starved small business which is at the mercy of the big banks? Mr. Adolph Berle, Jr., Assistant Secretary of State, in his testimony partially tackled this phase of the problem. He began by showing that "the private financial system as at present constituted does not work," and he warned the Committee that unless proper remedies were immediately undertaken the country would be thrown into "a period of stress . . . within a short period of years." Mr. Berle made the interesting observation that the American people traditionally in periods of hard times had made efforts to control the financial mechanism. If some of their proposals were unsound, at least they showed that instinctively the people realized that the money oligarchy must be regulated and controlled. Never was this truer than today, when the question of public control of the banking system is one of the major steps to recovery and security.

While there are many points on which we disagree with Mr. Berle's analysis—most important, his failure to show the fusion between the banking oligarchy and the industrial monopolies, and his omission of significant steps to be taken to curb the economic and political power of the big monopolists—yet he went further than most New Dealers and public officials in showing the necessity for government action to put idle money to work. His conclusions merit the serious consideration of all sections of the progressive front, for they constitute a long-range minimum view of what will have to be done to maintain and extend democracy through suitable economic action.

"Private activity in heavy industry is not being continuously generated in sufficient volume to keep those industries busy, or to keep the country continuously on an even economic keel. . . . The slack has been taken up by government financing. To attack government spending as such in this situation is simply to ignore realities. . . . The scope of government enterprise must be largely increased. Briefly, the government will have to enter into the direct financing of activities now supposed to be private; and a continuance of that direct financing must be inevitably that the government ultimately will control and own those activities."

Note that Mr. Berle is not making a plea for socialism; he is outlining a minimum program within the capitalist system which will keep democracy going. It is a program which, after being worked out in detail, constitutes the economics of New Deal democracy, as against the economics of decay organized by fascism. It means increasing the means of production as against increasing the means of destruction. In short, it requires the government to put idle men, machines and money to work. The facts presented to the Monopoly Committee prove that this is no mere

hypothesis; it is the only alternative to further stagnation and the further growth of political reaction.

If we sum up the testimony before the Committee, we find five points established which can serve as the basis for specific recommendations to Congress: (1) There is a vast and growing pool of stagnant capital; (2) Big Business has no need for it; in fact, its unsocial activity tends to increase the amount of idle dollars; (3) recovery is dependent to a large degree on the productive investment of these idle dollars; (4) little business is frozen out of the money markets; (5) only the government can put these idle dollars to work, partly through making credits available to the small business man, and through large-scale government investments.

In the light of these facts, Mr. Berle made three recommendations to serve as financial tools for a recovery program. He urged the creation of a Public Works Finance Corporation to make loans directly to federal, state and municipal undertakings. He approved government insurance of loans to small business (Mead Bill). He proposed a new system of capital credit banks which would restrict the control now held by private bankers over new investments.

It will be seen that Mr. Berle, like Professor Hansen, takes only tentative steps in the direction of curbing the monopolies. The major weakness of all the evidence given to the Committee on all phases of its investigation to date is that it makes implications about monopoly control, but shies away from the actual disclosure of the source, mechanics and ramifications of that control. Yet this should be the heart of the inquiry. It is no new disclosure that the decisive sections of industry and finance are in the grip of a small number of oligarchs. What would be new would be descriptions of how they manipulate their controls today—the sit-down strike of Wall Street—and above all, how to curb the power of monopoly capital.

Whatever the reasons, it is unfortunate that the Committee has always derailed the investigation just as it was about to throw light on the powers and mechanics of monopoly. This happened in the early stages of the hearings, in the insurance phase, and now in the investigation of idle money. The Committee was just about to question representatives of the big banking houses when the hearings were postponed. That there was pressure from the reactionaries is understandable, but that the New Dealers again gave in is inexcusable, whatever the circumstances. The President had called for "specific measures," the economic scene is far from good, nevertheless, nothing was done.

Certainly, stopping the hearings on the investment bankers will not be helpful for the chances of such measures as the Mead Bill to pass, inadequate as they are. Since it is already under reactionary fire, the Committee could have helped rally progressive support for this and other measures for recovery, if it had exposed the far-reaching domi-

nation of the Morgans, the Kuhn-Loebs, the Rockefellers, the Mellons. This was all the more important, since the Morgan-controlled corporations had boasted that they can rely on their own capital resources while small business men cannot obtain needed credits.

This reluctance to attack the monopolies is dangerous for the welfare of the people and the very life of the New Deal. It plays into the hands of the reactionaries who do not want the real role of Wall Street exposed, and whose trump cards in the 1940 elections include the organization of economic sabotage and retrogression. Recovery cannot be turned off and on at will by the New Dealers. It requires time and planning and effective action against the monopolies. To stage dramatic portrayals of economic problems is not enough. To rely on the "good words" suggested by Mr. Chase is rather a childish pastime. Not only does it give the reactionaries a phony issue with which to confuse the people, but, after all, semantics, or whatever you call word-magic, will not bring recovery. That requires definite measures against the monopolies; that requires concrete steps to release idle dollars, including the proposals suggested to the Committee by Professor Hansen and Mr. Berle. In themselves, they will not do the job that is required; a more fundamental solution (nationalization of banks and railroads, a \$5,000,000,000 a year housing program, such as has been recommended by the Communist Party) is needed, but at least they are steps in the right direction. They will show the people that the New Deal is really promoting recovery; they will bolster the morale of the underprivileged.

Certain members of the Monopoly Committee seem more anxious to win the good will of the reactionary press than carry out its responsibilities to the people and its instructions from Congress. Now is the time to get rid of the "laboratory" notion which is but a polite term for stalling. The Tories want the Committee to draw no conclusions in order to discredit the New Deal and prevent action against the monopolies. It is high time that the Committee lives up to its name and does something about monopoly and curbing its controls. The least it can do is to recommend the partial remedies for activating idle money suggested by its own witnesses. To do nothing, while the economy continues to falter, is to increase the stranglehold of Wall Street, and strengthen its sit-down strike. Such passivity is dangerous to the true interests of the people; it means the disorganization of the New Deal; it places powerful weapons into the hands of Copperhead Democrats and the Republicans. Put those idle dollars to work, and help defeat the sabotage of Wall Street.

IN THE AUGUST ISSUE

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THE THIRD TERM ISSUE

NATIONAL ISSUES

Politics and W.P.A.

BY GEORGE MORRIS

The Workers Project Bill submitted by Representative Clifton Woodrum and passed in the House on June 17 was one of the climaxing points of the long series of attacks against New Deal recovery machinery that the reactionary coalition of Garner Democrats and Hoover Republicans has been generating. And, as is now quite evident even to the political skeptics, the Republican minority cunningly let the anti-New Deal Democrats—the likes of Woodrum, Cox and Dies—carry the ball for them.

So, the most naive person could now recognize the real purpose behind the so-called W.P.A. investigation that Woodrum's sub-committee on appropriations has been conducting. It was neither to discover ways for "economy" nor to satisfy a thirst for "reds." The fact is that the bill granted nearly the amount of money that the President asked, which was an admission on the part of the "economizers" that they couldn't shave down much from that amount.

Secondly, the mountain of "testimony" that Woodrum's hit-and-run investigating committee released on "red-control" and Workers Alliance "domination" on W.P.A., proved to be, judging even from Woodrum's own action, just a lot of hokum. There is nothing in the bill that even remotely applies to the Workers Alliance, or others whom Woodrum classified as "reds." Woodrum admitted that the committee was not able to devise a provision in the bill to hit the "Communists" such as would not at the same time apply against all other Americans.

Thereby, the witch-hunters actually admit that they haven't a shred of basis upon which they could separate Communists from the rest of the American people, or to really charge them with anything "subversive."

The much-referred-to oath that workers on W.P.A. would be required to take, a section in the bill apparently intended for face-saving to Woodrum and his friends, makes the whole affair still more ridiculous. Communists will surely take that oath and take it with genuine sincerity. In the oath the worker will swear to defend the Constitution "against all enemies, foreign and domestic"; and state that this obligation is taken "freely, without any mental reservation or purpose of evasion," and that the duties on W.P.A. will be "faithfully discharged."

Communists, as is quite generally known, do not only pledge to defend the Constitution, *but actually do so*. Some of Mr. Woodrum's supporters could not adopt such an oath without perjuring themselves. For example, Representative Shafer of Wisconsin who is the idol of the Bundists and Silvershirts, and addresses their meetings,

as well as Mr. Dies and Mr. Reynolds, would be more than hard put. Long before Woodrum thought of the oath, Communists in all parts of the country have been exposing and rallying the people against the reactionaries and fascists that are seeking to undermine and destroy our democratic institutions, including W.P.A.

As is now clear, the whole \$25,000 Woodrum "red-hunt," as well as that of the Dies Committee, was arranged only to provide the smokescreen behind which the enemies of the New Deal could hatch their sinister plans against democracy and genuine recovery. A lot of gullible people went for it—even some Congressmen who usually say they support the New Deal. Furthermore, behind this shadow-boxing with Communists, are some hard hits not only against President Roosevelt and all progressives in America, but also against the Democratic Party as such, and its chances for a victory in 1940.

The present relief bill aims to thoroughly undermine the works-program as a means to recovery, to curtail work-relief for the unemployed, youth and farmers, to reduce its direct benefits to the people to such an extent, that by the time the 1940 campaign is in full stride, much of the population would be disillusioned with W.P.A. The bill's promoters expect that many will either favor its entire liquidation, or be indifferent on the matter. Thus, the Tories figure, it may prove also a disillusionment with the New Deal and President Roosevelt. In this win-or-ruin policy the Garner Democrats are of course getting all the encouragement they want from the Republicans. The latter figure that by next year the situation will be ripe for their Hoover policy of a starvation dole and the return of all relief to state governments.

Taking the bill as it was adopted in the House, without such revisions as may yet come in the Senate, the plan of the reactionary plotters is expected to work out as follows:

When, by August 31, 450,000 W.P.A. workers are fired because they have been on W.P.A. eighteen months, the newspapers which are 90 per cent anti-New Deal will try and see to it that this outrage is put at the door of the New Deal. The reactionaries play upon the idea that most people do not follow politics so closely as to trace the real source of this provision in the bill, the Hoover-Garner "economy bloc," or how the President's hands can sometime be tied by a hostile Congress.

After the two-month leave of absence without pay, when many of these 450,000 workers fail to get the required certification from local agencies to return on W.P.A., or if quota limitations keep them from returning on W.P.A.,

again it is the New Deal that will be described as the source of all the difficulties.

With most building projects scrapped due to the \$50,000 cost limitation, much of W.P.A. will have to mark time while new non-socially-beneficial projects are approved and planned. Besides the time-wasting and inefficiency during the transition months, experts of W.P.A. predict that the program will fall back upon less useful or even "leaf-raking" projects to keep those on its rolls busy. That will furnish a swell setup for electioneering—a beautiful basis for an appeal to tax-payers on how their money is wasted. The Republicans who voted as a bloc for this scheme will of course say that it is the fault of the Democrats, especially of the New Dealers.

The provision that need should determine eligibility on W.P.A. is a mockery, in view of the slash of W.P.A. by one-third compared to the previous year, and the other limitations. There will be at least as many employable unemployed in serious need, who are off W.P.A., as on it. But their right to a W.P.A. job, as recognized in the bill, will be meaningless.

The slash in W.P.A. appropriations for P.W.A. projects, which are built through private contractors, hits particularly at building trades labor. So also does the provision that all on W.P.A. rolls must put in uniformly 130 hours a month. This smashes the prevailing rate on W.P.A. Until now skilled workers worked only as many hours as their monthly wage would pay for at the prevailing scale. This is a severe blow, especially to the A. F. of L. members on public work construction. Yet neither William Green nor anyone else in the top family of the A. F. of L. said as much as a word against this bill. Fence-sitters and even some liberals in Congress, therefore, felt encouraged to throw their lot in with the W.P.A. wreckers. In this case, too, the Tories hope to divert the complaints of A. F. of L. members to the door of the New Deal.

On top of a whole series of such limitations to prevent making W.P.A. efficient and most useful, the killing of the art projects and the slashing of funds for N.Y.A. and the Farm Security Administration, Woodrum's colleagues conceived of a plan to place administration of the program in the hands of a "bi-partisan" board of three, apparently to make sure that the program stays as hamstrung as the bill requires. Col. F. C. Harrington is retained in a post that makes him the responsible executor of the program, and as the political campaign warms up he is also to be displayed to the public as the man responsible for everything that goes wrong.

Such is the plan of the enemies of the New Deal and the people.

The Workers Alliance and the C.I.O. warned, at the very start of the 76th Congress, that W.P.A. is being led to the execution block. This was already apparent when

the sponsors of the Hatch Bill raised the smokescreen of "politics," and made the surprising discovery that the average W.P.A. worker rather voted for the New Deal than for return of Hoover's stale food basket. But it was not until the bill was almost in the House that even some New Dealers first took cognizance of the alarming situation.

A big advantage to the tory bloc is that the New Dealers fought a defensive struggle from the start. President Roosevelt asked for only two-thirds of last year's appropriation. This retreat did not appease the wolves but rather encouraged their thirst to "economize." The New Dealers were, in the main, unorganized and leaderless.

Yet in the past several weeks opposition to the Woodrum plans mounted rapidly. Evidence of that is the 86 votes that were cast in the House for the Casey-Murray Bill, providing for \$2,250,000,000, about one-half more than what the President asked. The vote on this came during the heat of the reactionary rampage, when majority leaders, who should have defended the Administration, practically capitulated. It is especially significant in view of the fact that the bill had been introduced only about a week before action came up on it. The bill was sponsored by the Workers Alliance and the C.I.O.

The 86 votes it received were approximately the number that were promised for it to the delegates of the National Right to Work Congress that met in Washington for a few days before Woodrum's "Black Friday." This Congress of about 1,000 delegates from 38 states, coupled with the stand taken by the C.I.O. for the Casey-Murray Bill, served to put some backbone in the opposition to the tory bloc. Members of Congress had never before been so thoroughly visited by people from home, as during the eight-day Job Congress. Quite a number were brought to their senses.

The clear lesson stands out that the reactionaries can't be beaten by "appeasement" or retreats. The secret of success is to demand what's actually needed and unite and mobilize the progressive forces in line for a fight to win.

Whatever the bill finally looks like when the President signs it (as we go to press, the indications are that the growing upsurge of progressive public opinion and action may influence the Senate and House Joint Conference Committee to modify or eliminate many of the reactionary features of the House relief bill) the fact is that the fight upon the issue will not end there. Additional funds will be needed before the fiscal year is over and, above all, the responsibility for the consequences of the harmful Woodrum-Garner provisions that remain will have to be so impressed in the public mind that they will remain a clearly-put issue in the 1940 elections. The Workers Alliance, the C.I.O. and other progressives have already begun to take the record of each Congressman to the people. In this respect the task presents itself of turning

into a boomerang the attempt of the Tories to tag their own deeds upon the President and the New Deal.

The President can, of course, help much along that line. He can stand upon the mandate the people gave him, and can veto the present Woodrum Bill or extend such funds to beat unemployment as is necessary, and dare these Congressmen to refuse him a deficiency appropriation in January, 1940. Or, by a special resolution in Congress, he can be granted such emergency powers as he may require to combat acute starvation as it now appears the people

are bound to have—starvation the Tories plan to charge to the New Deal.

The truth is that many Congressmen have kicked away the platform upon which they were elected, and the President would only be doing what their voters expect. In any event, the passage of the Woodrum-Dies-Taber relief bill must serve as a warning and challenge to labor, the farmers and small business. Only unity of action and sustained organized mass pressure of the people can influence Congress to move in a progressive direction.

Tory Tax Revision

BY ROGER BACON

The 1939 tax bill which was drawn up by Wall Street lawyers and capitalists, and is being rushed through Congress at breakneck speed by the Garner-Harrison-Vandenberg "economy bloc," is designed to do two things. First to cut by hundreds of millions the taxes paid by large corporations and thus increase the budget deficit of the government. Thereby it is hoped to make it impossible in the future to balance the budget except by scrapping the New Deal. Secondly, to revise the tax laws in such a way as to make it less costly and even profitable for Big Business to continue and enlarge its sit-down strike against recovery.

The 1939 tax bill will enable the reactionaries to paralyze the country's economic life in 1940 and recoup themselves in savings out of reduced taxes later. They have induced Congress to pass a tax bill which in 1940 and 1941 will bring in so little revenue that finance capital can say: "The government is bankrupt! We must cut out extravagant spending for the poor."

The plans for this tax bill were carefully laid. Under the guise of a reconciliation, John Hanes, head of a Wall Street firm of big speculators, was taken into the Securities and Exchange Commission and then shifted to a key position in the treasury. Hanes evidently sold Secretary Morgenthau on the need for "business appeasement." The Fifth Column in the New Deal took the same line. Newspapers began to carry articles on the various alleged "unfair" taxes, with hypothetical examples faked to show that taxes on profits were so high that investment was discouraged.

At the heights of this clamor, Hanes was put in charge of the treasury's tax work. Hopkins, shifted to Commerce, was induced to make a public statement about the need for removing "business deterrents" from the tax system. The Fifth Column put pressure on the President trying to get him to sponsor the tax revision drive.

In April the stage was set. It was conveniently rumored that the treasury through Hanes was working on tax re-

visions to remove "deterrents" to business recovery. The Republicans in Congress advanced a similar tax program. By a strange coincidence the National Association of Manufacturers came out with a list of tax "irritants." At the same time, the American Chamber of Commerce "happened" to come out with the same tax program. The Chamber held sixty simultaneous luncheons in Washington, bringing Congressmen and businessmen together to discuss the subject of "tax deterrents." The Brookings Institution, which has become the "research" staff of the Tories, came out with a finding in favor of the same reactionary proposals.

This whole campaign was designed to force the Administration to sponsor an anti-Administration program. The tax advisors of the treasury were organized by Hanes and the gullible Secretary of the Treasury was led to say that he was ready to go before Congress on the matter. But the President was opposed. The President, in his famous Little Business speech at the Forum of the American Retailers Federation reiterated a progressive tax policy. Newspaper accounts began to tell of dissension between Morgenthau and the President and hints were made that Morgenthau would resign if the President would not sanction the program. The Presidential resistance continued. Senator Pat Harrison came to bat, saying that if the Administration did not produce a program, his committee and Congress would.

The capitalist press worked itself into a lather. Thus Turner Catledge of *The New York Times* gave out constant rumors of the President's resistance, praised the "courage" of those fighting for appeasement, and spread news designed to split the New Deal. The Fifth Column was invaluable in this press campaign, allowing the results of conferences to leak, as soon as they were held.

Finally the President capitulated—to the extent of allowing his Secretary of the Treasury to make a neutral statement to Congress. No time was lost. The Secretary's statement wrapped the reactionary proposals in deceptive

language about democracy and equity, and referred to a number of progressive proposals which no one expected Congress to pay any attention to. Mr. Morgenthau's reward was a series of editorials in all the important reactionary newspapers praising his statesmanship, his grasp of sound economic principles, etc. As the Chamber of Commerce said in an analysis of his proposals, scarcely any fault could be found with them, except for the reference to a "more equitable distribution of the national income."

The major tactic of the last stage of the drive has been to jam the bill through Congress undemocratically and without discussion or public participation. This was done under the pretext of a June 30 deadline for the renewal of the regular corporate taxes and with the progressives deafened by hosannahs for the unanimity Congress was displaying. The anti-New Deal Democrats, as usual, were in the forefront of the reactionary drive, with the Republicans quietly but effectively giving full support. Under the cry of "haste is necessary," the tory Senators in committee added a series of reactionary changes, supposedly minor administrative changes, which not even Mellon had been able to get through Congress.

The sub-committee of the Ways and Means Committee, headed by Representative Daughton, accepted three major tax revisions which were part of the tory offensive, and which were subsequently incorporated in the tax bill which passed the House, and is now before the Senate:

1. To permit corporations to carry over losses of one year as offsets against the profits of the next two years. This feature will reduce tax revenues by more than \$100,000,000 per year, over the normal course of a business cycle. It will widen the avenues of tax avoidance by giving corporations greater opportunities for shifting expenses from year to year to minimize taxable profits. Most important, however, is the immediate political effect, for it tells Big Business that losses which it may incur in the present wave of sabotage against business recovery will be compensated for by tax reductions after the 1940 elections.

2. Elimination of the stump of the undistributed profits tax and the effective elimination of the excess profits tax by permitting corporations to revalue their capital wealth. The elimination of the undistributed profits tax takes away the outstanding original contribution of the New Deal to a progressive tax structure. The tories have eliminated an effective weapon against tax evasion by wealthy taxpayers. They have directly attacked the President, who defended this tax in his Arthurdale speech on taxation.

The complete emasculation of the excess profits tax is a retrogressive step, especially at this time, when the armament program is expanding. The excess profits tax was one measure which taxes war profits, even though it did so partially and clumsily.

3. Corporations are permitted full deductions of capital losses. This feature will be warmly received by monopolists and corporate speculators. It gives them an excellent method of avoiding taxes combined with the opportunity to make large speculative gains. They can avoid taxes and play with the stocks of adopted corporations, at one and the same time. They can play a game and win if they win and win if they lose. Progressives have fought bitterly to retain the capital loss feature of the New Deal tax law, and the tory offensive means to take it out.

Just as important is the drive by Hanes and Pat Harrison to add insidious "administrative changes." As the *Wall Street Journal* gleefully said:

"Although the [administrative] changes have attracted little attention because of their technical nature, authorities rank them as of equal importance to some of the direct steps taken by the committee to eliminate 'tax deterrents' in private business."

One change adopted by the Senate Committee, to permit a new basis for valuing inventories, is a direct gift to the biggest monopolists like U. S. Steel, American Tel and Tel., Anaconda Copper, etc. They can use this device to cut down taxes by millions each year. Another change permitting American corporations operating abroad to deduct from their U. S. tax liability income taxes paid to foreign countries is an unjustified gift to Ford, General Motors, International Harvester, and hosts of other giants in the lighter industries.

The other changes are more technical but just as destructive. All these changes are being jammed through without discussion and without debate. Never before has a tax bill had such undemocratic procedures, with just as undemocratic results.

It may be too late to prevent the passage of this Garner-Hoover-Mellon tax bill, but it is not too late to bring pressure on the President to veto it. It is not too late for the progressive forces in Congress to answer this maneuver by organizing to push through another tax bill this session or next—a progressive tax program which will restore and increase the undistributed profits tax, provide for more steeply graded corporate, capital gains and income taxes in the higher brackets, abolish tax-exempt securities and the "nuisance" taxes on consumers, and put an end to the myriad tax loopholes through which the big trusts and monopolists now evade payment of billions of taxes yearly.

It is also not too late to call for a Congressional investigation of John Hanes and his wrecking of the tax system by amendments of treasury regulations which do not come before Congress. It is not too late to fire Hanes out of the government without more ado. Nor is it too late to unmask and clear out the Fifth Column now operating within the New Deal, obstructing and damaging its program and policies.

Farm Notes

BY ROBERT HENRY

The most important piece of farm legislation being acted upon at this session of Congress is the Agriculture Appropriation for 1940. As we go to press the Senate-House conference committee has practically agreed to maintain the increases in parity payments and for surplus removals as originally passed by the Senate. The action of Mayor LaGuardia and the Sabath-Marcantonio W.P.A. bloc is largely responsible for this.

While the Garner-Glass-Vandenberg coalition continues to attack the Administration's farm program, it does everything possible to prevent any real strengthening of this program. Members of this tory bloc openly boast that the worse the A.A.A. is, the more likely the New Deal is to lose in 1940. While voting against every move to improve the farm program, they hypocritically tell the farmers that the New Deal is not doing enough.

While the prospect for any thoroughgoing reform of the federal farm program is not bright at this session, there still remain several minor bills which can be passed if sufficient mass pressure is brought to bear on Congress. These bills provide for improvements in the A.A.A. machinery which should not be postponed until the next session. They include S. 478, now before the House, which provides for speeding up benefit payments to farmers cooperating with the program, a much-needed change. In the past, red tape thrown about by the disbursing agents has hindered prompt payment, resulting in justified dissatisfaction, especially when vouchers were issued more than a year after compliance had been checked. Another measure is H.R. 3800, which places a limit of \$5,000 upon conservation payments to wealthy farmers or land companies using farm labor, thus giving some encouragement to keeping tenants and croppers on the land. This bill has been held up for months in the Senate by the Committee on Agriculture, headed by "Cotton Ed" Smith.

Action has also been delayed upon another important bill, H.J.R. 258, relating particularly to the South, and introduced by Representative Jones of Texas. It provides that in cases where landlords change the normal number of their tenants or increase the share of rent which must be paid, the burden of proving that such changes are justified is upon the landlord, and not upon the tenant or cropper, as at present. This bill would be an important aid for the great number of tenants threatened by being "traced off" in the Cotton South.

Action on the 1940 *Relief Bill* is of concern not only to the unemployed in the cities but also to the small farmers. Every knife that Woodrum, Dies, Garner, Taft and Vandenberg drive into the W.P.A. makes it that much easier to slash the Farm Security Administration program. Although \$175,000,000 was appropriated for F.S.A. for this year, the "economy" bloc in the House succeeded in cutting the proposed amount down to \$123,000,000. With drought threatening farmers in many sections of the country, and with farm income down, this reduction is *absolutely unjustified*; the Farm Security Administration itself reported that even this year it could aid only one out of every five farm families in need of aid. Despite attempts being vigorously pushed in the Senate to restore the F.S.A. appropriation, farmers and labor will have to exert full pressure on the House to insure a favorable vote on the acceptance of any such Senate increases.

Attempts in the House to raise the amount above the \$123,000,000 figure were answered by Representative Woodrum in behalf of the anti-New Dealers by asking "Is there no limit to

what Congress will do in pouring out receipts of the Public Treasury into the lap of Agriculture?" The amendment which he succeeded in defeating would have created a revolving fund for F.S.A. funds similar to the revolving fund established for Farm Credit Administration funds, whereby repayments from loans made in earlier years would have been available for new loans, instead of reverting to the Treasury. This would have added about \$60,000,000 for 1939-40, giving a total equal to the amount spent this year.

The amendment was defeated by a teller vote of 101-146, after only fifteen minutes of debate—and it is a true indication of the regard held for the poorer American farmers by the "Economy" Garner Democrat-Republican coalition, that out of a fifteen-hour debate on the relief bill, only fifteen minutes could be given to considering the problems of the "lower third" of our farmers in need of relief.

Included in the relief bill are three new farm provisions: one allowing the Secretary of Agriculture to provide means for farmers receiving F.S.A. grants to work them out on conservation and other public projects; another expanding the authorization for marl fertilizer projects under W.P.A. to all states instead of just to Wisconsin as now; and the last, providing that W.P.A. labor may be used on soil conservation district projects.

Action is needed to retain in the Wagner Housing bill, S. 591, the new section providing that the United States Housing Authority "may develop and undertake a comprehensive program to assist public housing agencies in the development and administration of projects for farm families of low income in rural areas," and may work with the Department of Agriculture and use their employees for this purpose. Although the new loan credit was cut from \$800,000,000 to \$400,000,000, with \$45,000,000 allotted for grants and subsidies, by the Senate, House action retaining this expansion into rural areas becomes a most significant and necessary measure.

No action has yet been forthcoming on legislation to *reduce or to cancel emergency seed-feed loans*, although several state legislatures have memorialized Congress on this point. Nothing has yet been done to provide for cotton export subsidies, other than the limited funds available in the appropriations bill (Surplus removal).

Recently interest has been revived in doing something on a large scale for farm tenants, as indicated by the introduction in the House of Senator Lee's bill, S. 1836, providing for *federally-insured mortgages*, an effective means of stopping the trend towards tenancy. Representative Jones of Texas, who is Chairman of the House Committee on Agriculture, Representative Patman, and Representative Johnson of Oklahoma, each introduced the bill. Active public pressure is immediately needed.

No hearings have been set for the Farmers Union bills proposing new programs for wheat, S. 2395, cotton, S. 2434, and dairy products, H.R. 6500, or for the recently-introduced bill to adjust debts owed to the Federal government by farmers. The latter bill, S. 2549-H.R. 6871, would liberalize the "banker-minded" practices of the Farm Credit Administration. Progressive congressmen are studying these bills carefully because, even if no hearings are held on them this session, these proposals are likely to become matters of major interest among farmers during the coming year.

The drive of the Associated Farmers, combined with the support of reactionary leaders of several important farm organizations, has succeeded in broadening the definition of *agricultural labor*, under the cloak of protecting the poor farmer, so that about 300,000 workers preparing and processing farm products who are now eligible for unemployment insurance will henceforth not be eligible. Since this threatens to become the standard

ation, its application is likely to be extended to the Fair Labor Standards Act and the National Labor Relations Act, unless prompt action is taken to block this item in the Social Security amendments bill, in the Senate. The real inspiration behind this reactionary drive to break down the main New Deal social legislation in an important sector of the national economy has only recently been exposed in the press, after months of silence, regarding this powerful lobby. (See the Washington Merry-Go-Round, Friday, June 9.)

A minor appropriation needed immediately is provided by S.J. Res. 149, which allots an additional \$2,417,000 for grasshopper eradication, after the "economy" bloc refused the full sum requested, some months ago. Great damage is already being done in some districts because of this penny-pinching policy.

In reviewing this session of Congress, it becomes apparent that the strategy of the anti-New Deal coalition has been among other things to prevent any improvement in the farm program, and to fail to carry out their earlier promises to provide funds to raise farm income. This means that there is only one more year in which to strengthen the farm program before the decisive elections of 1940. Every effort needs to be made this time to make improvements in the existing federal farm program, and a constant drive must be kept up to stop the tricks of the tory coalition in regard to major legislation such as the appropriation bill. Meanwhile a new program, which will definitely aid the family-size farms, needs to be prepared by the progressives and the New Deal and popularized among farmers, Congressmen, labor and progressive groups generally.

CONGRESSIONAL CALENDAR AND DIGEST, JULY, 1939

ATTENTION ALL READERS!

The Washington zero hour is approaching. Congress may possibly adjourn within thirty days. Vital peace, social, labor and farm legislation yet remains to be acted upon. Some of the most important bills now awaiting Congressional action are referred to in this Calendar. Others are dealt with elsewhere in this issue.

The greatest public pressure is required if Congress is to act favorably to prevent the bi-partisan reactionary coalition from putting across new tory measures and maneuvers as they did in the House in connection with W.P.A., civil liberties, tax revision and farm aid. What you do in the next days to mobilize your union, church and civic group, farm, fraternal or political organization, as well as prominent individuals, will exercise considerable influence upon what Congress does. Time is pressing. Action is needed. Wire or write your Senator or Representative today. Demand that the people's will for jobs, security, democracy and peace be enforced.

NEUTRALITY

The Bloom bill (H.J. Res. 306) which provides for the repeal of the automatic arms embargo sections of the present Neutrality law and for granting greater discretionary power to the President may be up for debate in the House by the time you read this. It is discussed in detail in this issue. Write your Congressman today urging him to support the Bloom bill with appropriate amendments, such as the provisions of the Schwellenbach-Wallgren bill (introduced in the House as H.J. Res. 318) which, if incorporated as an amendment to the Bloom bill, would protect our national security in the Far East by placing an embargo on the sale of arms to Japan. Inform your Senator, as well as your Representative, that the people want the un-neutral Neutrality Act basically revised at this session of Congress along the lines of the Bloom Bill with the necessary amendments to curb the aggressors, and that the people will not tolerate a Senate filibuster on this vital question.

Also, watch the newspapers for later developments. It is possible that the Japanese embargo may come up first in the Senate, before the House has acted on the general neutrality question. If that happens, write your Senator and Chairman Key Pittman, urging immediate passage of the Schwellenbach Bill (S.J. Res. 143). The Schwellenbach-Wallgren bills would accomplish the same purpose as the Coffee bill and at the present time have a better chance to pass. Supporters of the Thomas-Geyer amendments should concentrate now on the Japanese

embargo and continue to advocate the inclusion in the Bloom Bill of the principle of distinguishing between aggressor nations and their victims.

ANTI-ALIEN BILLS

The Walter bill (H.R. 6075) to increase the punishment of espionage passed the House on June 5. In the form in which it appeared on the Consent Calendar and was originally passed it is unobjectionable. *But the McCormack sedition amendment which passed the House as Section 2 of this bill is a vicious criminal syndicalism act.* It is undemocratic, would nullify the Bill of Rights and could be used to curtail labor organization and strike activity. Write Senator Ashurst of the Senate Judiciary Committee and your own Senator, demanding that Section 2 of H.R. 6075 be killed in Committee.

The Dempsey bill (H.R. 4860) provides for the exclusion and deportation of any alien who believes in or belongs to any organization which advocates any change in the U. S. government. It would destroy all labor, fraternal, religious and progressive organizations and terrorize their foreign-born members. Write Senator King, chairman of the sub-committee considering this bill, and your own Senator to defeat this un-American measure.

The Hobbs Concentration Camp bill (H.R. 5643) is before the Senate Judiciary Committee. Write Senator Ashurst to bury it.

The Smith omnibus alien and sedition bill (H.R. 5138) has been kept in the House Judiciary Committee by increasing pressure against all such measures. But it can still be brought out if pressure is relaxed. Write Congressman Healey.

The Reynolds bills (S. 407, 408, 409, etc.) provide for every kind of repressive measure against aliens and citizens, including fingerprinting, registration, total shut-down on immigration for five to ten years, etc. *They may be reported out as part of the strategy to defeat the Wagner Refugee bill (S.J. Res. 64) to admit 20,000 children in the next two years.* Write Senator Richard B. Russell, opposing the Reynolds bills and supporting the Wagner bill.

It is much easier to fight alien and sedition legislation before it is enacted than after. One of their major purposes is to prevent you from exercising your constitutional rights to petition for any progressive legislation, to organize, strike, assemble and to exercise freedom of speech and press. Most citizens don't know about these bills, or don't understand them. *Educate your community to the danger of the proposed alien and sedition laws.*

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CONGRESSIONAL CALENDAR AND DIGEST, JULY, 1939

(Continued from preceding page)

WAGES AND HOURS AMENDMENTS

The Fair Labor Standards Act, which was passed only after long and bitter struggle against a reactionary bi-partisan coalition, is in danger of being repealed! The Norton amendments were bad, but not bad enough for the labor-haters. If the Norton bill (H.R. 5435) comes out of the Rules Committee this session, it will be the signal for destroying the Fair Labor Standards Act by amendments to exempt practically every class of workers now covered.

Protect the Fair Labor Standards Act! Write your own Congressman to vote down any and all amendments. Write Senator Thomas, Senate Committee on Education and Labor, to block Senate consideration of wage-and-hour amendments this session.

WAGNER ACT

While labor, New Dealers, and progressives generally have the edge in the hearings on amendments to the Wagner Act, the danger is not yet past. Particularly if Congress remains in session through the summer a new attempt will be made to pass at least the Walsh amendments (S. 1000) which are sponsored by the Fifth Column in the A.F. of L. Executive Council and the National Association of Manufacturers. Or, the move to replace the present N.L.R.B. by a five-man board may become the concentration point of the open-shoppers. Labor, its friends, and particularly the A.F. of L. locals, internationals, and rank and file must not relax their pressure on the House and Senate.

W.P.A.

As we go to press the vicious anti-New Deal, anti-W.P.A. bill passed by the House is being considered in the Senate. This bill is discussed elsewhere in the magazine. Senate action will probably be completed by the time our issue is out. But there may still be a chance that the bill will be in Conference Committee. Therefore, organize mass pressure on the Committee and your Congressmen to increase the appropriations for W.P.A., N.Y.A. and F.S.A.: to eliminate the proposed vicious rotation and stagger system; to abolish the curtailment of political rights of W.P.A. workers; to restore the prevailing wage rates; to abolish the restrictive limit of \$50,000 per W.P.A. project and the earmarking of W.P.A. funds for P.W.A.; and to restore the federal arts projects.

Urge your Senator and Representative to introduce a special resolution in Congress granting emergency powers to the President enabling him to provide additional funds to keep a minimum of 3,000,000 workers on W.P.A. Write your Congressmen to support an appropriation of at least \$1,000,000,000 for maintaining and extending P.W.A. When Congress adjourns and your Representatives come home, visit them and put them on the spot for passing the reactionary Woodrum-Garner-Hoover relief bill which hits at the unemployed, the trade unions, the farmers and the small business men and professional people.

HEALTH

The Wagner health bill (S. 1620) is dying in Committee. Its failure to pass at this session is due less to the ranting of Frank Gannett and the American Medical Association than to the lack of vigorous action by progressives. Organize a campaign for the health bill in your community. Intensify the demand for it now to assure passage.

HOUSING

The Wagner Housing bill (S. 591) has passed the Senate. It provides that the United States Housing Authority may enter into contracts increasing its annual contributions not more than \$45,000,000 per annum. It also authorizes the U.S.H.A. to issue and sell its obligations up to an additional \$800,000,000. This modest increase for housing loans is far short of what is needed to speed up recovery. But even this minimum provision for housing will not pass without your support. Write your Congressman, urging that the House pass S. 591.

CIVIL LIBERTIES

The mounting anti-labor hysteria (as exemplified by the McCormack sedition amendment, the anti-alien bills, the growth of vigilante and openly fascist groups, etc.) makes it imperative that the LaFollette Civil Liberties Committee continue. The new division for the protection of civil liberties, recently established in the Department of Justice, is a valuable supplement to the work of the LaFollette Committee. But, because of the Justice Department's limited jurisdiction, its lack of power to issue subpoenas and hold public hearings—it is no substitute for the Senate Committee.

Write to Chairman James Byrnes of the Senate Committee on Audits and Accounts, demanding that he report favorably S. Res. 126—the Schwellenbach resolution to appropriate \$100,000 for continuing the work of the LaFollette Committee.

The investigations already made by the LaFollette Committee eloquently testify to the need for legislation to curb the use of spies and strikebreakers. The Oppressive Labor Practices Act (S. 1970), introduced by Senators Thomas and LaFollette, is a step toward this much-needed reform. Both the A.F. of L. and the C.I.O. have endorsed this bill and only the boldest of the open-shoppers have dared to come out against it. Yet it has little chance of passing in this session unless a vigorous and insistent demand is made by all New Deal and progressive groups. Write to Chairman Thomas and your own Senator.

"PERNICIOUS POLITICAL ACTIVITIES"

The Hatch bill to prevent "pernicious political activities" among W.P.A. workers and Federal employees has passed the Senate with—believe it or not—the special blessing of V.P. Jack Garner. A companion bill, H.R. 6794, has been introduced in the House by Dies Committee member Dempsey. The President and other administration leaders have endorsed the general objectives of these bills, while questioning their fitness to cure the evil. We also favor a curb on "pernicious political activities." But the new evangelism of Cactus Jack and his anti-New Deal friends in the Republican and Democratic Parties arouses our worst suspicions.

Section 1 of the Hatch-Dempsey bill sounds to us very much like the Wagner Act amendment to prohibit "coercion from any source." It could all too easily be interpreted as a prohibition on the rights of workers and progressives to campaign for a New Deal candidate in 1940. Could that be what the Garnerites have in mind? Amendments to exempt Cabinet officers and members of Congress from the provisions of the Hatch bill would not make it satisfactory to the people. We think, in view of the bill's sponsorship and its loose draftsmanship, that the best thing would be to defeat it altogether. Write Chairman Hatton Sumners of the House Judiciary Committee.

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CONGRESSIONAL CALENDAR AND DIGEST, JULY, 1939

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ANTI-LYNCHING

Failure of the Congress to act on the Wagner-Van Nuys-Gavagan anti-lynching bill has resulted in an increasing number of brutal lynchings. The Gavagan discharge petition is No. 10 on the Speaker's desk and has been signed by over one hundred Congressmen. Passage of this bill would be a real victory for democracy and an answer both to Hitler and his American apologists. The anti-lynch bill has the united support of all labor and of many religious and progressive organizations. The N.A.A.C.P. is starting a new campaign to secure passage before Congress goes home—at least by the House, which passed a similar bill in the 75th Congress. Has your Congressman signed the petition on the Gavagan bill? Write him today.

SMALL BUSINESS MEN

The Mead bill (S. 1482) to insure bank loans to small business men is presently the subject of some controversy. This bill, as well as the Logan-Voorhis bill (S. 1743 and H.R. 4857), were discussed in our June issue. While the wrangle over the Mead bill continues, the best course for small business men is to urge enactment of its general principles, as, of course, a very minimum step toward the more drastic measures that are needed.

WHEELER-LEA RAILROAD BILL

The Wheeler bill (S. 2009) passed the Senate on May 27 and is now before the House Committee on Interstate and Foreign Commerce. It has been vigorously attacked by A. F. Whitney and other leading Railroad Brotherhood people. By providing for railroad consolidations without adequate protection of jobs, the Wheeler-Lea bill would throw thousands of railroad workers into idleness and put another brake on general economic recovery. It has the full support of the big railroad interests, as recently reported in the Kiplinger Letter to Big Business moguls. Write Chairman Clarence F. Lea, opposing the Wheeler-Lea bill and urging a program of railroad rehabilitation to increase employment, improve service and equipment, and contribute to recovery.

SOCIAL SECURITY

The practically unanimous adoption by the House of the Administration's amendments to the Social Security Act is in striking contrast to the fate of other progressive proposals in this session. True, the amendments proposed by the Social Security Board and reported favorably by the House Ways and Means Committee are but feeble advances over the existing law. Their inadequacies were fully discussed in our April and June issues. Nevertheless their adoption should not be underestimated as a victory for the New Deal. It is necessary only to recall the bitter opposition to the whole principle of social security legislation when the original act was passed on August 14, 1935, and the Republican outcries against it in the 1936 elections to see how deep a hold this New Deal policy now has on the American people.

The debate on the Townsend bill, which immediately preceded consideration of the Social Security amendments, undoubtedly weakened the opposition. The demagoguery of Republican promises to the old people and the Townsendites was exposed.

And the almost universal demand for adequate assistance to the aged had to be reckoned with, both by the reactionaries, and the progressives who opposed the Townsend bill on sound grounds.

Given the general acceptance of the principles of old-age and unemployment insurance, federal aid to the blind, the needy aged, and dependent children it should have been possible to achieve far more than the meagre increases passed by the House, if it were not for the obstructionist tactics of the "economy bloc."

On the issue of old-age assistance alone, where sentiment was particularly strong for lowering the age limit to 60 and increasing the amount of federal contribution above the administration sum of \$20, the fundamental weakness of the New Deal and progressive forces showed up all too clearly and played into the hands of the Garner Democrats and Vandenberg Republicans. This weakness was lack of organization and unity.

There was a last minute effort by Representative Colmer of Mississippi to promote a shot-gun marriage between the 75 sponsors of 75 different liberalizing amendments. But Representative Colmer scarcely commands respect as a thoroughgoing progressive, and his plan for a Federal contribution of four to one could not hope to win the support of Representatives from northern and metropolitan areas. When the liberal pension forces finally got under way, there was no time to work out a proposal that would merit the support of all sections of the country and all shades of progressivism favoring an adequate pension scheme. Nor was there time to put such a proposal before the country and rally the unified popular support needed for passage.

The Social Security bill now goes to the Senate, and labor, the New Dealers, pension groups and progressives generally have another chance. Support by the C.I.O. and the Workers Alliance for a pension plan of \$60 at 60 should help to rally wide support for this amendment to title 1 of the Act. The sliding scale of federal contribution on the basis of per capita income of states has been suggested by Senator Byrnes and endorsed by Chairman Altmeyer of the Board. In our opinion this amendment could be supported, provided it is not used as an excuse to avoid increasing the Federal maximum to \$60 and lowering the age limit to 60 years.

We briefly review the other amendments to the House bill which should be urged as a minimum program on the Senate:

Old Age Insurance: (1) compute basic benefits on average wages in period of full employment; (2) extend the insurance to all workers immediately; (3) reduce the retirement age to 60.

Unemployment Compensation: (1) eliminate tax reductions; (2) make minimum standards requisite for all states; (3) set minimum eligibility standard at 13 weeks in past year; (4) extend coverage to all workers, regardless of industry.

The American people now look upon social insurance against the vicissitudes of old age and unemployment as a fundamental right. But they want to be insured in fact as well as in principle. They want *adequate* insurance. They want real security. It is the task of the New Deal and the workers, farmers, middle class groups and progressives who supported its first struggle for social security to consolidate and advance the gains already made.