

Industrial Democracy

American Appeal

No Wrong Can Live Long Under Free Discussion

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U. S. Senate Closes Last Avenue to Prosecution of Mellon Aluminum Trust

Debs Column

We Want to Know
The evils of the liquor traffic are many respects more iniquitous and debauching under prohibition than they were in the days of the open saloon.

Appeal Will Issue Special Edition As Climax of Fight for Debs Citizenship

The bugle call of the American Appeal for a rousing, effective, nation-wide demand for the restoration of Debs' citizenship rights, in support of the fight Congressman Berger has started in the House to that end, has already developed a response that is a surprise even to the hopeful management and staff of the American Appeal and Socialist party.

Why Fight Must Go On
This letter expresses strikingly the enormity of the situation wherein America's foremost character is deprived of citizenship merely for voicing sincere opposition to something that has since been recognized by the majority of the people as a monstrous international crime—the World War.

The crowning infamy of the trust-controlled Republican administration was perpetrated during the week. By a vote of 36 to 33 the United States Senate closed the last avenue leading to the prosecution of the Aluminum Trust, largely owned by Andrew Mellon, Republican Secretary of the Treasury.

Confronting all these convincing facts from fellow Republicans, the solid administration bloc of Republican Senators voted to prevent an investigation, to protect one of the most complete monopolies in America, to save their party from the just stigma of guilt and scandal at the expense of truth, honor, law, justice and common decency.

England at Door of Socialism, Say Distinguished Labor Party Visitors

England is right at the door of Socialism. There is strong probability that the British Labor Party, which has embraced the whole program of Socialism, will carry the next election.

Big Double-Header Program to Arouse Nation Over Debs Case

The Appeal has planned a double-header program to back Berger's fight in Congress and obtain the restoration of Debs' citizenship rights.

Fifty-One Years
February 27th is always an interesting day as a suggestive date in my life.

May Win Next Election
What are the prospects for the British Labor Party? was the first question that was asked them.

The Petition Program
The method of carrying out the program of storming Congress to the limit with petitions for the restoration of Debs' citizenship was described in the last issue of the Appeal.

America Looted of Billions by New Stock Jugglings

By Lincoln Phifer

The people think they are buying stocks in many industries. In reality they are paying in full for the industries and then having nothing whatever in them. They are being robbed by the bandits of business. They are selling themselves into slavery, and doing it gleefully as though they were making their future secure.

All this appears from an article contributed to the January Atlantic Monthly by William Z. Ripley, professor of economics at Harvard university. He is a recognized authority on finance and industry, and author of a book on "Trusts, Pools and Corporations." What follows are the words of an upholder of this criminal system, not of a dangerous Socialist. Peruse them carefully:

"The public is buying out the mail-order chain and department stores, foodstuff manufacturers, the makers of washing machines, refrigerators, confectionery, make-believe silk stockings, toilet and beauty preparations, music, tags and napkins, phonograph records, pianos, radio outfits, theaters—our daily bread, our ice cream, root beer, cake, and even our home made pies. At this rate every conceivable article of direct or indirect consumption will soon be more or less in the hands of the general public.

rest the last vestige of power of participation of the owners of property in prudent and efficient management. These last two years—1924-1925—promise to go down in history—like the Year of the Plague, or the Year of Big Wind—as the Years of the Split Common Stock and the Vanishing Stockholder.

Non-Voting Stock

"Even before the World War the practice was not uncommon, outside of railroads, of setting off preferred shares as non-voting. The amount of these issues was in those days adjusted to the tangible assets, leaving the common shares to represent the equity, which depended upon successful management, to be secured by the exercise of the voting rights. The late invention now splits up those common shares. To be in the mode, one has, let us call it, 'Class A Participating Common Stock,' with a first lien on earnings after satisfaction of all prior claims of preferred stock and bonds is cared for. This leaves

a 'Class B' common stock, representing, according to circumstances, the cream, the scum, the froth or the sediment of the business; for the full voting rights attach EXCLUSIVELY to this Class B Common Shares, none, or only a minority of which are offered to the public at all.

"The appetite for the preferred shares may sometimes be whetted by a flavoring of the Class A common shares, but not of those which carry votes.

The Case of Dodge Brothers

"The recent 'Dodge Brothers, Inc.' is typical. A banking house buys up a private business for, it has been said, 146 million dollars or thereabouts. This sum, and more too, they recover—if the plan works out—by sale to the public, for 180 million dollars of bonds and preferred stock at par and 1/2 million non-voting shares of Class A common stock. But not a single one of the 1/2 million Class B voting (no par) common shares are thus sold. The promoters have virtually paid themselves a handsome profit for the assumption of the entire directorial power, having mortgaged the property to the full amount of its original cost through outstanding bonds and preferred stock, including both assets and capitalized earnings power.

And No Public Protest

"And the amazing thing is that this final death blow to the exercise of voting rights by the general public

has brought no voice of protest. Yet the plan bears every appearance of a bald and outrageous theft of the last title of responsibility for management of the actual owners by those who are setting up these latest financial erections. Isn't it the prettiest case ever known of having a cake and eating it too?

"There is no concealment about all this. It is perfectly open and above-board. But who, we ask, under these circumstances has really given a hostage of fortune, to the public, or to the employes for honest and economic management of the business? The promoters stand to lose only the amount of their stake—a misadventure in dollars in so far as the non-voting shares have been made to cover not only the value of the tangible assets but the prospective capitalization of earnings. It is the public stockholders, the consumer and the wage-earner, who stand to lose in event of misdirection. How can there be other than a wholesale abuse of power under such conditions?

"Nor is our great basic industries which are being swept by this plague. Most of the great combinations had their rise twenty-five years ago, with a minor outbreak in 1911-12. Today it is neither the Steel Corporation nor the Harvester Trust, nor the railroads which are following these newly beaten paths.

Wide Distribution of Stocks

"There is of late another financial practice, also, which greatly accentu-

ates this nullification of the ordinary shareholder. This is the wide distribution of stock to employes and the consumers of the corporation's product, whether electric service, steel, or what not. The effect in any event is bound to be cumulative with that of the insinuation of professional management power between ownership and operation.

"Corporations have always been susceptible to control by concentration of voting power. Far less than half of the capital stock may be effective for such control as possession of an actual majority. But it is elemental—requiring no proof—that, the larger the number of shareholders, the more easily may a small concentrated block of minority shares exercise away over all the rest. With a dozen necessary for dominance. With three hundred thousand scattered holdings, a possible 15 to 20 per cent of the votes can never be overmatched at an election. In 1923 there were 4,000,000 new stockholders registered in the electric light and power companies alone.

The Army of Shareholders

"The total number of stockholders in all sorts of concerns has almost doubled since 1909, rising to an aggregate of 14,423,000 in 1923. These shareholders now possess over 70 BILLION DOLLARS WORTH of stock at par, on the showing of the federal income-tax returns. Such possession will be confined to the wealthy

and the well-to-do class. Now it comprehends the small householder and large numbers of wage-earners.

Stockholders Barred

"But there is more yet to this story of the rape of the public stockholder! Far too many of these new securities are subject to the following proviso, which looks white enough superficially, but which has more than an indication of color at the base of the finger nails: 'No holders of stock of the corporation, of whatever class, shall have any preferential or other right of subscription to any shares of stock of any class, or any securities convertible into shares of the stock of the corporation, nor any right of subscription to any thereof, other than such, if any, as the board of directors in its discretion may determine, and at such price as the board of directors may fix; and any shares or convertible securities which the board of directors may determine to offer for subscription to holders of stock may, as said board of directors shall determine, be offered to holders of any class or classes of stock at the time existing to the exclusion of holders of any or all other classes at the time existing.'

Stockholder Makes a Free Gift

"Such clauses, with devilish ingenuity, look sound enough above water line; but they certainly will not stand examination in dry dock. For not only has the shareholder parted with every prestige of control of the enter-

prise represented by his investment, but now he makes a free gift of such rights as may accrue, resulting from future growth of the property. Therefore it has been a fundamental rule in corporation law that there shall be no discrimination whatsoever between shareholders. Discrimination there may be between creditors and owners; but by this device even the common shareholders are now set off, to the end that an inordinate share, if indeed not all, of the increment of profits in future shall attach to the holdings of those who are in the know.

Why They Submit

"Why do stockholders submit to such indignity? The technique is simple, relying upon a fundamental attribute of human nature. Mr. Robert F. Herrick of Boston, in a frank address on holding companies, describing the manner in which the exchange of shares in one corporation for those of another may be brought about, thus puts it: 'all the stockholders act like a flock of sheep. In the main they follow the lead of the directors, and if the details of carrying the plan through are so arranged that the stock in the new company has an apparent money value greater than the stock of the old company for which it is offered, the exchange once started takes place generally, and when a majority of the stock in the companies is exchanged, practically the consolidation is affected.' There you have it in the words of an expert!

Power Trust Imperils Nation, Says Thompson

Muscle Shoals Issue Reopened

Washington, D. C.—The debate on Muscle Shoals brought the government ownership and the private ownership protagonists into a clash today. Senator Norris (Rep., Neb.) led the former and insisted that the pending senate-house concurrent resolution to invite new leases was out of order because it undertakes to amend "permanent statute of the United States" which can be done only by a joint resolution.

Norris is Overruled. Vice President Dawes ruled the point or order-not well taken, and upon Norris' appeal from the decision of the chair, the senate finally voted by 55 to 15 to lay the appeal on the table. The news in that vote was that after six years the senate is showing a desire to reach a settlement of the Muscle Shoals problem.

Peril of Power Trust

By Carl D. Thompson

We are approaching the most serious crisis of the present generation. There is on foot a nationwide, in fact, a worldwide movement to completely monopolize the power resources of the nation and the world. It is a movement that imperils democracy and popular institutions. The control of electric power means the control of the entire industrial life of the people. For, with the rapid advance of electrical service it will not be very long until every industry, every public utility, every farm and every home will be absolutely dependent upon electric power. If power is monopolized, the nation is monopolized.

Over 20,000,000 of the 50,000,000 horsepower of potential hydro-electric resources of the country are already owned or have been applied for by the

companies. They have twice defeated the people of the state of California in their efforts to conserve their great hydro-electric power resources through state ownership—and once the people of South Dakota and Washington.

Municipal Plants Imperiled

The literature of the power interests loudly boasts of the fact that over 50 municipally owned light and power plants have been abandoned, sold or turned over to them. While this is greatly exaggerated the fact remains that every one of the 2,381 municipally owned light and power plants in the United States is imperiled by the gigantic power trust and the people are in danger of losing the advantages they already enjoy.

Mergers and Combinations

Meanwhile, combinations, mergers and acquisitions by the power companies are going on with astonishing rapidity. On July 9, 1925, announcement was made in the press of a giant merger in Wisconsin that all but completed the private monopoly of the power of that state. On July 25 it was announced that the Middle West Utilities Company had perfected mergers and consolidations that gave it control of the utility service in 1,259 cities, towns and villages in 18 different states. And these are but illustrations and incidents in the onrush of these titanic powers.

Trust Inrenches

Thus we are face to face with the most powerful, most determined and the most far-reaching and penetrating monopoly the world has ever seen. IT HAS A POWERFUL AND EFFECTIVE NATIONAL PUBLICITY AND PROPAGANDA ORGANIZATION OF ITS OWN WITH BRANCH

ORGANIZATIONS IN PRACTICALLY EVERY STATE IN THE UNION. It has back of it literally millions of money and hostilities at almost nothing in its efforts to control and coerce public opinion. And, what is more, it seems to have at its command the greater portion of the press, the platform and the radio. It counts as its friends and supporters those high up in the administration of affairs at Washington, the majority of both houses of Congress, most if not all of the state legislatures and no one knows how many city officials and municipal councils.

What to Do

How are we to meet this crisis? First of all, we have to get the facts to the people. The general public are quite unaware of the existence and operations of the power trust. The Public Ownership League has prepared and introduced in Congress the Norris-Keller bill providing for a general nationwide public power system. It cooperates with the progressive forces in Congress in the effort to save Muscle Shoals and make it the first unit of the public power system. It works with the city of Los Angeles and the people of the Southwest for the public development of the hydro-electric power of the Colorado river; with Seattle, Tacoma and the Northwest, for a similar development of the Columbia river. It has had in its membership from the beginning, the late Sir Adam Beck and the Hydro-Electric Power Commission of Ontario, and cooperates with them and other similar forces for public power in the Northeast. It cooperates with the local, state, national and international organizations of labor and with the organized farmers. Locally, it has already cooperated with literally hundreds of cities in helping them to acquire or build or to hold and extend electric light and power plants.

Are you going to surrender? Will you stand idly by and let this threatened disaster come upon you, your home, state, nation? If not, take hold with us. Give us your help. No combination in this world can stand against the plain people if the plain people will stand together.

Sinclair Socialist Choice for Governor in California Race

San Francisco.—Upton Sinclair, author, well known to the readers of the Appeal, was nominated to run for Governor of California at an enthusiastic convention of the Socialist Party here. Lena Morris Lewis, national Socialist



Upton Sinclair

let organizer, received the nomination for Lieutenant Governor. Judge Ben Ryckman of Los Angeles was asked to run on a non-partisan ticket for Chief Justice of the Supreme Court as a protest against the reactionary decisions of the present incumbents on the water power act.

Sinclair Outlines Program

In a speech of acceptance Comrade Sinclair stressed the importance of the repeal of the criminal syndicalism act, the passage of a new Water and Power act, the public ownership of water, gas, electricity, power, transportation, and the establishment of a "State Bank of California with branches in every city and town; by means of which the people can use their own money to finance those public enterprises which are necessary to the people's life."

"Continuing, Mr. Sinclair said, 'I urge a tax upon land values, graduated so as to penalize the holding of land out of use. Such a law will make farm land easy to get, and will make food plentiful and cheap. It will deliver the homeseekers from the grip of speculators. Take the money derived from such a tax and set up public markets and department stores in the cities and put out of business the middlemen who now triple and quadruple the price of food between the farmer and consumer.'

Monstrous Syndicalism Law

Most significant of all, perhaps, was Comrade Sinclair's declaration of open and uncompromising war on the monstrous criminal syndicalism law, which is among the most drastic and cruel and unjust in the United States. Describing this law the Socialist candidate said: "We seek to educate the people; and we are confronted by a law which penalizes the expression of political opinions by fourteen years in the jail-mill at San Quentin. I wish to state to the voters of this commonwealth, with all the earnestness of which I am capable, that I have studied the court records of the criminal syndicalism cases in California; I have talked with six lawyers who have defended the prisoners, and it is a fact that never in any court was an act of violence proven against any defendant,

Dr. Bauer Finds Much Socialism and Cause for Hope in Russia

Article III Socialization in Russia

By Dr. Otto Bauer.

Following an investigation of conditions in Russia by a group of Austrian Socialists.

Hand in hand with this, the situation of the Russian workers has also improved along another line. Immediately after the Revolution the bolsheviks produced a very fine scheme of social legislation, which in many points, for instance in the protection of young workers, surpasses our own. In the famine period all that remained a dead letter. In proportion as industry is recovering, this legislation is now being put into practice, and thereby assuming a real significance.

Confidence Growing

It goes without saying that this advance is also influencing the spirit of the workers. At the time of distress the workers were embittered, despairing; consequently, in the Russian factories the communist cells had to exert a terrorist pressure on the workers, who would indeed have revolted if they had dared. The workers are still dissatisfied with the wages of today, but they see that things are getting better, they have a feeling that wages are rising, that social institutions are improving. Therefore, they have now a much greater confidence in the Soviet regime. The whole state of feeling towards the bolshevik rule is different than it was in the years of civil war and of the famine.

Such is the position which we have to face, and it throws light also on many things which are of importance for us. It explains further why the Soviet Government is inviting workers' delegations to Russia. It would have been very foolish to invite European workers at a moment when conditions were very bad. Now they are anxious to show what they are capable of achieving.

Education Advances

The same holds good again of the school system. The Soviet Government drafted a far-reaching program of school reform, but at the time of civil war it was unrealizable. In truth, at that time the Russian school system had dwindled to nothing. Now the program of reform, though certainly very slowly, is beginning to come to life.

Bolshevist Mistakes

But the most important matter is still something else. During the first years after the Revolution the bolsheviks entered upon a whole series of experiments which were all built upon the delusion that in a land of more than a hundred million people, where the peasants formed the great majority, it was possible to pass with one bound from capitalism to socialism. The result was not only the famine in Russia, but the appalling fact that the collapse of the Russian experiment has compromised socialism all over Europe.

The vital point for us socialists is

that there is now hope, which indeed is not yet grounded, but which may be within a few years, that capitalists are not essential to a state. You will realize what a reinforcement it would bring to socialism throughout all Europe, if it were possible to prove that.

Socialism Developing

Today we are not yet so far. It is still not socialism which exists in Russia, but also it is not capitalism; it is a country in a state of transition, its social economy contains very many capitalist elements, but also very many socialist ones.

BIG INDUSTRY, FOREIGN TRADE, A GREAT PART OF HOME TRADE ARE IN THE HANDS OF THE STATE. A FURTHER PART IN THOSE OF THE CO-OPERATIVES; CAPITALISM HAS BEEN EXCLUDED FROM A CONSIDERABLE SPHERE OF ECONOMIC LIFE.

Today European capitalism can still say to us: prices there are still high, the cost of production is still high, for the time being capitalist industry can produce better.

Must Stand by Russia

Today that is still undeniable, but we note the progress, the drift of the development, and thus we may hope that if the Russians are left in peace they may make further progress, and actually provide the proof, which cannot yet be regarded as given, the experimental proof that capitalists are not indispensable.

Consequently, it is in the best interests of socialism throughout the world that the Russian revolution shall not be disturbed by hostile capitalist powers.

This is the ground for our point of view, to which we have always adhered and will adhere, that the working-class in all countries has a vital interest in shielding the Soviet Republic. Whatever may divide us from the Bolshevists, we must maintain complete solidarity with Russia in the face of capitalist acts of hostility.

We Austrian socialists have always stood for this, and that explains why in Marseilles we opposed the one-sided anti-bolshevism of certain other Parties. That is the reason why our comrades in the Co-operative Movement pursued the same policy at the co-operative conference in Paris, the reason also why Comrade Hueber (the Austrian representative in the I. F. T. U.) in Amsterdam stood for a like point of view.

Clip here. Attach to blank sheets of paper for names and addresses. When filled, send immediately to American Appeal, 2653 Washington Blvd., Chicago.

Petition for Restoration of Citizenship to Eugene V. Debs

WHEREAS, Eugene V. Debs was deprived of his citizenship when he was sentenced to a federal prison for opposition to the World War, and
WHEREAS, Mr. Debs has been released from prison without citizenship, and
WHEREAS, Mr. Debs was sentenced under a special emergency law to fit a special emergency, and in view of the fact that this law and this emergency no longer exist, and
WHEREAS, Mr. Debs' motives from his viewpoint were pure and patriotic and in no way culpable or criminal, and
WHEREAS, Mr. Debs is a man of loftiest and purest motive, devoted whole-heartedly to a life-long work of making this country, as he sees it, greater and better, and
WHEREAS, amnesty or parole has been granted by the United States government in all cases similar to that of Mr. Debs and full citizenship has been restored in such cases by all the other governments of the former Allies; therefore
WE, THE UNDERSIGNED CITIZENS, RESPECTFULLY PETITION THE CONGRESS OF THE UNITED STATES TO RESTORE TO EUGENE V. DEBS HIS FULL RIGHTS AS A CITIZEN OF THE UNITED STATES.

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