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## STUMBLING INTO SOCIALISM

By  
**DAVID  
LAWRENCE**

CARTOONS BY HERBERT JOHNSON

**T**HIRTY years ago, as I first listened to the soap-box orators on the street corners of my home town, socialism seemed a kind of heresy; it was in disrepute.

Today, with radio demagogues picturing the institutions of capitalism as economic contrivances for the perpetuation of greed and selfishness, we know that, rightly or wrongly, millions of our people are beginning to regard capitalism as distinctly on the defensive, if not at the point of disintegration.

"Capitalism is doomed," said a recent headline, quoting the Secretary of Agriculture. English, French, German and American critics have written the same thing before, during, and after every panic or economic crisis that capitalism has experienced in the last two centuries.

We have, in fact, been killing capitalism for the last hundred years or more; always when depression raises the question of what substitute system we should establish to prevent a recurrence of disaster. All the alternatives have one thing in common—they strive for human betterment, but never seem to be reducible to a simple definition of purpose.

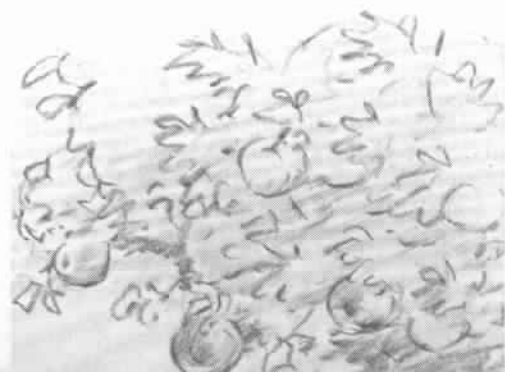
Ask the New Dealers how they would characterize their scheme for a "planned economy," or a Constitutional amendment to give the Government complete power to unify and regulate all commerce, and they will instantly say it isn't socialism, it isn't Fascism, and that it is really a "modified capitalism."

Ask the European Socialists what they think of the present systems in Russia, Germany and Italy, and they will tell you that all these draw their original revolutionary strength from socialism, but that, in its place, dictatorship now has been reared which repudiates the idealism and democracy that socialism vainly strove to maintain.

Ask the American Socialists what they think of the New Deal, and they will tell you, as Joseph Shaplen did in his recent book on American socialism, that the New Deal "is all derived from Socialist conceptions." But he adds: "We cannot tell what may happen to the New Deal. There is no evidence that it may not be abruptly terminated at a certain point in its development and thus turn out to be nothing more than a 'breathing space' for capitalism."

Ask an English Socialist, H. N. Brailsford, what he thinks of the New Deal or socialism in the United States, and he says:

"In America, the average man has not yet the faintest idea of what socialism means. It is, therefore, conceivable that the logic of facts may drive him into it before he can shrink back in terror. He has begun to experiment, and when once Americans start moving as a mass, they are apt to go at a hot and headlong pace. If ever they do it, they will stumble into socialism unconsciously. It will be the consequence of their actions and not the conclusion of their reasoning. And when it is realized, they will believe it is an American invention patented in 1933."



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Herbert Johnson

HOLD 'EM!

DEMOCRATIC PARTY FIELD

BYRD

DOUGLAS

GLASS



Are we stumbling unconsciously into socialism? The answer to that question depends upon an analysis of the New Deal's approach to our economic problems during the last two years, their plans

minded, politically chosen, politically sensitive to economic currents in terms of votes. The other is academic and nonpolitical—in fact, at heart, deeply contemptuous of the whole system of selecting

For we centralized in the Federal Government, through the National Industrial Recovery Act, an economic control over industry which ranged from standards of competition to the fixing of prices.

Through the new labor laws, moreover, the Federal Government assumed authority to supervise labor elections, collective bargaining and the relations between employers and employees.

Through new banking laws, the Federal Govern-



For we centralized in the Federal Government, through the National Industrial Recovery Act, an economic control over industry which ranged from standards of competition to the fixing of prices.

Through the new labor laws, moreover, the Federal Government assumed authority to supervise labor elections, collective bargaining and the relations between employers and employees.

Through new banking laws, the Federal Government has sought to take charge of credit operations and control and direct the banks where the money of the American people is deposited.

\* Control of corporations through the supervision of capital issues and the marketing of securities has been attained, of course, through the Securities and Exchange Commission—a power over corporate finance paralleled only by that which has been set up under Fascism in both Germany and Italy.

Under some of the codes, the Federal Government even had a voice in the limitation of output. Definite attempts to place the Federal Government in control of the natural-resources industries, like coal, oil and electricity, are written in pending bills in Congress, the constitutional justification being asserted to flow from the large interstate operation of these businesses. Government ownership of railroads is proposed by the chairman of the Senate Interstate Commerce Committee. Government ownership of the stock in our twelve Federal Reserve Banks has been recommended by the Secretary of the Treasury, with the approval of the President.

We must distinguish here between the trend of the New Deal, as evidenced prior to the notable decision of the Supreme Court this spring, and the subsequent efforts to effectuate the same philosophy by inciting a popular demand for a constitutional amendment or for more emergency laws differently phrased and resting on some other provisions of the Constitution, as yet untested, such as the taxing power.

### *Short Cuts to Power*

THE basic purpose, however, is the same. For the New Deal has committed itself to the notion of a collective economy. The mere circumstance that "our Constitution does not provide for it," as Chief Justice Hughes pointed out, has only served to stimulate the proponents of collective—or, as they call it, "national"—regulation to find that power somewhere else, eventually, perhaps, in an amendment to the Constitution, but, meanwhile, in more adroitly framed legislation seeking to accomplish the same end.

minded, politically chosen, politically sensitive to economic currents in terms of votes. The other is academic and nonpolitical—in fact, at heart, deeply contemptuous of the whole system of selecting Governmental officials by the political route.

The newspapermen have named the academic group the "brain trust," but there is, in truth, no such cohesive corps of presidential advisers. If there is any identity of thinking among them, it is in their broad acceptance of the Tugwell principles of economic reform. From the beginning the President turned to the brain trust as offering something novel and dramatic. He had the feeling that orthodox methods had not yet brought results and that as a stopgap no real injury could be done by trying some of the theories of the college professors.

Through all the period of criticisms and even ridicule of the brain trust, President Roosevelt has stood staunchly by those of his advisers whose theories have seemed to him to offer temporary or ultimate usefulness. The President, moreover, has accepted as a broad principle from his brain-trust advisers that a collective economy built upon our old economic system is an emergency formula which may, if effective, prove of permanent value to the country.

All this has happened to the dismay of the politically minded groups inside the administration whose main concepts of economics have been based upon their actual experience with business and industry or general competitive practices as we have known them throughout our history. To the extent that the administration has been able to borrow vast sums of money so that the experimental program might be conducted without interruption by any financial crisis, the old-line Democrats have stood by complacently and, indeed, hopeful that, perhaps, Mr. Roosevelt's experimentation might possibly be sufficient to tide the country over the period of the depression.

Virtually every important piece of New Deal legislation has been written by the advisers of the President, the executive branch of the Government, and has been accepted on Capitol Hill as the wish, if not the command, of the President. Whatever socialistic trend has been reflected by the new laws, the authorship is not to be found in the political group, but among the economic planners of the New Deal, popularly called the "brain trust."

Are we stumbling unconsciously into socialism? The answer to that question depends upon an analysis of the New Deal's approach to our economic problems during the last two years, their plans for Constitutional change, and, to some extent, upon what is meant by socialism.

The man who is most capable of defining the economic philosophy of the New Deal is Dr. Rexford Tugwell, who, while professor of economics at Columbia University, wrote a book called *The Industrial Discipline*, which was published just after the Roosevelt inauguration and foreshadows to a remarkable degree the legislation of 1933, 1934 and 1935.

### *The Doctrines of a New Dealer*

WHILE there are, of course, many differing viewpoints among the New Dealers, there has been no deviation from the basic principles expressed by Doctor Tugwell in 1933. Indeed, it is interesting to note that the textbook which he wrote in 1934 for the use of schools and colleges is an even clearer exposition of his doctrines. In that textbook\* we find Doctor Tugwell, now Under Secretary of Agriculture, defining socialism as follows:

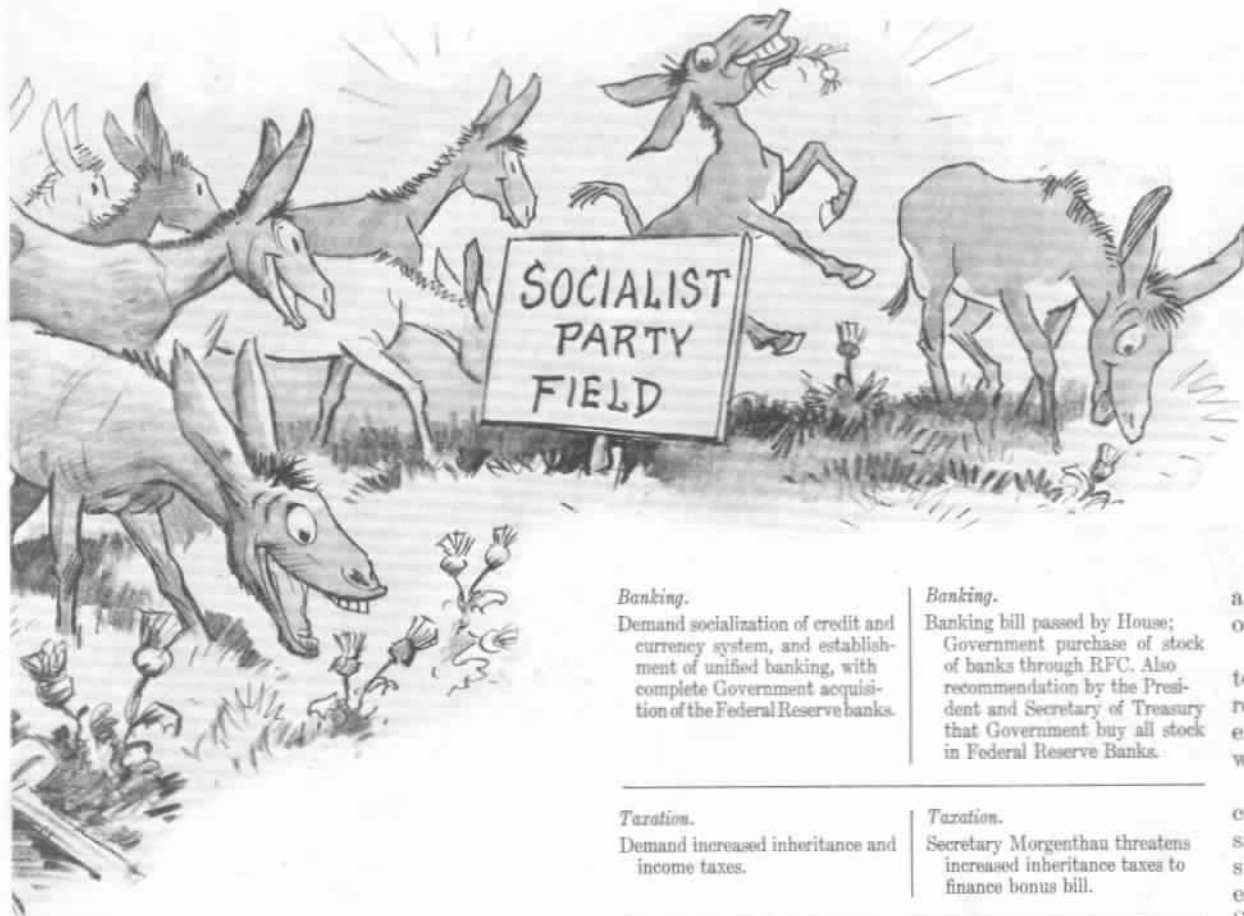
"Socialism involves the public ownership of the means of production and the control of economic activity by society.

"Communism has the same goal as socialism, but differs in that it seeks to attain socialization by means of a dictatorship of the proletariat. In Russia we may observe both, as well as the most complete examples of economic planning. . . .

"The challenge of Russia to America does not lie in the merits of the Soviet system, although they may prove to be considerable. The challenge lies rather in the idea of planning, of purposeful, intelligent control over economic affairs. This, it seems, we must accept as a guide to our economic life to replace the decadent notions of laissez-faire philosophy."

The doctrines of Doctor Tugwell have by no means had a ready acceptance everywhere inside the present administration—in fact, there are two distinct groups intermittently influential in making the policies of President Roosevelt. One is politically

\*Our Economic Society and its Problems, by Rexford G. Tugwell and Howard C. Hill: Harcourt, Brace and Company, Inc.



The 1932 Democratic platform seems conservative and restrained alongside of the New Deal program. Not only does it denounce "restriction of agricultural production to the demands of domestic markets" but it insists upon "a sound currency to be preserved at all hazards" and a "budget balanced annually." It decries governmental commissions and boards, arguing that 25 per cent of our Federal expenses can be saved by elimination of such agencies. Even unemployment insurance is recommended for action only by the states, and there is a specific proposal that agricultural surpluses be moved only by "constitutional" measures.

**The Splintered Platform**

THERE was no suggestion anywhere in the 1932 Democratic platform to justify Federal control of industry through such agencies as the NRA or Government ownership and operation of any utilities.

The nearest approach to anything of this kind was to be found in the plank which advocated: "The removal of Government from all fields of private enterprise except where necessary to develop public works and natural resources in the common interest."

But it is questionable whether the delegates to the convention construed that phraseology at the time as sanctioning public ownership of railways, for instance, or the setting up of such a mammoth business enterprise as the TVA, which Norman Thomas, Socialist candidate for the presidency in 1932, has since commended as an excellent example of pure socialism.

It is already becoming apparent in the political world that Democrats in the North and South who approved of the main principles of the 1932 platform can argue that they have kept the faith whilst the New Dealers have departed from the platform.

The fact that one wing of the party is embracing socialistic doctrines makes (Continued on Page 46)

**Banking.**

Demand socialization of credit and currency system, and establishment of unified banking, with complete Government acquisition of the Federal Reserve banks.

**Banking.**

Banking bill passed by House; Government purchase of stock of banks through RFC. Also recommendation by the President and Secretary of Treasury that Government buy all stock in Federal Reserve Banks.

**Taxation.**

Demand increased inheritance and income taxes.

**Taxation.**

Secretary Morgenthau threatens increased inheritance taxes to finance bonus bill.

**Agriculture.**

Shift of taxes from farm realty to incomes, inheritance and excess profits. Increased Federal and state subsidies to road building and educational and social service for rural communities; creation of Federal marketing agency; socialization of grain elevators, Federal land banks, and so on.

**Agriculture.**

The shift that has been accomplished through processing taxes is in effect an indirect tax on incomes of all consumers. These projects realized in part under Agriculture Adjustment Administration and under Public Works Administration and the relief program.

**Constitutional Change.**

Abolition of power of the Supreme Court to pass upon constitutionality of congressional legislation. A constitutional amendment for social-security legislation and socialization.

**Constitutional Change.**

Secretary Wallace advocates a form of judicial review by popular referendum. Social security being largely attempted thus far under New Deal by legislation without constitutional amendment.

**International Relations.**

Recognition of Soviet Russia. Independence for Philippines.

**International Relations.**

Russia recognized. Philippines independence in process.

Such a development must bring political convulsions of the greatest importance to our major parties.

To realize how Mr. Roosevelt has already revolutionized his own party, one needs only to compare the New Deal acts and proposals with the Socialist Party platforms of the last fifteen years and see how unconsciously we have stumbled into socialism.

Let us look at the Socialist platform of 1932 and see under its main topics what the Socialists demanded and what the New Deal has fulfilled:

1932 SOCIALIST PARTY PLATFORM DEMANDS

NEW DEAL FULFILLMENTS

**Relief.**

A Federal appropriation of five billions for immediate relief. A Federal appropriation of five billions for public works. Legislation for acquisition of land, buildings and equipment to run

**Relief.**

About nine billions appropriated or spent by Public Works Administration, Federal Emergency Relief Administration, new work-relief program. Housing, public works and reforestation, and so



under its main topics what the Democrats demanded and what the New Deal has fulfilled:

1932 SOCIALIST PARTY  
PLATFORM DEMANDS

NEW DEAL FULFILLMENTS

*Relief.*

A Federal appropriation of five billions for immediate relief.  
A Federal appropriation of five billions for public works.  
Legislation for acquisition of land, buildings and equipment to put the unemployed to work producing food, fuel and clothing, and for erection of houses, and so on.

*Relief.*

About nine billions appropriated or spent by Public Works Administration, Federal Emergency Relief Administration, new work-relief program. Housing, public works and reforestation, and so on, extensively launched.  
Billion-dollar tenant-farm bill now on Senate calendar to set up homestead farms for those needing them.

*Social-Security Program.*

Free public employment agencies. Compulsory system of unemployment compensation, with benefits based on contributions by the Government and by employers. Old-age pensions for men and women of sixty years and over.

*Social-Security Program.*

Fulfillment for a considerable part of this program anticipated in the social-security bill, including a system of old-age pensions and unemployment insurance to be financed by taxes on pay rolls.

*Labor Policies.*

Demand a six-hour day and five-day week.  
Abolition of child labor.  
Minimum-wage legislation.  
Outlaw "yellow-dog" contracts in labor relations.  
Enforce collective bargaining.

*Labor Policies.*

Black-Connerly thirty-hour-week bill opposed by administration, but shorter week included in various codes under NRA, which also included minimum wages and child-labor restrictions.  
Wagner bill fulfills collective-bargaining enforcement.

*Social Ownership.*

Demand public ownership and democratic control of mines, forests, oil and power resources, public utilities, transportation, communication and basic industries.

*Social Ownership.*

Tennessee Valley Authority authorized and operating. Also legislation to control coal industry, to destroy holding companies in utility field, and pending bills for Government ownership of railways.  
Public control of communications and transportation now in effect in extended form.

*Constitutional Change.*

Abolition of power of the Supreme Court to pass upon constitutionality of congressional legislation.  
A constitutional amendment for social-security legislation and socialization.

*Constitutional Change.*

Secretary Wallace advocates a form of judicial review by popular referendum.  
Social security being largely attempted thus far under New Deal by legislation without constitutional amendment.

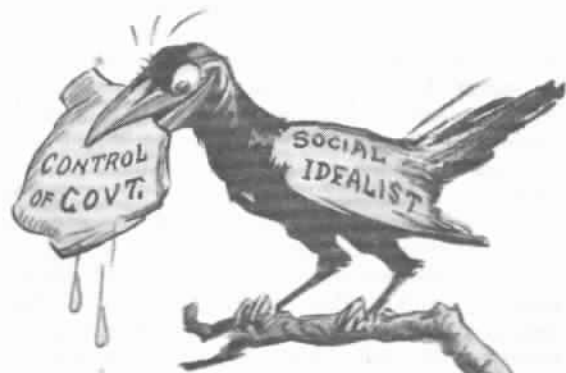
*International Relations.*

Recognition of Soviet Russia. Independence for Philippines. Entrance into World Court.

*International Relations.*

Russia recognized. Philippines independence in process of accomplishment. Demanded by Executive, but defeated by Senate.

If the foregoing is a striking illustration of what Mr. Brailsford called unconscious socialism on the part of America, there is an even more striking comparison between the New Deal of today and the Democratic platform of 1932, upon which, theoretically at least, the Democratic Party achieved the most overwhelming victory any political party has attained in electoral votes.



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These features, never before available in radios so low in price, are the result of the entirely new and highly efficient clover-leaf arrangement of coils and range switch.

came the realization that his great-grandfather's blood and his own blood were of the same substance, an inescapable link with the qualities, the force, the uncompromising strength that were his great-grandfather.

Remembering that filled him with a new decision. His blood ran in his veins strongly. The tiredness left him and possessed him no longer. The

memory of his immediate purpose was no longer blurred and dissolved.

He put the will back in its place.

His pen moved across the statement to the press, leaving there in the blank space the name of Jonathan Miller.

The drizzle had stopped outside, and the lights along the Mall were reflected on the wet pavement. But the room in which he sat was suddenly warm and

friendly. He made a movement as if to leave, but the room held him, welcoming him, offering him kinship. Sitting there, he no longer felt like an intruder. He sank back into the friendly embrace of the big chair and looked out at the Monument. A faint breeze stirred the mist and opened a vista, so that he could see its white finger pointing upward to the stars.

## STUMBLING INTO SOCIALISM

(Continued from Page 7)

the debate for 1936 inside the Democratic Party of greater consequence, perhaps, than any since 1896, when the sound-money issue and Populism split the Democratic Party. Already the discussion of a possible coalition of groups, Republican and Democratic, to resist centralization has begun.

Whether by 1936, however, the trends toward socialism are clearly recognized by the voters and whether, also, the defects in them are fully demonstrated may be regarded as doubtful, because experiments of such far-reaching character are not likely to be judged on the experience of a year or two. Mr. Roosevelt, himself, in a recent conference with the Washington correspondents, mentioned "five or ten years" as the possible span of the coming fight on these fundamental issues.

Many of these steps toward centralization of control by the Federal Government have, of course, been gradually crystallizing for the last twenty years, but the courts have, again and again, prevented any real economic transformation, because such a change involved a conflict between Federal and state sovereignties.

### The Third Economy

The New Deal, however, did not, until the historic decision of May twenty-seventh last, allow court obstacles to be a deterrent, believing that elastic interpretations would be made

for production without profit, production for use, as the Socialists have long described their fundamental principle.

In this connection, as recently as April ninth of this year, Doctor Tugwell, speaking to the Teachers' Association at Rochester, New York, introduced a new term, "the third economy," which he classified as a sphere belonging "neither to private profit nor to state socialism as it is generally understood by those who advocate or fear the nationalization of utilities, key industries, basic natural resources, banks, and other institutions of similar social importance."

Doctor Tugwell happens to be administering an important part of the President's work-relief program, with hundreds of millions of dollars available for experimentation. He insists that there is a category of public works "of necessary and unprofitable measures which must be taken to preserve the values of our national patrimony.

"Prophecy," he adds, "is always dangerous, but I shall not attempt to prophesy the changes in our social and economic life which might come as the result of utilizing the present program of work relief for the cultivation of this third economic system. Yet it is altogether possible that this system will be the means by which we can reconcile and assign the respective spheres of what we call socialism and what we call individualism.

"It seems to me that we are now en-

agreement making would result. Even now no one can foresee the final structure of industry which may result. Whatever it may be, it will be worked out by the essentially voluntary and democratic processes now going on. But we can begin at least to look forward to the time when the preliminary structure will be complete. Every industry will then have set up a kind of government of its own, within which those aims which it holds in common can be pressed for and those discordant controversies which exist can be compromised and mediated. It was necessary to pass through this radical practice period of conflict and discussion before these industrial groups could be made ready for planning."

It is a significant commentary on what is happening abroad that Fascism in Germany and Fascism in Italy, as well as Communism in Russia, all assumed that voluntary and democratic process might furnish the transition state from capitalism to socialism, or might be the actual transition from capitalism to that economic system which seemed best to suit the purpose of the dictator.

### Socialism as a Steppingstone

For decades it was the confirmed belief of Socialist leaders that a revolution was absolutely necessary and that the collapse of capitalism was a prerequisite to the building of a socialistic

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## The Third Economy

The New Deal, however, did not, until the historic decision of May twenty-seventh last, allow court obstacles to be a deterrent, believing that elastic interpretations would be made which would permit centralized control, or believing that the personnel of the courts might also change in due time.

"The difficulty," wrote Doctor Tugwell on this point, "in attaining the experimental habit of mind toward social or economic arrangements arises largely from a confusion of ends with means and from an emotional attachment to the instruments of social life. An illustration of such feeling is the unreasoning, almost hysterical, attachment of certain Americans to the Constitution."\*

After discussing the importance of testing out evolution by Supreme Court decisions, Doctor Tugwell declares, at the same time, that "incorporation of business enterprises could, in effect, be transferred to the nation, though some subterfuge might need to be employed," and he stated further that "the flow of new capital into different uses would need to be supervised; prices would have to be controlled and some vital interests, now partly or wholly neglected, would need to be protected."

Capital allocation has been, from the beginning, one of the prime objectives of "planned economy." Now there has been injected another element—the use of Government capital

\*Industrial Discipline and the Governmental Arts, by Rexford G. Tugwell. Columbia University Press.

of work relief for the cultivation of this third economic system. Yet it is altogether possible that this system will be the means by which we can reconcile and assign the respective spheres of what we call socialism and what we call individualism.

"It seems to me that we are now engaged in a more or less conscious process of reassigning and redistributing powers and control in this indispensable co-ordination.

"In certain spheres, no doubt, where enterprise is affected with a public interest, we shall be forced to resort to an increasing degree of public authority to achieve the necessary control.

"Public ownership of certain utilities seems to me clearly forecast by present facts. In others we shall equally certainly have to rely on individual initiative, enterprise and ambition for self-expression and self-satisfaction to supply the motive power. All that we can be certain of is the fact that through banking, through such co-operative enterprises as NRA or through the device of private-management companies, some effective co-ordination of large-scale production will be necessary."

## Working Toward an Unknown Goal

In another part of that same speech, which may be regarded as the best exposition to date of the New Deal program, he says:

"To speak quite bluntly, we have reached the stage in our technology where it is possible to support large sections of our population without respect to whether they are employed. . .

"No one could have foreseen at first in what the processes of code and

## Socialism as a Steppingstone

For decades it was the confirmed belief of Socialist leaders that a revolution was absolutely necessary and that the collapse of capitalism was a prerequisite to the building of a socialistic state. But this point of view has gradually changed, so that now, instead of an economic collapse, the Socialist feels that by acquiring political power he can preserve intact as much of the existing order as he feels is necessary to prevent during the transition period that disintegration which usually leads to dictatorship.

Somewhat the same hope is entertained by the New Deal philosophers. They are convinced that capitalism can be molded to fit into the new economy and that a better and more abundant life must be evolved from their experiments.

No such confidence, however, prevails among the veteran Socialists who have witnessed the experience of socialism abroad.

Mussolini was originally a Socialist. Kerensky was a Socialist. Hitler drew his original strength from the Socialist Party in Germany.

In not one of these three countries is there any semblance today of socialism as proclaimed by its friends and exponents. Each one of these countries, however, has made use of some form of socialism, merely adapting it to its own ends.

Thus, Lenin himself acknowledged that his most important teacher was the American Socialist writer, Daniel De Leon, one of the founders of the I. W. W.

(Continued on Page 48)

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EVERYWHERE folks are making Hires Root Beer—the great money saver.

Think of it! One little bottle of Hires Extract makes 40 pint bottles of Hires Root Beer—all you add is water, sugar, yeast.

And how economical! 8 glasses for 5c. Think what you save!

Hires Root Beer is not only delicious, but wholesome and nutritious—The American Medical Association's Committee on Foods has accepted it. The Good Housekeeping Bureau has

(Continued from Page 46)

So, also, do we find that the new Fascist corporate state had its origin in One Big Union, a pamphlet used by the I. W. W. in 1911 and written by William E. Trautmann. Indeed, we are told by contemporaneous writers that the connection between the American I. W. W. and the new Italian syndicalist parliament was direct and personal, and was really the idea of Edmond Rossoni, who, during a period as editor of an Italian newspaper in New York, was identified with I. W. W. teachings and methods.

There can be no exaggerating the dismay, however, which American Socialists feel at the way their plans and ideals have been abused in Europe. They are beginning to look introspectively at their own history to determine why it is that socialism, at a time of what should be its greatest opportunity, has not succeeded in establishing itself anywhere in the world on a firm foundation.

The Socialist writers uniformly declare that during the years of the past, capitalism has survived so many crises and has adapted itself to so many new and extraordinary conditions that its vigor cannot be underestimated. Also, these same Socialist writers now acknowledge that economic crises and depressions are not the foundations upon which socialism can really be built.

The American League for Democratic Socialism comments on this very difficulty as follows:

"At the moment when a Socialist solution of the economic impasse would appear to be the most reasonable one, such a solution becomes least possible, for the simple, tragic reason that it is at precisely this moment that the Socialist movement in a number of countries suffers a series of painful defeats, and millions of toilers, turning their backs upon socialism, base their hopes upon the charlatans and adventurers of black and red political magic.

"Socialism is thus compelled to share the fate of capitalism and to per-

political power, which they are now convinced will give them the opportunity to put into effect their economic ideas.

One of the biggest handicaps of the Socialist has been the division in the ranks of American labor. The American Federation of Labor, for example, has been charged with being reactionary because it has refused to throw its political influence on the side of the Socialist Party. The labor strategists shift the vote locally in a bipartisan influence on candidates for Congress.

### What Chance Has Socialism?

Today, Government intervention in the matter of labor disputes and Government assistance to collective bargaining have given the American Federation of Labor more moral support than it has ever got from any preceding administration. Yet, Matthew Woll, vice-president of the American Federation of Labor and leader among the conservatives in labor's ranks, who has been an outspoken antagonist to both Communism and Fascism, draws attention to the possibility that Government participation in any codification of industry, even though it were interstate and constitutional, might lead to Communism or Fascism. In a recently published book,\* Mr. Woll says:

"It must be clearly evident to all right-thinking persons that the Government cannot bind employers into any form of employment contract without at the same time binding employees as well. . . .

"Labor is justified in its suspicions of governmentalism. It leads to compulsory adjustments. It leads to rules and governmental enforcement of rules. . . . Dictatorships the world over begin with the weakening of labor by limiting or denying the right of strike, and when that has happened the subjection of labor is partially completed. The cartelization of American industry which has gone on under codes is a familiar story in the early history of Fascist Italy. Are we heading toward a business Fascism?"

over the Democratic Party than at any time in our history.

Will America ultimately accept socialism?

There has rarely been a better condensation of the case for and against socialism than that written this year by Richard T. Ely and Frank Bohn. Mr. Ely, who is president of the Institute for Economic Research, began writing books on socialism as early as 1883.

In the 1935 book,\* Mr. Ely says:

"When profits from ownership of the instruments of production are eliminated, the gains from productive property, according to socialism, accrue to the entire community and are to be distributed by public authority; it means the continuance of private property in incomes which accrue from all sorts of services.

"If socialism were a success, the total income of society would be greatly augmented. There would be enough produced to give everyone a sufficiency for a wholesome life. Socialism would require the leadership of the best intellect and the best character that could be discovered. This brings us to one of the greatest weaknesses of socialism. The selfish politician has been described by Adam Smith as a 'wily animal!' He has existed in all ages and has been always the same kind of demagogue. He would have even greater opportunities to try his nefarious arts under socialism than in the present system, because he would control the whole economic society."

### The Society of Master Minds

And on this all-important point it is enlightening to quote Doctor Tugwell's frank comment:

"A careful examination of the new legislation will disclose that its novel characteristic is its freedom of action for those who have to do the acting. The powers granted are mostly permissive; the rules written are mandates for performance. Everything depends on men."

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difficulty as follows: "At the moment when a Socialist solution of the economic impasse would appear to be the most reasonable one, such a solution becomes least possible, for the simple, tragic reason that it is at precisely this moment that the Socialist movement in a number of countries suffers a series of painful defeats, and millions of toilers, turning their backs upon socialism, base their hopes upon the charlatans and adventurers of black and red political magic. "Socialism is thus compelled to share the fate of capitalism and to perceive in the convulsions of capitalism not an encouraging omen of its own approaching victory but a most unfortunate obstacle for the development of its own creative powers and extension of its influence on the masses."

"No Middle Ground"

What this reveals, of course, is that extremes are developed in any economic crisis, and especially in any economic collapse, and the people are not in the mood for reasonable or idealistic measures, but favor drastic reforms which dictators are alone apparently capable of instituting, because they use an element of compulsion and terror which the idealists are unwilling to employ.

All this brings to my mind a conversation in 1919 on a train in Montana, when I happened to meet William Z. Foster, then active in the I. W. W. and later the leader of American Communism. His denunciation of socialism was bitter and derisive.

"I tell you," he said, "there is no middle ground. Either the capitalists are right or we are right. I haven't any respect for the groups in the middle. They compromise and vacillate and wind up without the respect or support of either."

But the Socialists have never been dissuaded; they have clung tenaciously to their theories, and lately have come to believe that their greatest opportunity lies in the acquisition of

employees as well. "Labor is justified in its suspicions of governmentalism. It leads to compulsory adjustments. It leads to rules and governmental enforcement of rules. . . . Dictatorships the world over begin with the weakening of labor by limiting or denying the right of strike, and when that has happened the subjection of labor is partially completed. The cartelization of American industry which has gone on under codes is a familiar story in the early history of Fascist Italy. Are we heading toward a business Fascism?"

With such deep-seated opposition in its ranks, it is inconceivable, therefore, that the American labor movement will ever allow itself to become identified with the Socialist Party. It can influence the major parties too easily. So, the Socialists, who, in other countries, start with labor as a nucleus, can hardly count on any considerable part of the American labor vote.

But the plight of the Socialists is even more tragic because their thunder has been stolen by one of the major parties in America. The relatively small vote accorded Norman Thomas in the last presidential election was a matter of nation-wide surprise. It was believed that in a time of depression, the Socialist vote, which has always been a protest vote, would increase materially.

The reason for this was simple—the Roosevelt campaign addresses spoke a doctrine which appealed to social theorists throughout the country. And since the 1932 election, the New Deal has put into effect many parts of the Socialist program. Socialism has a better chance in America today through the Roosevelt regime and its control

\*Labor, Industry and Government, by Matthew Woll. D. Appleton-Century Company, Inc.



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Even more pungent testimony in this regard comes from Franklin D. Roosevelt, himself, in a nation-wide radio address delivered while Governor of New York, in which he said in part:

"The doctrine of regulation and legislation by 'master minds,' in whose judgment and will all the people may gladly and quietly acquiesce, has been too glaringly apparent at Washington during these last ten years.

"Were it possible to find 'master minds' so unselfish, so willing to decide unhesitatingly against their own personal interests or private prejudices, men almost godlike in their ability to hold the scales of Justice with an even hand, such a government might be to the interest of the country, but there are none such on our political horizon, and we cannot expect a complete reversal of all the teachings of history."

Here we have the crux of the whole New Deal. A new formula, new experiments, new pieces of legislation, giving wider and wider control to the central Government, but everything dependent for its success or failure upon human nature, upon the acquisitive instinct, the pride motive, the reach for personal power and personal glory. Can human nature, especially under democracy's free play of politics, be transformed?

This, throughout the ages, has been the basic question in the perennial struggle between the "isms."

\*The Great Change, by Richard T. Ely and Frank Bohn. Thomas Nelson & Sons.