

# IT'S NOT FUNNY

*The Senate's farcical debate on the tax bill. A sad admission by the gentleman from North Dakota. He is not alone. Industry is granted "little" favors.*

Washington.

SEN. TOM CONNALLY of Texas, as distinguished a southern bourbon as ever defended the institution of slavery, has again held aloft the banner of southern womanhood. It all had to do with the question of whether wealthy couples in certain states should be allowed to continue splitting up their income to escape heavy taxes. But beneath all the mumbo jumbo about morality, equality and freedom of womanhood, and ancient traditions, it was hard to figure out what all the shouting was about. "A woman who is worthy to bear our sons is worthy to have half the revenue produced by our hands," Connally told his Senate colleagues. Sen. John Overton of Louisiana went even further and said that the Senate Finance Committee was committing an immoral act because it was favoring common law marriages. Sen. Walter F. George, urbane and dignified chairman of the Finance Committee, replied in dead seriousness: "Oh no, there is nothing immoral in this thing. Just as surely as we stand on the floor of the Senate, all the moralities, in my judgment, are in favor of the tax we have recommended."

In eight states, known as the community-property states and including Texas, Louisiana, California, and Nevada, a husband can divide his income and property and give his wife half, so that each pays a tax on half the amount he earns rather than a joint tax on the total income. On an income of \$500,000 you can save \$28,701 by this little device. The Senate Finance Committee simply proposed that income shall be taxed to the spouse who earns it and not split in half. Senator Connally's statement that the committee was out to tax the property of "poor folks in my state" is a joke. In 1938 no married couple earning under \$5,000 in community-property states used this tax loophole. But sixty-seven percent of those earning above \$10,000 were only too glad to reaffirm their belief "in the right of women to own property."

The amendment to remove the advantage of the community-property states was the most debated item in the bill. Long, weighty legal tomes were submitted by senators from these states to show that the procedure dated back to the Code Napoleon, that it was interfering with states' rights to abolish it, and then topped it all off by declaring it was absolutely unconstitutional. Well, they won their fight and they didn't even have to filibuster for it. George, on behalf of the Finance Committee, bowed to the powerful oratory of Connally and the others and moved to eliminate the committee amendment. George made a great show of saying that he still favored the amendment but was offering this appeasement gesture in the "interest of expeditious action." Connally, whose appetite was whetted

by that time and just rarin' for a good fight, agreed to the proposal but characterized it as "the Japanese doctrine of saving face."

GEORGE INDULGED in a great deal of face saving throughout the debate on the bill. His introductory remarks on the measure were an elaborate answer to those who thought big business should have been socked much harder. He pointed out the imperative need not to make the provisions of the bill so "drastic as to chill the genius of creative enterprise or paralyze the driving force of the individual effort." He went on to say that next to the inducement of the profit motive, the reward for risk kept our society moving, and summed up: "I must confess that in the tax bill as it passed the House, and in the bill as it is reported to the Senate, it is controlled somewhat, but I hope not unduly."

The senator was just kidding when he said the bill would not "unduly" hamper business. He knew quite well that the profits could keep on piling up high just as before. The Senate Finance Committee showed such a tender regard for business that it was really touching. Goodness knows, the House bill coddled the big boys. But the Senate version did all sorts of little favors for industry. Why? Because of the pressure of trade associations, the slick manipulations of lobbyists, the activities of senators themselves who were out to please the local big shots.

And the senators were rather frank in admitting this. They eliminated a provision in the House bill which lifted the exemption on excess-profits taxes given to strategic mining companies. The remark of Sen. Alvah Adams of Colorado is illuminating: "I know the mining sections of the country are appreciative of the consideration the committee

gave," he said. The House provided a ten percent manufacturers' tax on electrical appliances. The Senate broadened the provision to include gas and oil heaters, too, because Sen. George stated so "many objections reached the committee" that the original measure discriminated against electrical manufacturers. The Senate rejected the House tax on outdoor advertising without a word of debate. George skipped the usual explanation of the committee recommendation because "we have certainly had enough correspondence about it." The tax on sales of radio broadcasting companies was also rejected without anyone even raising the why or wherefore. The tax on soft drinks was eliminated. No debate, just an aside from George that it "penalized small bottlers." Actually the tax would have cost the Coca-Cola Co., the biggest of them all, a few million dollars. George's concern for the small bottlers is all very touching, but he is far better known for his close interest in the wealthy Coca-Cola outfit located in his district.

Perhaps the most amusing example of how gently local business interests were treated is the Senate's action in reducing the tax on gambling machines from the committee proposal of \$200 to fifty dollars. The debate on this "significant" item was equalled only by the fight on the community-property return. The amendment was introduced by Berkeley L. Bunker, junior senator from Nevada and a bishop of the Mormon Church. Gambling is legal in Nevada and takes up a good deal of the time of the six-weeks' dwellers of Reno. Bunker, overlooking religion for the moment, stated the \$200 tax would just about put the slot machine companies out of business and take away a lot of revenue from Nevada. This amendment caused a heated debate on the advisability of taxing vice. Bennett Champ Clark of Missouri said it was equal to taxing prostitution. Sen. Pat McCarran, senior statesman from Nevada, immediately sprang to the defense of his fair state and charged Clark with casting aspersions on the virtue of Nevada. In the middle of the discussion on the slot machine amendment, a terrific debate on Communism and foreign policy suddenly bobbed up, with isolationist Clark making frequent references to "Bloody Joe Stalin," and attacking the administration's policy of aid to the Soviet Union. In all the furore Senator Bunker got his amendment through, but not before he solemnly assured his colleagues that "I should like to say that my friends in Nevada, who were interested in this matter, have no connection whatever with Mr. Stalin or Mr. Hitler."

This debate was typical of the haphazard way in which the Senate considered a tax bill desperately needed to pay for the planes





Clinton

*"Buck up, Colonel, Talmadge is still holding Atlanta."*

tanks, and guns being turned out on American assembly lines. Most of the senators are only too eager to admit that they know nothing about taxes, and the bill is practically assured of passage the way it comes out of committee. Sen. William Langer of North Dakota complained, "Frankly, I cannot vote intelligently on any of these amendments because I do not know what I am voting on." And the senator from Connecticut, John Danaher, admitted, "I usually take everything that comes from the Committee on Finance without dotting an 'i' or crossing a 't.'"

The Senate Finance Committee therefore bears the main responsibility for the tax bill adopted by the Senate. And the \$3,580,900,000 measure is certainly not a major contribution to the fight against Hitlerism. In the first place, it falls pitifully short of raising enough money to keep the wheels of production moving. Even more important, it is a blow to morale and national unity because it places the main tax burden on those who can least afford to shoulder it.

IN ADDITION to the little favors granted industry, the Senate, on the suggestion of the Finance Committee, really handed big business some important concessions. It bowed to reactionary demands to cut non-defense expenditures by setting up a committee to effect some \$2,000,000,000 in savings. To Senator Byrd, who saw his dream come true at last, non-defense expenditures are synonymous with WPA, NYA, the food stamp plan, and other necessary social services. Then the Senate eliminated the special ten percent excess-profits tax aimed at steel and railroad companies who aren't paying any taxes now because of the loopholes in the bill. Last year US Steel made a profit of \$155,800,000, but paid no excess-profits tax. The whole yield

expected from excess-profits taxes, under the bill just passed and the present law, amounts to a little over \$2,000,000,000, less than fifteen percent of all revenue expected. During the first world war excess-profits taxes accounted for forty-five percent of all revenue coming in.

On the other hand, taxes on individuals were boosted substantially through lowering exemptions and higher surtax rates. Heavier excise taxes were levied on practically all everyday articles, excluding food. The five-dollar tax on the use of all automobiles, attacked so strongly by the Treasury, was retained. But the present \$40,000 exemptions on gift and estate taxes were left alone, although the Treasury asked that they be lowered to \$25,000. The only decent provision in the bill is the surtax on corporations to get at federal securities in the hands of banks and insurance companies which are exempt from the normal corporation tax. But here again, there is still \$19,000,000 of state and local securities exempt which the bill didn't touch. The measure contains none of the other Treasury proposals to fix up the excess-profits tax by eliminating the average earnings method, hit the oil and gas companies harder, and make the joint return mandatory for wealthy couples.

EVERYONE wants to contribute his just share to the defense of the country, but when the married man who is making thirty-eight dollars a week realizes that the new bill makes him pay an additional tax of \$40.70 while allowing General Motors to make profits of \$210,000,000 before paying an excess-profits tax, his confidence in the administration is going to be badly shaken. When he realizes that an individual owning an estate of \$41,000 has to pay a tax of only thirty dollars, the same as a man earning \$21.65 a week, he will

be more apt to listen to the America First crowd.

The senate finance committee listened with rapt attention to business lobbyists, but ignored labor and progressive groups which urged that now was the time to initiate a democratic tax program. It should be emphasized that every time a tax bill comes before Congress, business groups get to work immediately and lobby for all they are worth. They get results, too. It is only recently that the CIO and such groups as the National Lawyers Guild have begun to acquaint the senators with the type of tax program labor wants to see. This time the Senate paid scant attention to their arguments, but more pressure when the next tax bill is up may change the situation.

As a matter of fact the Senate paid hardly any attention to the program put forth by Secretary of the Treasury Morgenthau. They did, of course, accept his proposal to lower the personal exemptions. It certainly was a grave mistake for the Treasury to be out in front with this suggestion and give reactionary senators another excuse to put the main tax burden on the people. But the secretary made it plain that this proposal should not be adopted unless his other proposals to tighten up the loopholes in the present tax structure were also adopted. Of course things didn't work out that way. Part of the blame is to be borne by the administration leaders in the Senate. They put up no fight at all to get the Treasury's constructive suggestions incorporated in the bill. They supported the bill as it came out of committee and made no attempt to change it.

This weak administration position in the Senate played to some extent into the hands of the appeasement group. Bob La Follette, who for years has been the outstanding proponent of broadening the tax base, suddenly reversed his position. He made political capital by attacking the bill as inequitable and appearing as the champion of the low income groups. Most of the other members of the appeasement group in the Senate—Vandenberg, Taft, Clark, and Nye—who are certainly not noted for their interest in the underdog, also attacked the bill as unjust. Even Senator Vandenberg was opposed to lowering of personal exemptions. He rather favored his own pet theory of a general sales tax to hit the workers.

These isolationists attacked the tax bill in order to discredit the administration's foreign policy. A democratic tax bill should raise all the revenue needed and levy taxes according to ability to pay. The tax bill just passed by the Senate doesn't measure up to either qualification. The administration has the responsibility to remedy this situation when the next tax bill comes up. It should bear in mind that the American people are prepared to accept necessary sacrifices, but they want to make sure that all groups and that means wealthy corporations and individuals too, are bearing their share of the defense burden.

EVA LAPIN.



# THE BASIS OF SOVIET MILITARY LEADERSHIP

No "born to the sword" nonsense. A command democratically chosen for merit and achievement. Science, strategy, and tactics. What the Red Army General Staff has accomplished.

"I saw the Future and it works."—Lincoln Steffens after his first visit to Moscow in 1919.

THE two last words of Lincoln Steffens' cry of enthusiasm have been worrying the bourgeois world for two decades. It is, therefore, quite natural that all their efforts should be directed toward proving that this is not so. Failures of the Soviet Union in the factory, on the farm, in the school, in science, and government, must be "demonstrated." In addition to this, due to the advent of the war period which has been a pall over the world since 1931, special emphasis has been laid on "proving" that the Soviet system could produce neither generals, officers, soldiers, nor armaments of good quality.

Of course, after many years the truth about Soviet industry, agriculture, education, science, and government, has to a certain extent seeped into the world. This is not so, however, concerning questions of a military nature, because most professional soldiers in the bourgeois world are reactionary. A majority of these officers have tacitly united in an effort to "prove" that the land of socialism could not produce a good army because it dispensed with the military caste, blasted the conception that one should die joyfully for somebody else's pocket, and introduced a system whereby no private profits are made on anything, including armaments. The result of this was supposed to be (and had to be *proven to be*) a dearth of strategists and tacticians, a total absence of fighting spirit among the troops, and a general and woeful deficiency in armaments.

THE PEOPLE inhabiting five-sixths of the world were fed on this stuff for a decade, the apogee of the "Red-Army-is-no-damn-good" campaign being reached in 1937 when it was comparatively easy to take advantage of the traitors' trials to say: "Well, they did have eight good generals after all, but they shot them. So now there are no more good generals left." But after that came the battles against Japan at Khassan and Nomonhan in 1938-39, the march into western Byelo-Russia and the western Ukraine, the Soviet-Finnish war, and finally the military cataclysm of June 22, 1941. It became clear that Soviet planes fly, Soviet guns shoot, Soviet tanks roll, and, above all, millions of Soviet soldiers foolishly seem to be fighting to the death for their own homes and interests.

Grudgingly and gingerly, step by step, the brass hats began to concede things. Yes, the Red Army had licked the Japanese twice, but . . . this was a small "vestpocket" war. Yes, the Red Army marched to meet the German army in September 1939 hard and fast and the operations came off strictly on schedule,



but . . . there was no real military opposition.

True, the Soviet tanks stood up against the German tanks. Undoubtedly the Soviet fliers were not knocked out of the sky in the first week. They hit hard at the German troops, they raided Berlin and eastern Germany repeatedly, and are quite able to protect their capitals. They have even developed a special technique of ramming German planes in the air, which . . . er . . . requires considerable skill and . . . well . . . courage.

THE FIGHTERS of the Red Army die rather than surrender. They are not afraid of encirclement and consider such a contingency to be "just one of those things." Finally, the entire population of the Soviet Union seems to have received arms of one kind or another and, in spite of that, it stubbornly refuses to turn against its own government. It turns against the invader instead. Even the women. Percival Knauth in the *New York Times* of September 7 had a nice phrase. He wrote that the Germans in Russia find that "there are no girls—the Russian women carry guns."

But—and here is another last stand "but"—the Red generals don't know their strategy. Tactics?—huh, yes. They seem to know something about that, but strategy—how could they? They have not been born to the sword. Their ancestors were not officers. They never absorbed the culture of the officers' mess. Command with them is not a matter of heredity. And, furthermore, sings the brass hat chorus, the Red Army in 1937 shot its best military leaders and they were the only ones who understood strategy.

These gentlemen conveniently forget that almost a quarter of a century has passed since the Russian Imperial Army disintegrated and a new, Red Army was built. A new genera-

tion of military leaders has grown up. Those top men who came up from the ranks had ample time to get their schooling as well as ample occasion to gain fighting experience. The fact that these leaders were chosen in a really democratic way for their achievements and from the entire population, clearly works to the advantage of the service by freeing the army of the liability of getting "born" military leaders whose main qualification at times used to be an aunt who was influential at court, a handsome figure "made" for the uniform, or even the ability to imitate the cries of different animals. (It must be confessed that the latter example refers not to a Russian Imperial general, but to a minister of the interior who got his job because he could imitate the fawning of "a panther in love.")

In this connection it would be well to look at the requirements for a so-called strategist and strip the concept itself of all accompanying hocus pocus with which it is being presented to the layman. In order to understand what makes a strategist and a tactician, it is necessary to understand the words strategy and tactics. Let us take several classical definitions:

*The American Soldier*: "Strategy gets you there and tactics puts you in."

*General Clausewitz*: "Tactics is the doctrine of the use of troops in battle, whilst strategy is the doctrine of the use of battles in the pursuit of war aims." (While one is bound to agree with the general idea, it is quite surprising that Clausewitz, who was a pupil of Hegel, should use the term "doctrine" in the definition of two concepts which spring primarily from movement. However, this belongs purely to the domain of philosophy.)

*Moltke the Elder*: He defines tactics much as Clausewitz does. He defines strategy as "the practical adaptation of all the means at a military commander's disposal toward the achievement of the object in view." And, elaborating on the idea, Moltke adds: "Strategy is a system of makeshifts. It is more than science, it is the application of science to practical affairs; it is carrying through an originally conceived plan under a constantly shifting set of circumstances. It is the art of acting under the pressure of the most difficult kind of conditions. Strategy is the application of common sense in the work of leading an army; its teachings hardly go beyond the first requirements of common sense; its value lies entirely in its concrete application. It is a matter of understanding correctly at every moment a constantly changing situation, and then doing the simplest and most natural thing with energy and determination. This is what makes war an art, an art that is served by