

By Dwight Macdonald

SPARKS IN THE NEWS

Taxes and the New Deal

Taxation is a notoriously dull subject. Stuffy Republican journals print lengthy articles about it, but the left-wing press rarely gives any attention to the subject. This would seem to be a great mistake, for of all the tricks in the bag of that master shell-game politician, Franklin D. Roosevelt, of all his ingenious devices for fooling the masses, taxation is in some ways the most effective.

A recent Gallup poll found that one out of every four persons asked actually thought he paid no taxes at all. No less than 71% of these persons who thought they paid no taxes said they were for Roosevelt—as against 54% of those who knew they were paying taxes. In other words, the less a citizen knows about taxation, the better he likes the New Deal.

There is a general impression, especially among the lower income groups, that the New Deal "soaks the rich", that it has been redistributing national purchasing power by collecting taxes from corporations and millionaires and spreading these billions out over the farmers, workers, unemployed. Actually, the New Deal has financed its spending programs not by heavy taxes on the rich—as, for example, the British Government has been doing ever since the war—but by selling Government bonds and notes to the banks. This amounts to postponing the whole question as to what class shall pay for the New Deal's social reforms, since the bonds will not have to be paid off for many years.

But this is just the beginning of the story. Most of those who told the Gallup investigators they paid no taxes were earning \$20 a week or less. Calculations show that a person getting \$20 a week pays taxes today of no less than \$100 a year—or five weeks' pay. The reason, of course, these people thought they were not being taxed was that they paid no income taxes or other direct taxes. The joker in the deck, the elusive pea under the shell that Franklin D. manipulates so cleverly, is "hidden" taxation levied on consumption: sales taxes, tobacco, liquor, gasoline, and a thousand and one other taxes.

The wartime taxes on amusements, playing cards, etc., first awakened legislators to this rich mine of revenue. Consumption taxes have two great advantages: they bear most heavily on the masses, and hence are popular with the ruling class; and yet, extorted in dribs and drabs and usually without the consumer being aware of them, they awaken no great popular protest.

Pennies become dollars very fast, however, in this game. The Northwestern National Life Insurance Co. has published a table of indirect taxes paid by an average family living on \$150 a month (\$1800 a year):

| Item | Monthly Budget | Taxes (\$) | Taxes (%) |
|---------|----------------|------------|-----------|
| Food | \$43.50 | \$3.39 | 7.8 |
| Shelter | 30.00 | 7.83 | 26.1 |

| | | | |
|-----------------|-------|------|------|
| Clothing | 16.00 | 1.52 | 9.5 |
| Fuel, Light | 11.00 | 1.07 | 9.7 |
| Automobile | 14.75 | 3.00 | 20.3 |
| Recreation | 3.00 | .31 | 10.3 |
| Life Insur. | 5.00 | .18 | 3.5 |
| Sundries, Misc. | 26.75 | 2.92 | 10.9 |

Monthly Total: \$150.00 \$20.22 13.5
Annual Total: \$1800.00 \$241.64 13.5
Corporations: \$1,300,000,000—
Consumers: \$3,400,000,000

Of the \$14,300,000,000 taxes collected by local, state and national governments last year, no less than \$8,000,000,000 was in the form of these hidden, indirect taxes. (The National Consumers Tax Commission, as reported in the N. Y. Times of June 19, last.) It is true that local and state governments have made even greater use of these "hidden" taxes than has the New Deal, but F.D.R. is learning fast.

In Workers Age of June 24 last, Cecil Owen, publicity director for Labor's Non-Partisan League, pointed out that in 1929 corporations paid \$1,200,000,000 in Federal taxes while consumers paid \$1,000,000. In 1938, after six years of New Deal "reform", corporations paid \$1,300,000,000 and consumers \$3,400,000,000. True, corporations pay less today because they are taxed on profits and profits are less than in 1929.

But the point is that the New Deal has raised the rates of taxation on business very little. For all the outcry about the undistributed profits tax, it produced a mere \$75,000,000 a year and the effect of its recent repeal by Congress has been practically nil either on business or on Federal revenues. On the other hand, the New Deal has piled on the hidden taxes to a towering total. Tobacco and liquor alone last year yielded almost as much revenue as the entire corporation tax.

But the real discovery of Franklin D. is the payroll tax now being collected under the pretense of setting up a "reserve fund" for the old age and unemployment insurance provisions of the Social Security Act. As John T. Flynn demonstrated in "The Social Security Reserve Swindle", an excellent article that recently appeared in Harpers, these payroll taxes are actually being used to pay the current expenses of the Federal government, and the "reserve" idea is a gigantic hoax and fraud. The swindle is so barefaced, indeed, that the New Deal has been forced to back down a bit: Congress recently was forced, by mounting public protests, to lower the rate of these taxes. The daring and scope of this particular bit of shell-game New Deal politics can be grasped if one remembers that last year these payroll taxes yielded no less than \$1,500,000,000, practically all of which was at once spent for current governmental expenses. And the rates, even after the recent lowering, are adjusted so that this sum will increase greatly in the next few decades.

W.A.A. Leaders Self-Accused Strikebreakers

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the ranks of the W. P. A. strikers.

We quote word for word from this disgraceful document: "To avoid further shooting innocent people by power drunk reactionaries, and to give Congress opportunity to deliberate relief law changes in atmosphere of calm and reason, we are polling national board Workers Alliance on question temporarily ending all W. P. A. job stoppages in which we are concerned, including suspension one-day national W. P. A. protest demonstration planned for July 20. WORKERS ALLIANCE HAS NEVER AND WOULD NOT STRIKE AGAINST THE GOVERNMENT." (St. Paul Pioneer Press, July 16.)

Lasser added to this an explicit statement as head of the Alliance: "We are asking our board for a vote to call off all members engaged in stoppages. Generally speaking, we have not been in favor of long strikes. We favor one or two day stoppages as a protest."

Daily Worker Forgets

The Daily Worker in its July 18 issue reported that Lasser's Minneapolis statement had been "well received", but conveniently forgot to report what he had said.

In the July 16 issue of the St. Paul Pioneer Press, Lasser is quoted as "expressing the opinion that the board will give its approval to both proposals." The proposals referred to are the one he offered, namely, to cancel all W. P. A. strikes in which members of the Workers Alliance are currently involved, and also to vote down the scheduled one-day stoppage on Thursday.

Why the sudden poll? Lasser said in answer: "The firing front will shift to Washington, because the next stage of the fight is legislative." The Daily Worker reported none of these statements by Lasser.

On July 18, three days after the newspapers of the nation had splurged Lasser's treachery all over the front pages, the Daily Worker still tried to cover up the Workers Alliance scab role by carrying headlines: "Alliance Spurs Plans for July 20 Stoppage." However, on page 6, buried deep in the columns, is the pay-off: "The Workers Alliance heads emphasized that their demonstration motion was not a strike, and that it was not necessary in many localities to have all day stoppages."

Stoppages Forced

Actually, in many localities, the Workers Alliance under the pressure of militant workers, have been forced to call the stoppage days in advance of the July 20 date. In St. Paul and Minneapolis, the Alliance is dragged along in the wake of the tremendous strike movement led by militant fighters and are compelled to remain out on strike.

But what does Lasser offer the W. P. A. workers as a weapon to replace the powerful offensive machine—the strike? If you please, a campaign of letters and telegrams to President Roosevelt and members of Congress. That is what the Stalinists offer as a substitute for labor's most formidable method of getting what it

New York Locals' Activities Reviewed in 'Party Action'

The July issue of Party Action, an internal bulletin published by Local New York on problems facing the local organization, is now available to members of the Socialist Workers Party. It reviews the activities of Local New York since the last City Convention and outlines the program of action for the coming period.

Greatest success during the last period, according to Party Action, was reaped from the campaign against Coughlin and his incipient fascist movement. Local New York mobilized every member for this campaign, organizing street meetings, distributing leaflets, and intensifying sales of the Socialist Appeal. The entire first edition of the anti-Coughlin pamphlet was sold out in a few weeks and it was necessary to print a second edition.

In the trade union and unemployed fields Party Action reports real progress, especially in the W.P.A. strike which has done much to expose the trait-

wants. Right back to the blind alley of "orderly", "peaceful", "passive" postcard writing, which has proven such a depressing failure in the past.

The New York Times, sharp-sighted organ of the boss class, was not slow in spotting the new recruits to the strike-breaker's ranks. Taking the Alliance stooges at their true worth, the Times in its report of Lasser's strike-breaking moves in the July 19 issue, scornfully and with great glee headlines the story—"Workers Alliance Bolts."

Yes, precisely the word for these agents of Roosevelt who have left the W.P.A. strikers holding the bag—"bolters." The Alliance, through office-boy Lasser, made it very clear that they turn their backs to all forms of militant struggle—above all, the strike. They are proving to Roosevelt that they are completely "sincere" in their new role of labor lieutenants of the bosses among the organized unemployed.

Stalinist Stooze Spoke Too Soon

Len de Caux, the Stalinist stooze who somehow got to be editor of the "C.I.O. News", has a bad habit of guessing wrong. In the latest issue of the "C.I.O. News", dated July 17, Mr. de Caux gives the front-page banner head to the valiant fight that the "left wing" New Dealers are supposed to be putting up in the Halls of Congress for the prevailing wage. Senator Murray, New Dealer from Montana, gets a great big boost from Len.

But before de Caux's paper arrived in the mails, Monday's papers announced that Murray, along with the rest of the two-faced "friends of labor" have deserted the fight.

Under de Caux's editorship, the "C.I.O. News" has consistently played down all items unfavorable to the Roosevelt administration, even going so far as to keep out of the paper or give little space to John L. Lewis' occasional blasts against the administration. Lewis' denunciation of the "Democratic majority of Congress" in Chicago last Saturday does not appear in the "C.I.O. News"—although it is supposed to be the official organ of the C.I.O.!

New York WPA Strike Going On Full Blast

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invited to make a tour of the non-union men enter the gates. Most of these men, Brennan reported, merely stand around on the job worrying when they'll get their pink dismissal slips.

In a vitriolic statement denouncing capitalist press reports, President Murray stated: "Persons addicted to the vice of wishful-thinking are making the utterly false claim that the effectiveness of the work-stoppage program of the A.F.L. Houdini who, wielding an invisible wand, can transform men who never worked in the construction field before into seasoned electricians, bricklayers, carpenters and steam shovel operators in the blinking of an eye. Frankly, in view of the damaging admissions which your own supervisor on North Beach made last week, I am inclined to believe that you will duck this invitation as you did the previous one." On the tour made last week, the press was able to note that all work on the North Beach Airport was thoroughly paralyzed.

Answers Somervell
With reference to Administrator Somervell's claim that all Murray declared, "I notice work is returning to normal, that the Colonel, whose lucid moments are becoming increasingly rare, does not take occasion to dwell on the subject of electrical workers, to cite but one example. I notice also," Murray went on, "that the Colonel is still attempting to stifle the free press by refusing to permit newspaper reporters and photographers on the projects. If Somervell is doing as well as he claims, despite the lack of essential mechanics, I should think he would be glad to give access to the projects to the press. It takes a lot more than a trowel shoved into his hand to make a skilled bricklayer and it takes a lot more than a saw to make a carpenter. Somervell isn't displaying the realism one expects of an Army man when he pretends that he can turn an ornithologist, a poet or a sideshow pitchman into a skilled, efficient building trades craftsman in the space of twenty-four hours. Stop squirming, Colonel, we have you pinned to the board like a helpless butterfly."

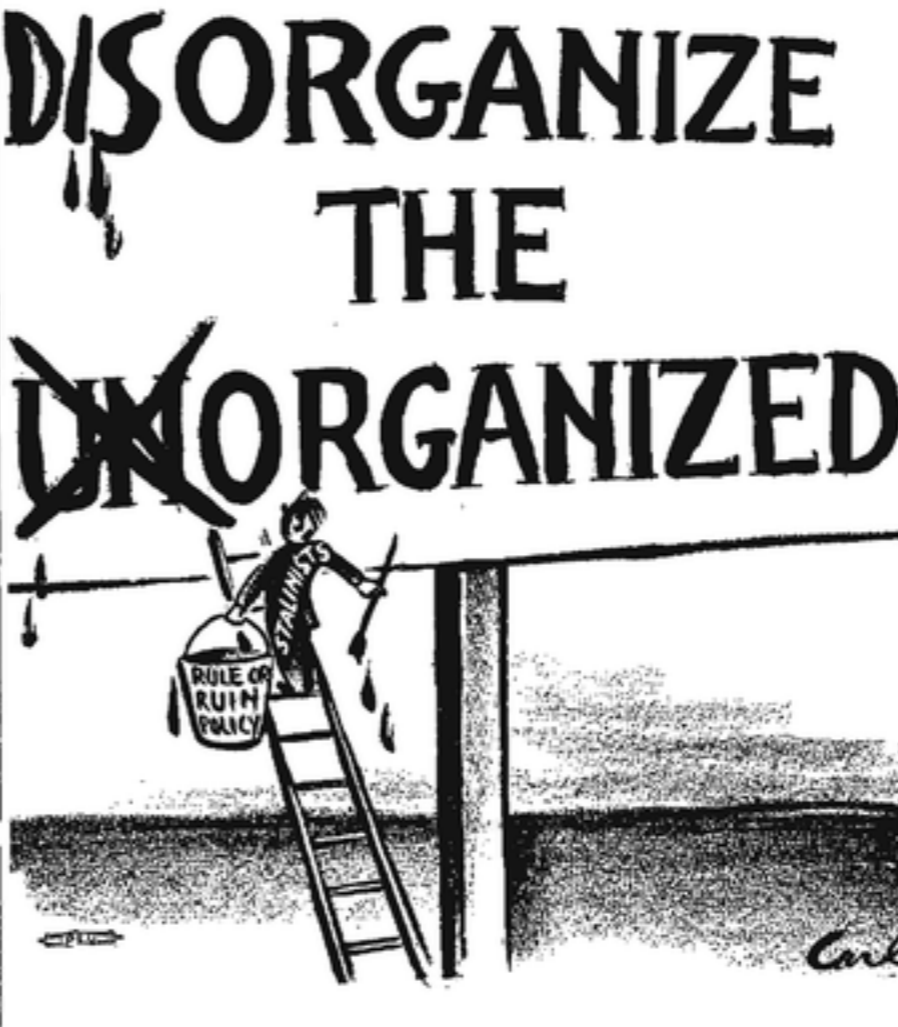
Repeats Challenge
Repeating his challenge of last week that Colonel Somervell accompany the press on another tour of W.P.A. projects in order to determine the effectiveness of the strike, Murray today stated: "Last week when you were

Asked by reporters how the five day rule was affecting the morale of the strike, Murray stated, "The five day rule invoked by the W.P.A. to dismiss striking workers will be a dead letter since no construction on any W.P.A. project can be resumed without the re-employment of skilled mechanics." On Friday, July 21, representatives of the 125 craft unions affiliated with the Building Trades Council met to discuss new means for implementing the strike.

Reminding Somervell that his recourse to the New York State Employment Service for workers to man the struck projects will be futile, President Murray today telegraphed the W.P.A. administrator:

"Do you not know, Mr. Administrator, that the law governing the State Employment Service clearly specifies that no unemployed worker shall be sent to fill a vacant job if the acceptance of said job would result in the loss of his union membership? Inasmuch as you have pinned such high hopes on the State Employment Service, I know this blow is a crushing one."

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Trotsky Answers "Renegades from Marxism" in August New Int'l

The August issue of the New International, now on the press, features an article by Leon Trotsky which is certain to arouse as much interest and controversy as the article on "Their Morals and Ours"—printed several months ago—of which the August article is the sequel.

Trotsky, in an article on "sympathizers and renegades from Marxism," deals with the critics of his famous article, in particular with Boris Souvarine and Victor Serge, both of whom have made a series of criticisms in the press since Trotsky's article first appeared. Other articles in the August

STALINISTS SEEK TO DISRUPT Y.P.S.L. ACTIVITY

BROOKLYN — Successful street meetings and other activities of the John Brown unit in the Young Peoples Socialist League, a new unit in the Coney Island area, galvanized the Communist Party into action.

The following letter was sent by the Communist Party, Branch No. 32 (John Landy-Sea Gate) to all Communist Party members privately: "Dear Comrade, "The Communist Party is taking steps to stop the dissemination (sic) of the Trotskyite poison in Coney Island. "Your presence at a street meeting called by the Party for Friday Eve., July 21st at 8 p. m. sharp. To be held at Mermaid Avenue and West 27th Street. "It is imperative that you be there!! "Comradely yours, "Herb Lerner, Organizer."

The street corner mentioned is that where the Y. P. S. L. regularly holds its meetings. The unit is preparing to defend its meeting against Stalinist thuggery.

Few Workers Answer Call to Attend Patriotic Assembly

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stratton" called in Columbus Circle.

Passing Picket Lines
This ends the Workers Alliance "action" against the Starvation Law. Tomorrow back to work even where they have to pass the picket lines of the striking building trades workers.

The leaflet issued by the Workers Alliance said: "President Roosevelt said: 'You can't strike against the Government,' but who said the workers were striking against the government? Only the newspapers—who also call President Roosevelt a red." The Columbus Circle meeting opened with the singing of the

CHICAGO STRIKE OF SKILLED WPA LABOR GROWS

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off the jobs before their business agents had arrived to call them out.

Quite a few thousand of these unskilled workers on the various projects have gone on strike with the skilled trades. An exact estimate is not possible. Other thousands of unskilled have been made idle by the strike. Additional numbers of workers are now being called out every day.

Dismissal notices, up to this date, have been sent to 6,864 in the State of Illinois. In Chicago 22,000 are to be laid off between now and Sept. 1 under the 18 month provision. John L. Lewis, addressing a mass meeting of 16,000 in the Coliseum yesterday in connection with the national school yard workers strike now authorized, said, in speaking on the WPA strike: "Democrats must share responsibility with the Tory Republicans for a measure which will deprive a million unemployed of WPA jobs, besides reducing the already meagre WPA wage."

"Star Spangled Banner," followed immediately by the "reciting of the oath of allegiance to the constitution."

All the action proposed was the usual flood of postcards and telegrams to Congress. The scabbing of the Workers Alliance leadership has been a harsh blow to the unemployed of New York. Today it is necessary for the W. P. A. workers and the unemployed to build the Unemployed and Project Workers Union, if they want to fight for the right to live.

Limited Offer!
For Two Weeks Only
1938 Bound Volumes of the SOCIALIST APPEAL and the NEW INTERNATIONAL \$4.00—including postage

DANCE and ENTERTAINMENT

Young India Social Club
1666 Madison Ave. nr. 111 St.
New York City
Saturday, July 22, 9:30 p.m.
Benefit: Campaign for Citizenship Rights
75c Ladies Free

At Your Service
THE APPEAL
POSTER SHOP

MEN AND WOMEN OF LABOR

OUT OF THE PAST

By EMANUEL GARRETT

WILLIAM H. SYLVIS
(Nov. 26, 1828-July 27, 1869)

The Civil War nearly wrecked the union movement, decimating its membership, suspending its activities. Everywhere, bosses undertook an organized offensive against labor standards.

Yet, out of this period of depression in the union movement grew the first great advance towards a national organization of labor. The man who accomplished this was William H. Sylvis, the first great leader of American labor. He, for example, saw the bosses' game: "To effectually smother in its infancy any disposition the men might have to fraternize... they commenced to work on their prejudices, arraiging the representatives of one religion or one nation against those of another."

Sylvis had been born in Pennsylvania into a poor wagon-makers family. The Depression of 1837 had scattered his family and he had become an iron moulder, wandering for a time as a journeyman, then settling down in Philadelphia. Local strikes were frequent in the industry. In the course of a strike in 1857, Sylvis was elected shop secretary. After the strike, he was elected recording-secretary of the Iron Moulders union which had been organized in 1855 and which was destined to mirror the trend of the labor movement—from pure and simple trade union action, to political action, to economic action again, etc. Sylvis, almost on the heels of his election, introduced a resolution for a national convention of iron moulders. When the call for the founding convention of the Iron Moulders International Union, (Philadelphia, 1859) was issued, he was one of the two signers.

With the Civil War fast approaching, Sylvis was active in the anti-war movement which was then very widespread. In February of 1861 he presided at a national convention of workers who were opposed to the war. However, when the war had actually begun, Sylvis, as did most of the labor leaders, supported the war.

The union had virtually gone to pot with the outbreak of war. In 1863 it was reconvened, and Sylvis was elected president. Viewing trade union action as only a half-way measure, useful so long as the wage system lasted but incapable of solving the basic problems of the wage earners, he introduced into the union proposals which looked to the abolition of the profit system. In his 1864 report he, among other things, recommended cooperative foundries and a national trades assembly with an all-embracing program.

Such a body came into being in 1866 as the result of the "Labor Congress" which met in Baltimore as the first meeting of the National Labor Union. Sylvis two years later was elected president, and thus became the spokesman of 600,000 workers, the largest organized labor force in the country up to that time. The

N.L.U. program favored the formation of a labor reform party, the 8-hour day, support of the "sewing-women and daughters of toil in this land".

In the last days of the war and after, the iron industry made gigantic strides, the Iron Moulders union came to active life, winning wage increases for its men, enforcing trade rules, especially with reference to apprentices. To head off union action, the bosses tried to organize, but weren't very successful. Sylvis, in theory opposed to strike action, nevertheless led some of the great battles of the American working class. In 1867 he led a nine month strike which was ended in defeat, the bosses at that particular time being able to organize their own forces, and the workers drained to exhaustion by the many financial assessments.

However, the union rallied and turned towards cooperation in a big way. "At last after years of earnest effort and patient waiting, and constant preaching, cooperation is taking hold upon the minds of our members, and in many places very little else is talked about." Cooperative foundries which Sylvis hailed as the "beginning of a new era" were founded. The change effected was for example indicated in the union name which was changed to read, "Iron Moulders International Cooperative and Protective Association."

For International Action

Where he was particularly distinguished from the ordinary labor leaders of his day, was his interest in international organization. Very much interested in Marx's First International, he for a long time carried on a detailed correspondence with the leaders of the International. For example, war between England and the United States was threatening in 1860. The secretary of the International wrote him suggesting joint labor action for peace. In answer, Sylvis wrote: "Our cause is a common one. It is war between poverty and wealth... This monied power is fast eating up the substance of the people. We have made war upon it, and we mean to win it. If we can, we will win through the ballot box; if not, then we shall resort to sterner means. A little blood-letting is sometimes necessary in desperate cases". At his recommendation, A. C. Cameron was sent by the N.L.U. to the 1869 conference of the First International. And had he lived, it is quite possible the organization would have been affiliated to the International. As it happened, Sylvis died in the middle of his career. He had led the first major attempt at the national organization of labor, and even aimed at international organization. Not very effective in actual practice (the first truly effective national organization was soon to be created in the Knights of Labor), it nevertheless prodded the awakening labor movement to a great goal.