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rehearsal and injurious to the labor movement. Let the rank and file speak out clearly in denunciation of it.

Taxing the Poor

A subordinate official of the Treasury Department jumped the gun a few months on plans to reduce income tax exemptions, and the Department found it necessary last week to issue a hasty disavowal. No one, however, should be so naive as to imagine that the last has been heard on this subject.

It would not do, however, to have the issue raised prominently during the primaries and the congressional elections this autumn. Once the administration has its majority safely under its belt, it can be returned to with greater calm and less chance of effective opposition.

The idea of reducing the income tax exemptions, for some years a favorite theme of the LaFollette brothers, is quite in keeping with the taxation policy followed during the last session of Congress under the dictation of the big banks and Wall Street.

The general theory of the banks is, naturally, that the main incidence of taxation shall fall on the workers and the lower middle classes. In spite of the tariffs, the sales taxes, the various kinds of open and hidden taxes on consumers' goods, the rent-raising real property taxes, all of which affect directly the living standards of the masses and which together account for the great bulk of public income, the banks feel that the squeeze is not yet being tightly enough applied.

In the last Congress they drew the teeth from the undistributed profits tax, the taxes on personal corporations, and the methods of taxing capital gains (all of which taxes affect primarily the wealthy). Simultaneously they began a determined campaign for lowering the income tax exemptions, in order, they said, to provide greater stability to the tax structure, help balance the budget, and "equalize the burdens."

The absurdity of these arguments is to be seen in the fact that the entire sum which could be realized from the proposed lowering of the exemptions (estimated at from 50 to 70 millions) is far less than the individual 50 highest incomes in 1937. Here, as in general, in the aim of making the masses carry the burden of depression and crisis, tax policy only supplements the wage cuts and speedups at the point of production.

Lasser's Resignation

The Socialist Party's national office announces that David Lasser, president of the Workers' Alliance, has resigned from the party following the presentation of charges against him by the party's national secretary.

With this resignation ends a symptomatic and symbolic episode in the life of the Thomas party.

Like so many other petty bureaucrats, Lasser stayed with the Socialist Party so long as he could make use of it for himself. In the Alliance, he carried out his own private policy, regardless of whether or not it conformed with the decisions of the party. When militant and left-wing socialists complained against Lasser and his policy, when they criticized him for playing the dirty game of the Stalinists, when they demanded that he follow a militant, class-struggle policy, Lasser easily crushed their opposition, because he always got protection from the official party leadership. Lasser knew how to play this game to perfection, as others had done before him and as still others are doing right now in the S. P.

Lasser was a "Thomas man," which meant he was under Thomas' wing and that he joined in every vicious attack—including expulsions—against left-wingers. In exchange, he obtained immunity for all sorts of rascality and opportunism committed in the name of his party. Thomas, Tyler and Co., in turn, sought to cover their own impotence by pointing proudly to Lasser as an example of the "mass work we socialists are doing." Only, Lasser wasn't working for the party; the party was made to work for him.

Before the bureaucratic expulsion of the left wing by Thomas, Tyler and Lasser, when there was still time to do something about it, the revolutionary socialists tried in vain to haul Lasser before the party and compel him to give an account of himself. The party bosses answered with thunder and lightning—not against Lasser but against the left wingers!

Finally, when Lasser was through with the S. P. for good, when he no longer needed it, when he no longer bothered even to make believe that he was listening—the national secretary timidly filed his charges on May 24th. Some two months later it announced obscurely that Lasser had resigned from the party.

Will the Thomasites draw any lessons from this instructive experience? Not on your tin-type! They will go right on producing more Lassers and Lashes and . . . resignations. For their idea of party democracy boils down to this: free reign to all opportunists and bureaucrats, but the gag and the boot for all revolutionists.

AMERICA'S PERMANENT DEPRESSION

Experts Baffled for Explanation -- But New Millions Face Unemployment and Disemployment -- A Future of Hunger and Insecurity

By ART PREIS
 Historians of some future age, unearthing the writings of our current sooth-sayers on the "New Deal" depression, will undoubtedly publish their findings in some journal devoted to the study of mental diseases. The average "expert", when not blaming depressions on the misbehavior of sun-spots, usually attributes economic crises to the mental state of the business class.

If the bottom drops out of the stock market, or increasing millions of unemployed haunt the gates of silent factories, the pundits of the press bark, "Pessimism!", and let the matter ride. Undoubtedly, pessimism has characterized the state of mind of the average business man for the past twelve months. The economic guess-alls have failed to show, however, whether this frame of mind is a cause or result of the present decline.

Third of Nation Distressed.
 In a similarly enlightening fashion, these economic gospel-pounders view the facts of chronic mass unemployment. America's 15 million unemployed, who, with their dependents, represent one-third of our population, when not dismissed as "lazy bums who won't work even if they had a job", are considered at best merely temporarily unfortunate beings to whom some attention should be paid—after the real tragedy of declining profits has been properly remedied.

Between June, 1935, and August, 1937, dates which roughly mark the life span of the "New Deal Boomlet," unemployment was regarded largely as an irritating, but not dangerous, skin blemish, which could be concealed under the powder and rouge of mounting production and profit figures. It could be soothed, whenever it itched, by a light application of W.P.A. jobs and starvation pensions for the helplessly aged.

Unemployed Census Revealing
 It was with undoubted optimism that F.D.R. undertook the nation-wide census of unemployment in June, 1937. Production was heading steadily for the pre-depression peak of 1929. Business men were staggering gaily from heady draughts of fresh-drawn profits. Everything was hunky-dory, if only the Budget were balanced, taxes reduced, and the "goddam relief racket cut out."

When the figures of the census were revealed finally in November, 1937, America was already hurtling down an economic land-slide at the most precipitous pace in its history. What use to bemoan the fact of 8 1/2-11 million unemployed during the peak of a boom, when six months later at least five millions more had been piled on those figures—and profits were melting away, to boot?

Figures Give Vital Lesson
 But the American workers dare not forget these figures. They reveal a fact that is truly ominous. The figures of mass unemployment registered at the peak of Roosevelt "prosperity" prove conclusively, that—despite—temporary periods of comparative recovery, larger and larger sections of workers are condemned to permanent joblessness—disemployment. Increasing millions under capitalism are cut off forever from productive labor in normal economic pursuits.

This economically disenfranchised "nation within a nation" (larger, including dependents, than the entire populations of such countries as Spain, Canada or Mexico) is supplemented from time to time by new millions of jobless workers, who are periodically cast by each succeeding wave of depression upon the desolate shores of our economic system. While some workers are lucky enough as individuals to be drawn back into the economic currents by the receding waves, other millions are left permanently stranded, part of the rapidly accumulating wreckage of labor and talents, of human lives and aspirations which is mass disemployment in America.

Two Factors Reveal Depths
 Two factors distinguish the 1929-? economic decline from all previous depressions. One is the increasing mass disemployment. The other is the increasing regularity of periodic lay-offs suffered by almost every worker regardless of his trade or industry. The unemployed of previous depressions were largely re-absorbed into industry during the following upturns. Each recovery period which succeeded former depressions surpassed previous booms in the volume of production and brought forth new industries. Indeed, certain industries formerly weathered the depression fairly well, and the workers in these industries considered themselves permanently secure. Until 1929, a railroad job was considered a guaranteed life-time security. But the present depression has made an exception of no industry. A million railroad workers, for example, have lost their regular occupations during the past nine years.

These burning facts must be seared into the consciousness of every American worker. Every worker, in all industries without exception, is from now on threatened by the ravages of periodic lay-offs; and increasing millions of unemployed face the dismal future of permanent disemployment.

Workers Pay Price of Crisis
 The American working class is paying an incalculable price for these conditions in terms of physical suffering, disordered family life, mental break-down, disease and death. Compare the \$2500 yearly income estimated by the U.S. Children's Bureau as necessary to provide the minimum comfort and decency level of living for a family of five with the \$400-\$700 per year which the average W.P.A. worker earns. Then remember that the W.P.A. workers, who represent less than 20 percent of the unemployed, are considered a relatively "privileged" group. We can well understand why certain authorities have claimed that the unemployed as a group suffer five times as much from sickness and disease as the rest of the population.

Millions of workers find that the few comforts and conveniences they manage to accumulate over years of hard work are snatched away during even a few months of unemployment. A couple of instalment payments missed, and automobiles, radios and washing machines are promptly taken away. Every day hundreds of homes, representing life-times of sacrifice and scrimping, are foreclosed. Thousands of families are evicted to join the homeless hordes that today aimlessly travel our highroads.

Class Strength Sapped
 If we permit these conditions to continue for any length of time, the resistance of the American working class will be sapped. The unparalleled militancy displayed by the American workers during the past four years of bitter struggles will be dulled. Hunger and disease demoralize the workers and drain their fighting spirits. It is this possible demoralization, rather than any immediate suffering, which is most to be feared by the workers. In both Germany and Italy, desperate and demoralized unemployed, susceptible to any demagogic appeal, and lacking powerful organizations knit firmly to the trade unions, helped form the storm-troop gangs of the fascists which utterly destroyed the labor movements in these countries. The American labor movement dares not permit our home-grown Hitler's fruitless field for exploitation. The dangers are too hideous to contemplate.

(This is the first of a series of articles on the nature of unemployment, its causes and how it can be remedied. The next article in the series will be "The New Deal and the Unemployed," an analysis of how the Roosevelt administration has dealt with the unemployed and unemployment since 1935.—Ed.)



This scene from Cleveland vividly depicts the plight of the unemployed, facing starvation in a land of plenty.

George Sokolsky
One More Chapter
In a Venal History

Disclosure of methods by which the National Association of Manufacturers and the big steel corporations sought in 1936 to stir hostility against the Committee for Industrial Organization and organized labor generally, by means of planned propaganda campaigns, was made last week in Washington by the Senate Civil Liberties Committee.

The boss organizations, it was revealed, developed their propaganda drive against labor at a time when the C.I.O. was pushing its drive to organize workers in the steel and rubber industries.

Bosses Finance Campaign
 One of the methods to create prejudice against the C.I.O. was the publication of a series of "prosperity dwells where harmony prevails" advertisements, which were sent through the country by a South Bend advertising firm. Testimony showed that the advertisements were paid for by employers, although they were made to appear as having originated with public and civic or "third party" groups such as women's clubs, dental groups, farm organizations and garden societies.

A prominent social worker of Youngstown, Ohio, who is a leading figure in nearly every health and social service activity in the vicinity, said he was glad to "cooperate" in the work because he opposed "outside" labor leaders. Although paid for wholly by employers and merchants, with a slight contribution from two civic groups, the witness said it was decided to have the advertisements published as sponsored by "neither industry nor labor."

Sokolsky Revelations
 The most revealing evidence read into the record by the LaFollette Committee, concerned George E. Sokolsky, prominent writer and lecturer, who was shown to have received \$28,599 from Hill and Knowlton, public relations counsel for the steel corporations, for speaking at "publicly sponsored" meetings, between June, 1936, and February, 1938. In addition, Sokolsky received \$3,409 directly from the National Association of Manufacturers for expenses from May, 1936, to March, 1938.

Sokolsky, who in his lecturing and writing activity has always endeavored to appear as an "impartial observer" of the struggle between capital and labor, thus emerges in the role of paid tool of the big boss organizations. This is quite consistent with his past career.

Years ago, after having acquired in his high school days something of a reputation as a radical and being expelled from at least one educational institution, Sokolsky went to China. There, recognizing in the rising Nationalist movement a chance to sell himself in on the ground

floor of something that might become big, he made the acquaintance of Dr. Sun Yat-sen, founder and leader of the Kuomintang.

Sells to Japan

Several years were to elapse, however, before that party came to power and as Sokolsky was, and remains, salable to the highest bidder, he soon discovered that attachment to the cause of Japanese imperialism paid more substantial dividends. He enlisted under the banner of the Rising Sun and became associated with the Japanese-subsidized Far Eastern Review, edited by the late George Bronson Rea, who after Japan seized Manchuria became an adviser to the Manchukuo government at a salary of \$75,000 a year.

In 1925-27, when the star of Chiang Kai-shek and the Kuomintang was rising, Sokolsky, because of his friendship with Sun Yat-sen (then already dead) and the entree which this gave him to Kuomintang circles, discovered he had value for the North-China Daily News, leading organ of British imperialism in Shanghai. He was given a job on the editorial staff at a fancy salary.

Early in 1927, when the Kuomintang government established itself at Nanking with Chiang Kai-shek as military dictator, Sokolsky secured himself a well-paid job as an "advisor" to the butcher of the Chinese masses.

Employed by Kuomintang

Known in China by all his associates, Chinese and foreign, as a petty intriguer, Sokolsky was interested only in espousing causes that were financially profitable to himself. His Kuomintang employers understood his character well, and they kept him on their payroll only so long as they found him useful.

But with his venal reputation and character, and his penchant for intrigue, Sokolsky finally became a source of embarrassment to China's new rulers and according to reports believed true by all who know him in China, the Kuomintang finally paid him a substantial sum to leave the country, with the understanding that he was never to return.

Back in the United States, he built a reputation as a writer and lecturer and shortly thereafter, according to the LaFollette Committee's evidence, became a propagandist hack for the steel corporations.

The steel corporations spend on propaganda much more than they paid Sokolsky, whose remuneration appears relatively insignificant. Hill and Knowlton received for "publicity" a sum of \$248,654 between August, 1935, and December, 1937, the evidence last week showed. This sum was subscribed by the Republic Steel Corporation, the Youngstown Sheet and Tube Company and the American Iron and Steel Institute.

ON MY CONSPIRACY

By LEON TROTSKY

During the eighteen months of my stay in this hospitable country I have been accused of a number of dreadful conspiracies.

A few months back Mr. Tolodano declared at various meetings that I was preparing a general strike against the government of General Cardenas. No more and no less!

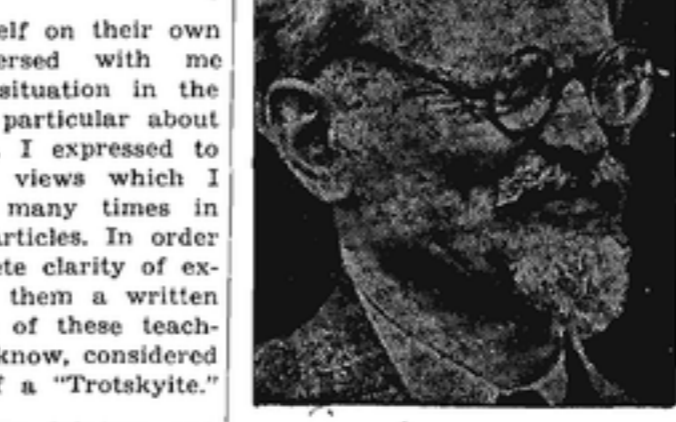
The leader of the Communist Party (his name, I think, is La-borde) declared at a public mass meeting in the presence of the President of the republic that I was in a fascist conspiracy with Generals Cedillo and . . . Villarreal.

On the morrow each of the Messrs. Accusers cast aside his own accusation like a cigarette butt, forgot about it, and passed on to new inventions.

The "Conspiratorial" Trip

At present my vacation trips to Patzcuaro, Jiquilpan, Guadalupe and Morelia is placed on the agenda. Now I am no longer accused of preparing a general strike and a fascist uprising but of . . . a trip through Mexico, stopping at hotels, and meeting and conversing with Mexican citizens. Yes, I have actually committed all these crimes. And, I must add, I committed them with great pleasure.

On the part of the various layers of population: workers, teachers, army men, artists, government and municipal authorities, I met nothing but consideration and hospitality which in general so brilliantly distinguish the Mexicans. In Patzcuaro, a few teachers who visited Diego



Rivera and myself on their own initiative, conversed with me concerning the situation in the U.S.S.R. and in particular about public education. I expressed to them the same views which I have expressed many times in my books and articles. In order to assure complete clarity of exposition, I gave them a written statement. None of these teachers, so far as I know, considered or called himself a "Trotskyite."

"Plot" in an Orphan Asylum

In Guadalupe, the field of operation for my "conspiracy" was the government palace, the university, and the orphan asylum, where I examined the frescoes of Orozco. Various people approached me asking for autographs or simply to press my hand. Some of them I asked jestingly, just as of the teachers in Patzcuaro: "Aren't you afraid to approach a counter-revolutionist and fascist?" Almost invariably I received the answer, "Not a single sensible person believes this."

So far as the conspiracy with Dr. Atl is concerned, I can only say that I heard his name for the first time from the "unmaskers." I never met Dr. Atl and do not have the honor of knowing him.

No Silence on Slanderers
 I do not doubt that this state-

Middletown Labor Teaches a Lesson

(Continued from page 1)

junction even if he had to use machine guns. This threat was met in a determined fashion by the workers, and they decided that they must meet such threats in similar language. More than 200 strikers ap-

peared at the plant with shot-guns, rifles, crude gas bombs, fire-crackers, etc. and started to dig in. They dug holes in the ground and entrenched themselves around the plant. Seeing that the workers really meant business and were prepared to the best of their ability, the company quickly agreed to meet in conference with the union representatives.

Victories for Strikers

The following day a settlement

was reached. The discharged workers were re-instated and the U.A.W. was granted bargaining rights for production workers. The A. F. of L. bargained for the die makers, machinists and metal polishers.

In addition the injunction against picketing was withdrawn, and the company dropped a suit for \$50,000 against the U.A.W. local. The company had charged the union with damaging company property.