

Big Business Primes Itself for War Profits

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The confidential report of the Tax Research Institute devotes considerable space to the analysis of price control under the military dictatorship and the ways and means for those on the inside to avoid those controls.

"Certain conditions in war, particularly in the early stages, disturb the price structure. Among the things which contribute to this are unusual Government demands, diminished available supply for civilian use, reckless Government buying, high cost production because of the employment of unskilled workers, increased insurance, interest and tax rates, restriction of essential imports, and inflation of the currency."

Right Kind of "Price Control"

This paragraph was written evidently in the light of the experience of the last World War. Huge government orders were given out at enormous profit to individual capitalists; colossal fortunes were made on shoe-string investments by members of the Sixty Families; billions in profits were rolled up by the giant corporations. Some of the scandals that were uncovered after the war censorship had been lifted rocked the entire nation.

"The exact method of price control has not yet been determined; this is one of the problems now before the recently appointed War Resources Board."

And since this Board is composed of high-paid agents of Wall Street closely connected with the Morgan interests, the members of the capitalist class are assured of just the

kind of "price control" that will dovetail most nicely with the profit side of the ledger.

The confidential report analyzes the various means of price control now being considered by the War Resources Board and comments as follows:

"Uniform unit prices, slightly above the bulk line of cost, will be prescribed for basic commodities and raw materials, except where it is manifestly to the national interest [That is, Wall Street's interest—J.H.] to prescribe a graded scale of prices based on differences in most. A graded scale of prices if carried out in full detail, is practically a cost-plus system and gives an incentive to wasteful and inefficient management. Moreover, this method involves laborious investigations, is difficult to apply, and provides opportunities for fraud and evasion. [There it is, in black and white!—J.H.] The single-price policy, allowing differentials for quality, transportation, and margins between producers and dealers, makes less of a departure from normal business conditions and is less complex in its administration. [Requires less complicated bookkeeping to cover up the abnormal take in profits.—J.H.]"

Bosses Guaranteed THEIR Cut

But whatever the system employed in the light of propaganda needs, the capitalist is guaranteed his cut in the lucrative flow of war profits:

"In the determination of prices, a Commission to be appointed in the event of war, will be guided by the fact that just compensation must be allowed. [Must be!—J.H.]"

With this in view, the Commission may base its decisions as to price or profits on whichever of the following it deems to be most desirable in each case:

"(a) Profits earned by the industry or the commercial activity concerned over a pre-war period to be specified by the Commission.

"(b) The cost of producing the last unit of the indispensable amount of the commodity required by the war programs, either throughout the industry as a whole or upon a regional or territorial basis.

"(c) Prevailing market prices.

"(d) Actual cost of production plus a reasonable return on capital."

The meat of this juicy capitalist nut can be extracted merely by understanding one basic fact: the Commission to decide on the control will be Wall Street appointees; Wall Street will decide what constitutes "reasonable return on capital"; and Wall Street will define what it means by "cost." (Items such as rent paid oneself, salaries to vice-presidents, interest on "loans," etc., or fake costs paid a holding company, give complete license in this field.)

Under the heading: "The Safeguards Assured Business in Price Control," the confidential bulletin remarks that "Government contractual relations are to be so administered as to insure the contractor against undue risks incident to war-time production."

Wall Street will be insured by the government against war-time risks! Its profits will be guaranteed! As for the workers herded into the Army and shipped over to Europe

to do the "insuring," their lives, wounds, and suffering can be counted as no more than the usual premium necessary for that insurance.

War Hysteria First, Profits Next

"All Prices Can't Be Fixed," remarks the confidential bulletin, and it adds the following inside tip for the better understanding of the members of the capitalist class:

"T.R.I. Observation: One of the important observations that the Army and Navy Munitions Board has made in its study of prices control is that prices cannot be controlled, except where there exists physical control over the goods or services. The problem of enforcement is the one greatest obstacle to the imposition of a ceiling over all prices. The Board concedes that there probably never can be established a sufficiently powerful body to control all prices, even if it were desired."

There is the nub of the whole "price control" system. Wall Street does not desire to control prices or profits. If public opinion makes necessary a certain smoke-screen called "government control," every capitalist is assured that it won't hinder his profit-taking in the slightest. In fact, on the contrary, the government will guarantee his profits.

Small wonder that Roosevelt is working day and night to whip up the war hysteria that will plunge the United States into this second World War and give the itching fingers of Wall Street as soon as possible the golden feel of WAR PROFITS!

(The last of the series of four articles on the subject will appear in the next issue of the Socialist Appeal.)

**In the
Labor
Unions**

By B. J. WIDICK

Until recently, British labor leaders were recognized universally as peers in the fine art of selling out the interests of the workers under the guise of obtaining a victory. Cooperating with the "enlightened" British ruling class, the labor fakery did quite splendidly. Rewards of knighthood and baronetage testify to that fact.

However, we are willing to risk the charge of chauvinism and state plainly that in this art the American labor bureaucracy, assisted by the clever Mr. Roosevelt, is now surpassing its British prototype.

In England, the labor fakery and their masters slipped up badly in chaining the union movement to the war machine. His Majesty's Minister of Supply, Leslie Burgin, advised poorly by dull labor leaders, forgot to consult officially with the trade union movement on war production.

Roosevelt Strategy

Meeting only with big business representatives, the Minister of Supply ignored certain inevitable problems which arise in war production; maladjustments, unemployment in some industries, speed-up, working hours, etc. The result was widespread dissatisfaction among union men, and this week the General Council of the Trades Union Congress is conferring to handle the problem. Labor representation will be demanded and probably granted. But the seeds of dissent have been sown.

In America, some naive people have been quite concerned that President Roosevelt would make the similar "mistake." Mr. Roosevelt recently appointed a War Resources Board, which was ballyhooed as the controlling body of American industry for war.

Liberals were shocked by the composition of this Board. Four men from the House of Morgan, including Edward Stettinius, president of U.S. Steel, were selected. And no representative of the labor movement was among the committee of seven.

Both the CIO and the AFL top leaders worked up a righteous indignation over this omission. John L. Lewis thundered forth in his Olympian fashion. William Green preached his usual sermon on democracy and labor's rights.

Friendly correspondents, sympathetic columnists, and "left-wing" New Dealers kept a steady barrage of criticism against the personnel of the War Resources Board.

Victory or Fake?

This week Roosevelt announced that the Board would make a report and then go out of existence in a few weeks. WAR INDUSTRIES BOARD TO GO! UNDER FIRE AS REACTIONARY! said the headlines.

What a "victory" for labor and the true democrats! This will be the theme of every

speech for the next few weeks in the camp of Roosevelt supporters. Labor probably will get a representative on a new board. Maybe two, one from the CIO and one from the AFL. No British muddling through in the Roosevelt strategy. It's as slick as a whistle. For Roosevelt kills two birds with one stone. General Hugh Johnson, who had a little experience in these matters during the world war, let the cat out of the bag before Roosevelt finished his magic act.

Road to War

The selection of the Morgan men was a deliberate move, calculated to arouse antagonism against the present War Industries Board. Taint it with Morgan-British world war infamy! Keep labor off. Give the liberals and labor fakery a phony issue to howl about. "This isn't democracy. Labor isn't represented."

The pillow fight rages. Then Roosevelt calmly announces the dismissal of the Board. He retreats before "progressive" pressure. A new board is chosen. Labor is represented! Lewis and Green claim a big "victory." Liberals cry that this proves America is really fighting a war for democracy.

And labor's rights are strangled by this "victory." For this very victory spells the road to war, with Lewis and Green showing the way.

JOHNSON ARTICLES ON THE NEGRO AND THE WAR IN PAMPHLET FORM

The pamphlet is entitled "Why the Negroes should Oppose the War."

This pamphlet consists of the articles that appeared in the Appeal under the heading of "The Negro and the War" by J. R. Johnson. It has been revised for pamphlet publication. It is to be published by Pioneer Publishers and will contain 32 pages, at 5 cents a copy.

For Mass Sale

The pamphlet is admirably suited for mass distribution. In very straightforward and simple language, it details the crimes of American "democracy" against the Negro people. It shows that the Negroes have all do not need much agitation to understand that, at least as far as they are concerned, any war that Roosevelt drags America into will not be for democracy, because over 90% of them enjoy no democracy of any kind.

To the Negroes, however, it would seem that although they are very clear in their own minds about the fraud of a war for democracy, their situation as a minority makes it difficult for them to struggle adequately against the war. The pamphlet shows that millions of Africans in Africa, Indians in India, Indo-Chinese, and the other oppressed colonial peoples, are for the most part subjects of "democracies," e.g., Britain and France. Comprising hundreds of millions of people in the world today these colonialists have even less cause than the American Negroes to support Britain and France in a so-called war for "democracy", which in reality will mean their further enslavement.

But the American Negro has allies, not only among the colo-

Stalin Signs "Friendship Agreement" with Hitler

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representatives of the two governments. Although the new Stalinist line in this and other countries declares that the war is an imperialist struggle on both sides and should not therefore be supported by the workers in any of the belligerent countries, the protocol statement lays the basis for a new turn-about-face. It states textually:

New Statement

"After the German Reich government and the Government of the Soviet Russian Republic have definitely settled by the treaty signed today the question resulting from disintegration of the Polish State, thus creating a safe foundation for lasting peace in Eastern Europe, they unanimously express the opinion that it would correspond to the true interests of all peoples and make an end to the war existing between Germany on the one hand and England and France on the other hand. Therefore, both governments, if necessary in conjunction with one of the befriended nations,

will direct their joint efforts toward searching this aim as soon as possible. But should the efforts of both governments fall then the fact would be established that England and France are responsible for the continuation of the war, and in case of continuation of the war the Governments of Germany and Soviet Russia will consult each other regarding the necessary measures."

In a brief period of time, therefore, the Stalinist line has passed through two breath-taking changes.

Less than two months ago, it was announced that the world was divided into two groups, one composed of the "peace-loving" powers like England and France, and the other composed of the "war-loving aggressors" like Germany. The Stalinists of course favored the former and called for war against the latter.

Following the Hitler-Stalin pact, this point of view was dumped out of the window and a new one proclaimed which is still advocated in the local Stalinist press, namely, that England and France on the one side, and Germany on the other, are both imperialist warmongers and that democracy versus fascism is not in any way the issue involved in the war.

Germany—"Peace Lover"

Now, with the new Ribbentrop-Molotov statement, dictated entirely by Hitler, the line is that Germany is the "peace-loving" power and that England and France are the "war-loving aggressors" who have no good and sufficient reason now that Poland has been carved up!—to continue the war against Germany.

From which the conclusion is to be drawn that if England and France refuse to make peace on Hitler's terms—which they surely will refuse to do, in view of their determination to scotch their now menacing imperialist rival—it is they alone who are responsible for the continuation of the war, whereas Hitler's skirts are clear of any such responsibility.

How speedily the local Stalinist press will adjust itself to the new commandment of Hitler-Stalin and begin shouting that the Hitler "peace program deserves the support of all the friends of democracy and freedom, remains to be seen. In any case, their latest line that the war is imperialist on both sides, can not be seriously maintained by them any longer. This is so not because the war is a war for "democracy," as the professional patriots and liberal warmongers in this country and elsewhere contend, but because the Ribbentrop-Molotov pronouncement makes it impossible for the Stalinists to carry their brief "revolutionary" pretenses any further.

Estonia Forced in Line
Coincident with the second trip of Ribbentrop to Moscow, the Stalin clique proceeded to clamp down on Estonia and to

make threatening gestures in the direction of Rumania. A number of the most bare-faced pretenses were cooked up by the Moscow bureaucracy for intimidating the petty Estonian ruling class into submission to Stalin's demands. After the invention of a few classic "incidents" about "attacks" on the Soviet fleet and "threats" to Russia's security, the Kremlin forced Estonian Foreign Minister Karl Selter to capitulate.

Stalin obtained naval and air bases for Soviet military forces at Paldiski and on the islands of Oesel and Dagoo, as well as the right to keep a standing Red Army of 25,000 men on Estonian territory.

The tiny Baltic republic, hitherto a vassal of British or French imperialism, or both, has thus passed under what amounts to the effective dominion of the Stalinist bureaucracy. It is expected that steps will be taken in the near future by Hitler and Stalin to divide the rest of the Baltic countries between them, with Latvia in all likelihood passing to Stalin and Lithuania, which has been more or less under Hitlerite tutelage since the seizure of Memel, passing more openly under the dominion of the Third Reich.

OCTOBER NEW INTERNATIONAL DISCUSSES SECOND WORLD WAR

"The Second World War" is the feature article of the October number of The New International, now off the press and on sale. The Editors enter into an examination of the imperialist war and pose several problems, among them: "What is the War About?", "Who is Responsible for It?", "Why Must the United States Enter the Conflict?", "Is This a War for Democracy?" and "How Will the War End?"

A second feature article is by Leon Trotsky, entitled, "Trotskyism and the P.S.O.P. (Workers and Peasants Party of France)," an answer to Marcceau Pivert, Secretary of the P.S.O.P.

Other significant articles concern themselves with the War Referendum, the Negro Question, Palestine, Bolivia, India, etc. The complete table of contents of this very fine number of The New International is as follows:

1. Let the Readers Decide.
2. The Second World War, by the Editors.
3. "Trotskyism" and the P.S.O.P., by Leon Trotsky.
4. Friends of the War Referendum, by Hal Draper.
5. Negro Slavery in North America, by George Novack.
6. British Imperialism in India: A Chart of the Exploitation of 375,000,000 People, by Sherman Stanley.
7. The Socialist Crisis in France.
8. Rebuttal on the Palestine Question.
9. A Letter from Bolivia.
10. Kronstadt Again.
11. Whitewashing the P.O.U.M., by Douglas Conley and Mary Willis.

BOOKS
12. Organizing Negro Labor, by B. J. Widick.

SEE BIG VOTE AHEAD FOR SWP CANDIDATES

Anti-War Candidates Ask ALP to Make Its War Position Clear

(Continued from Page 1)

George Lyman Paine of the Socialist Workers Party declared today in a joint statement.

Clear Stand Needed
"Officials of a labor party who attempt to support this imperialist war may enjoy a brief and fleeting popularity as part of a wave of war hysteria, but when that wave passes it will leave all those parties who supported the war stranded, and faced with certain disintegration."

"Uncompromising opposition to the imperialist war, not only in words but in action, and especially after the United States is in, is the only possible platform a political party of the working class can take. That is the position of the Socialist Workers Party. It is high time that the American Labor Party came out in the open and declared publicly that it opposes LaGuardia, the new candidate for Secretary of War, and Roosevelt and the war-mongering policies of both of them."



NEWSSTAND SALES WEEK'S HIGHLIGHT

New York's efforts to stimulate the circulation of the Socialist Appeal on newsstands is the main development of the past week. Abe Miller, City Literature Agent, has laid out the following steps to insure the development of this work, and particularly during the period of the election campaign in which the local Party is participating. As evidence of the improvement in some sections in newsstand sales, the Bronx Borough reports that one newsstand sold 38 copies of an issue, and one Brownsville, Brooklyn, newsstand sold 17 copies on the second day the paper was placed. The methods being utilized in New York are:

1. Bicycles wherever feasible on route work.
2. Utilization of a car in the mid-town and Lower East Side areas.
3. A leaflet each week issued in conjunction with newsstand work.
4. Assignment of conscientious comrades to build up newsstand circulation in their neighborhoods.

SUBSCRIPTIONS ARE WEAK SPOT

A weak spot, in New York, as in many other localities, remains, however, subscriptions. This applies also to the failure to secure new and renewal subscriptions sufficiently for The New International.

In the past week 32 new subscriptions were obtained and 13 renewal subscriptions in various parts of the country. Henry Schnautz of Evansville, Indiana, made good on his promise by sending in 6 new subscriptions, while Chicago added another 4. The subscription record for the past week is as follows:

	New	Renewal
New York City	5	6
Stillwater, Minn.	1	1
Columbus	1	1
Worcester	2	1
Chicago	4	1
Plentywood	1	1
Evansville	6	1
Baltimore	2	1
Boston	1	1
Washington, D. C.	1	1
Fitchburg	2	1
Philadelphia	2	1
Detroit	1	1
St. Louis	1	1
St. Paul	2	1
Youngstown	1	1
Paterson	1	1
Houston	1	1
Miscellaneous	1	1
Total	32	13

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