

# Forsythe's Page

## More Thoughts While Thinking

THE headlines in the papers always interest me and I came across one the other night in the *New York Journal and American* which pleased me too much for any use. It read: BRITAIN SPARED BY FRANCO. This is the result of Mr. Chamberlain's policy of appeasement. If Britain is humble enough, Franco will treat it kindly. If Joe Louis will keep a civil tongue in his mouth, Johnny Kilbane, the ex-featherweight champion, will refrain from kicking him.

The thought that I may have prompted Franco in smacking the British ruling louses causes me some concern, but I can say in excuse that Mr. Chamberlain loves it. Anybody who failed to understand that British class interests were paramount with the Chamberlains and Astors was a fool to begin with. The truth is that Chamberlain is supporting Franco—and has been from the start. Does Chamberlain's heart ache for the British sailors who are killed by the Italian and German bombers operating under the flag of Franco? If you will go back and read Litvinov's election speech which was published last Tuesday in the *Daily Worker*, you will get an idea what actuates the Deterdings and Halifaxes. They are mortally afraid of a general conflict which will force them to put arms in the hands of the workers. As a consequence they will compromise with any reactionary power in the world—far more willing to live under the tyranny of a Hitler than in a democracy where their stolen goods may not be so safe.

BRITAIN SPARED BY FRANCO. Back in five minutes. Out to laugh.

Dr. Conant of Harvard estimates that the larger institutions of learning are fishing for their students in a pond containing only 5 percent of the possible prospects. But one must admit they are the superior 5 percent. They voted six to one for Landon.

Not having been present at the Battle of Bannockburn, I will have to die with the meager knowledge that I saw Joe Louis give Herr Schmeling the Spanish salute, practically knocking him over the right field fence, trailing white supremacy as he went. My disrespect for prize fighting is well known but anybody who pretends this fight was not a political struggle is a liar. On the way home I kept humming a happy tune and only as I climbed into bed did I recognize it as Scots Wha Hae wi' Wallace Bled.

The poem by Langston Hughes on Clarence Norris, published last week in the *Daily*

*Worker*, is one of the most stirring things I have ever read.

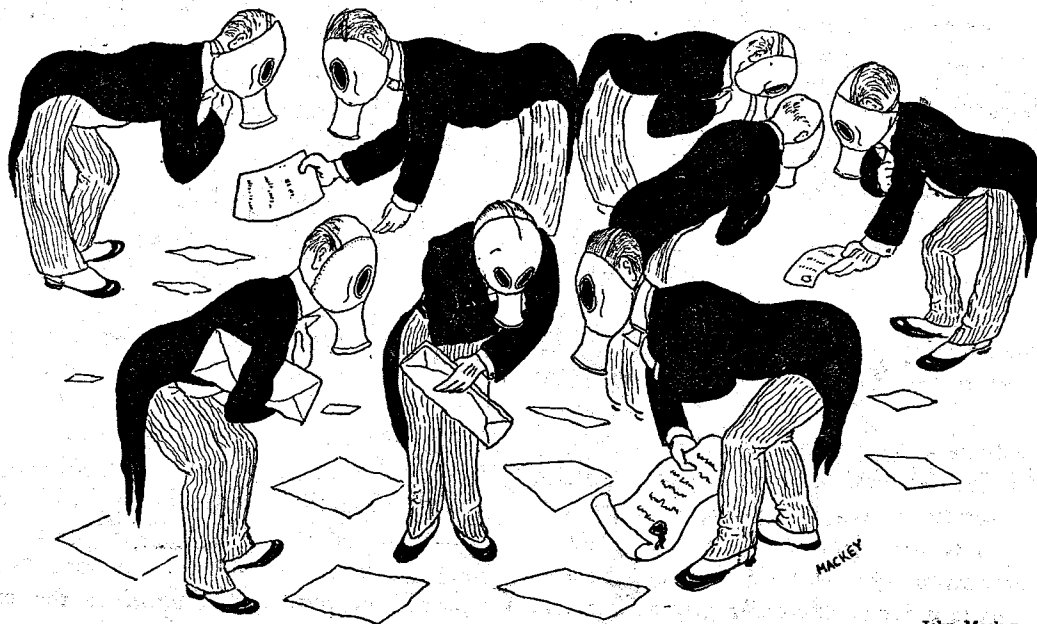
For months I have been cherishing a clipping from the *New York Times* which reported on a visit of a Dutch correspondent to this country. The gentleman was rather shocked by New York. Didn't see a laughing face the whole time he was here.

A friend who should know better has just sent me a clipping of a talk I made several years ago at Penn State in which I said that the stage was the last stronghold for liberal ideas. Since the Shaw controversy arose, I'm not so certain. The very mechanics of the theater make it difficult to express direct opinions. The tendency is to balance things up and that is fatal to ideas. I think Shaw, in his time, was able to do a great deal for ideas which, although meagerly liberal, were so far ahead of public opinion that they sounded radical. But in our present state of misery, this is no longer possible. Any outright statement of a point of view is immediately labeled propaganda. The consequence is that playwrights are unconsciously forced into an attitude of compromise which they may not intend at all. In these matters I'm probably still an infantile leftist. I yearn with all my soul for the old thunderbolts of the Theatre Union. *Pins and Needles* was good but I agree with Heywood Brown in wishing that it might have caused more squirming in the sabled audiences which hunted it out as an amusing novelty. About Cabaret TAC, I cannot say with authority

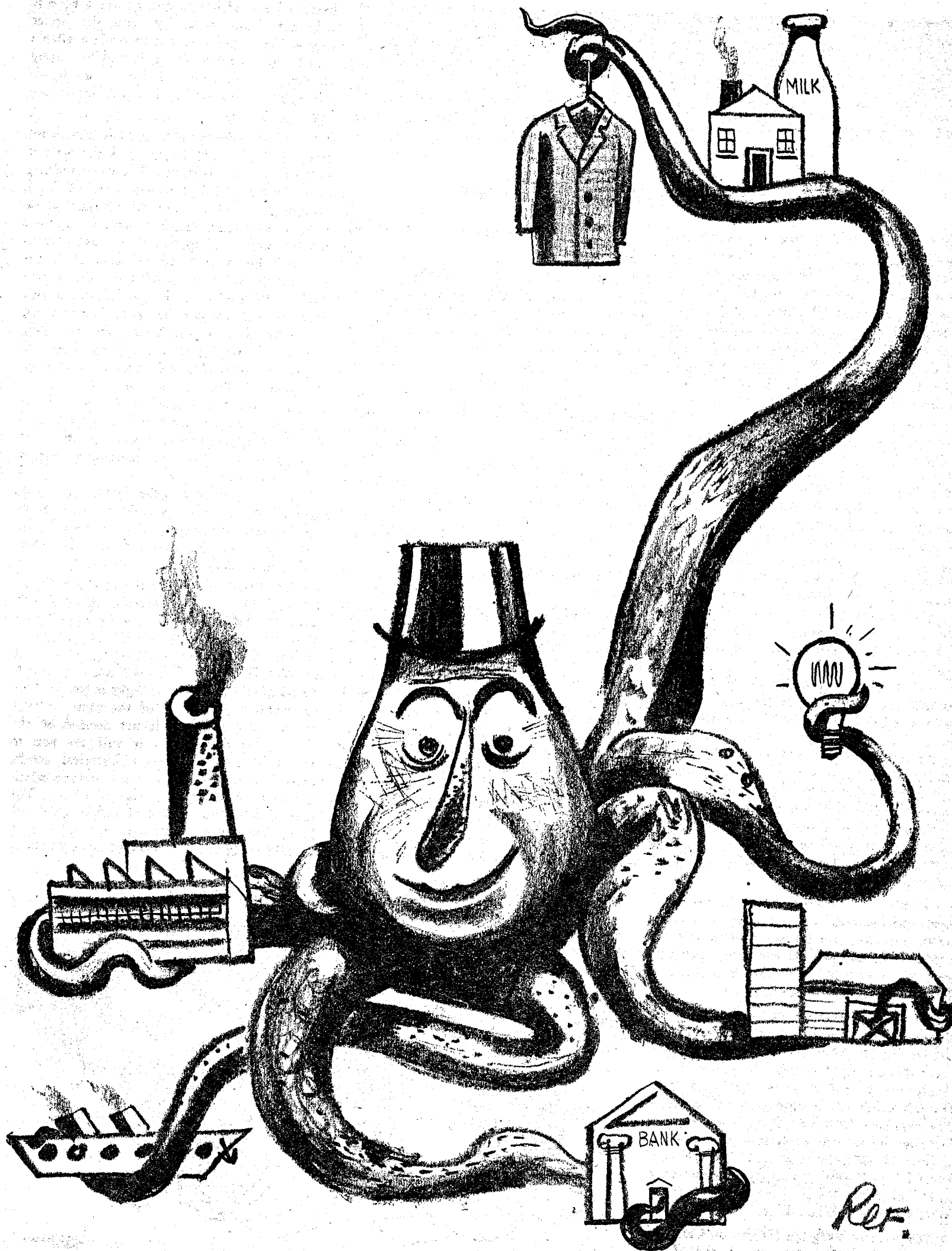
because I missed it this spring; but I hope it will not deal too kindly with the better people. Unless the idea can be made available to a large general audience, it will be merely another theatrical stunt. I don't want it admired by Lucius Beebe; I want him to abhor it.

For those who watch the little significant things of public life which point the way of greater issues, I recommend a close reading of the debates in Parliament on the Official Secrets Act. They were raging last week around a young member named Duncan Sandys who had proposed to ask Hore-Belisha, the War Minister, a question regarding the air defenses of the island. Hore-Belisha retorted that if Sandys dared ask the question publicly he would be making himself liable for a two-year term in jail. The point was that the information had come from official sources. When the War Ministry attempted to force Sandys to reveal the source of the information and demanded that he appear in the uniform of a second lieutenant for court martial, he refused and pleaded the immunity due a member of Parliament.

The issue involved is the democratic structure of the British government. Since practically all government information is of necessity official, the act could be used to shut off inquiry of any sort on the actions of a government in power. In any case of an upset of a government over laxity of performance, the information has come from inside. If this act had been in force, the arms scandal which upset the Asquith government during the World War would have been impossible. In its simplest aspect, the fight is for freedom of speech and freedom of the press. It is a serious issue and if it is not decided by the time this reaches print, it will pay you to watch it closely. In every historical epoch, there is a turning point of this nature which foreshadows everything that follows. The Official Secrets Act, if used ruthlessly, could be fascism as pure as anything ever envisioned by Hitler himself. ROBERT FORSYTHE.



John Mackey



MONOPOLY

Anton Refregier



# THE NEW DEAL AND LABOR

## The Second of Three Articles on the New Deal

A. B. MAGIL

**T**HE transformation of the New Deal from a vehicle of the big-business drive toward fascism into a program which is increasingly expressing the economic and political interests of the workers, farmers, and urban middle-classes began in 1935 and has continued—not without occasional detours and retreats—until the present. This change is most apparent in the administration's attitude toward the problems of monopoly and capital-labor relations, but it can also be seen in other fields. For example, taxation.

In his campaign speech at Worcester, Mass., on Oct. 21, 1936, President Roosevelt said, "One sure way to determine the social conscience of a government is to examine the way taxes are collected and how they are spent." By that test the Hoover regime stands indicted as perhaps the most ruthless and reactionary in the history of the country. Figures submitted on Aug. 6, 1935, to the Senate Finance Committee by Robert H. Jackson, at that time counsel of the Bureau of Internal Revenue, showed that in the fiscal year 1930, taxes paid by the wealthy (income taxes, estate and gift taxes, capital-stock and excess-profits taxes) constituted 68.2 percent of the government's revenue, while those which were paid for the most part by the masses of the people (miscellaneous revenue taxes and customs taxes) were 31.8 percent of the total. In the years that followed, years of deepening economic crisis, the Hoover-Mellon crowd transferred an increasingly greater portion of the tax burden from the rich to the poor. Thus, in the fiscal year 1933, for which tax rates were set under the Hoover administration, only 41.7 percent of taxes were contributed by the wealthy, and 58.3 percent by those least able to pay. Moreover, during this period a larger proportion of the income taxes was exacted from the low-income groups. Thus in 1930, persons with less than \$5,000 annual taxable income paid 2.1 percent of the total federal income tax, while those with incomes of \$100,000 and over paid 50.3 percent of the total; in 1932 the contribution of the former group rose to 13 percent and that of the latter declined to 33.5 percent.

The New Deal began by continuing the Hoover trend, with the masses paying 66.1 percent of the taxes in the fiscal year 1934 and the rich only 33.9 percent—almost an exact reversal of the relationship in 1930. Only in the year 1935 did this relationship begin to move in the opposite direction. In

that year the proportion of taxes from the poor declined to 61.3 percent and that paid by the wealthy rose to 38.7 percent. This was not due, however, to any revision in the rates, but to increased revenue from income taxes and estate and gift taxes, as a result of the recovery spurt. Not until the summer of 1935, when the dominant Wall Street groups had already turned against Roosevelt, did the administration make the first serious attempt to revise the tax structure along more equitable lines. The Revenue Act of that year increased taxes on individual incomes over \$50,000, on estates and gifts, and on the larger corporations. As a result of this law and of the invalidation of the AAA processing taxes, there occurred a decided shift in the tax trend, 48.6 percent of taxes being paid by the wealthy in 1936 and 51.4 percent by the poor, according to computations of Labor Research Association. And in 1937 the well-to-do classes, for the first time since 1932, provided more than half of the federal revenue, the proportion being 51.1 percent, as against 48.9 percent paid by the consuming masses.

In agriculture the shift in the administration's attitude is more difficult to trace. Since agriculture represents a highly competitive, relatively backward form of capitalist production, the pressure of the monopolies on New Deal policy in this sphere was never so great as in industry. Consequently the change has been less clearly defined. The important positive principle established by the New Deal was the system of cash benefits designed to give farmers a more equitable portion of the national income. In the practical application of this positive principle, however, there appeared certain negative features. The most important of these were: (1) the benefits were made dependent on compliance with a crop-reduction program that was essentially anti-social; (2) they were financed through processing taxes, the greater part of which, as President Roosevelt himself admitted in his supplemental budget message of March 3, 1936, was paid not by the wealthy processing corporations, but was "either passed on to consumers or taken out of the price paid producers"; (3) the bulk of the benefits went to the well-to-do and a section of the middle farmers instead of to those that needed them most; (4) the crop-reduction program served to drive many thousands of tenant farmers and sharecroppers off the land.

In all four respects the New Deal program today shows improvement. (1) Crop reduc-

tion still remains the guiding principle—and this must certainly be condemned—but the soil conservation feature of the AAA program, introduced on a large scale in 1936, does serve the useful purpose of building the soil and preventing erosion. Soil conservation, however, can and should be undertaken without crop curtailment. (2) The processing taxes have been completely eliminated and financing is from the general treasury fund. (3) A greater proportion of the benefits is now going to poor and middle farmers. The last session of Congress amended the Soil Conservation Act, increasing payments to all farmers receiving benefits of less than \$200, imposing a \$10,000 limit on individual payments, and making other provisions for protecting the interests of the poor farmers. (4) The Bankhead-Jones Farm Tenancy Act, passed in 1937, makes a beginning—pitifully inadequate as yet—toward a program of farm ownership for tenants and sharecroppers.

In addition to these improvements, the Farm Act of 1938 establishes federal crop insurance for wheat producers.

It is in its approach to monopoly and capital-labor relations that the transformation of the New Deal can be most clearly discerned. These two problems are the touchstone of any government, and the manner of their solution determines whether the main direction of its policy is toward progress or reaction. On both these questions there has been a gradual, though nonetheless momentous, shift in administration policy. Compare the attitude toward monopoly embodied in the National Industrial Recovery Act with that expressed in President Roosevelt's message of April 29, 1938, requesting a thoroughgoing investigation of monopolistic practices. Compare the manner in which the National Recovery Administration, under Gen. Hugh Johnson and Donald Richberg, dealt with the problems of union organization and collective bargaining with the approach of the National Labor Relations Board and the La Follette civil-liberties committee. One represents capitulation to predatory big business and the forces of incipient fascism, the other struggle against them.

The NIRA embodied ideas which Wall Street interests had advocated for years. Practically all of its specific provisions, with the exception of the collective-bargaining section, were put forward by the United States Chamber of Commerce in 1931 and 1932. The chamber had urged modification of the anti-trust laws to permit "self-government by industry" under codes regulating production, prices, and trade practices, and the establishment of a forty-hour week and minimum wage scales. The wages-and-hours provisions were regarded by big business as concessions in return for permission to fix prices, restrict production, and engage in other monopolistic practices banned by the anti-trust laws. Since most workers in the trustified mass-production industries were already averaging less than forty hours a week because of the curtailment of production during the economic