

The Spirit of Daniel Shays Lives on in the Pioneer Valley

Ward Morehouse & Carolyn Toll Oppenheim

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of the PROGRAM ON CORPORATIONS, LAW & DEMOCRACY

Date: Fri, 04 Apr 2003 08:15:20 -0500

From: Mike Ferner & Sue Carter

Subject: Much more than a bust Friends,

My colleague, Ward Morehouse, sends this report of his arrest blocking Westover AFB in western Mass.

BUT

this is much more than a report on a bust. Read the summary of the conversation between Carolyn and the police chief.

AND

read the piece on the War Profits Tax -- another bit of our history conveniently omitted from today's discussions.

Be well. Raise hell.

mike

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April 1, 2003

TO: POCLADistas

FROM: Ward Morehouse

SUBJECT: The Spirit of Daniel Shays Lives on in the Pioneer Valley

On Saturday, March 22, 54 stalwart sons and daughters of the Revolution sat down in the middle of the road leading to the main entrance to the Westover Air Force Base near Springfield, MA, blocking all vehicular traffic into the base. I was among them.

We were removed, one by one, by the Chicopee Police, handcuffed, and deposited in a school bus rented especially for the occasion. We were then taken to the Chicopee police station where we were deposited in the police department garage, our numbers having exceeded by a substantial margin the capacity of the Department's holding cells. I was once again impressed with the labor intensive nature of police work. Fully 26 different police officers were involved in arresting and releasing me!

In such circumstances, there being nothing that can be done to accelerate the process leading to release, I ordinarily follow Dave Dellinger's advice and look for the most likely spot where I can stretch out and go to sleep until the authorities are ready to process my release or jail me until I can come up with bail money. But in this particular garage, and perhaps in most such facilities, there was no suitable place to sleep so I joined my fellow jail birds in forming a circle where we said a prayer or two, sang some songs, made short political speeches, and otherwise conspired against the forces of darkness and evil who have spread across the face of our fair land since the stolen presidential election of 2000.

I took advantage of this opportunity to spread word about an urgent action to restrain, at least in some small measure, the highway robbery by military contractors and other rapacious corporations of your and my tax money. I wish I could claim to have dreamed up the idea of an excess profits tax, which itself is not new as there were such taxes levied on corporations in World War I, World War II, and the Korean War. It is rather the brainchild of Ann Fagen Ginger, the feisty director of the Meiklejohn Institute in Berkeley, CA. Since she thought it up, a number of others have contributed and I am hoping that my good right hand, David Dembo, will be able to help in preparing this idea for introduction as a bill in Congress. The prime sponsor will be Congresswoman Barbara Lee from Berkeley who was the lone vote in Congress against granting Bush what he has interpreted as authority to wage war on the people of Iraq (and who knows what's next after he has finished them off!).

Meanwhile, in the room above us in which released prisoners were reunited with their "support persons," my partner, Carolyn Toll Oppenheim joined with others in engaging the Chicopee Police Chief in extended dialogue on the problems he is facing in dealing with disruptive characters like us while maintaining public order on a budget insufficient to meet all such needs. Attached is a brief account of that encounter from Carolyn.

From the time Mike Ferner first got busted several months ago, I have been troubled with a situation in which he alone was bearing the collective POCLAD burden of stirring up trouble and resisting directly the enormous suffering inflicted by Bush and his henchmen on humankind.

Notes On A Conversation About Homeland Security

March 22, 2003

Carolyn Toll Oppenheim

At first the deputy chief at the Chicopee police station was polite but curt to those of us "support persons" waiting in the front room. He told us to go to nearby places such as Dunkin Donuts or Friendly's to use the bathroom facilities and settle in for a long wait.

As the crowd of support people got larger, they sent out a woman cop who was very friendly and invited us to come into the station, in groups, to use the bathroom. Suddenly she was joined by the chief and deputy in the hallways, chatting with those of us standing in line. (They let the women take over both the men's and ladies rooms at one time to get us all through quickly. And they joked about it, apologizing for the conditions of the mens' room. They noted that the men's room had to meet the needs of 125 men on the force while the ladies room was only used by 5 women on the force!)

I began chatting with the chief and told him how pleased I was at the courtesy and respect shown the protestors and began reminiscing about Viet Nam and Chicago in '68. He told us we were demonstrating in what he considered the 'most conservative town' in the Pioneer Valley and emphasized that his police force had no quarrel with our rights to do what we were doing.

However, he went on, "why couldn't we make a deal next time that you get to demonstrate for an hour longer and agree not to make us do any arrests. Why are arrests so important?" We explained the importance of demonstrating our opposition to the operations at the Westover Air Force Base and our need to interfere even symbolically with the smooth operations of a war machine.

He said, "but it hurts my budget here enormously to have to pay these men overtime for so long to process all of you. Couldn't you have three or four people do this to represent the group?"

I tried to express empathy with him that his force and police all over the country were getting a raw deal from Homeland Security ... extra work and no extra funds for it. I pointed out that his job of protecting dissent for a war should be part of the tab for the war itself in a democratic society. Along with the cost of fighting should be calculated the cost of dissenting.

That seemed to make a dent in his thinking. He did not have any answer. But I think he responded to the idea that we considered his department entitled to extra funds to deal with demonstrations like ours -- only the burden of the cost should NOT come from appeals to us to downsize our actions, but from the federal government as part of the war-cost package.

The following is mirrored from its source at: www.mcli.org/pdf/Excess_Profits_Tax_4.08.pdf

TAKE THE PROFIT OUT OF WAR and THE WAR WILL END SOONER

Pres. Franklin D. Roosevelt, The White House, July 1, 1940

"We are engaged in a great national effort to build up our national defenses to meet any and every potential attack. ...

"It is our duty to see that the burden is equitably distributed according to ability to pay so that a few do not gain from the sacrifices of the many.

"I therefore recommend to the Congress the enactment of a steeply graduated excess-profits tax, to be applied to all individuals and all corporate organizations without discrimination."

(Congressional Record, Vol. 86, p. 8)

**Congress should immediately pass an
EXCESS PROFITS TAX.**

Congress did it in World War I.

Congress did it in World War II.

Congress did it in the Korean War.

The Democrats in Congress can pass an Excess Profits tax, with a few conscientious Republican votes, just as they recently saved the Alaskan environment.

Congress can tax 100% of excess profits on every contract funding the U.S. War in Iraq and "rebuilding" Iraq afterward.

To date, military contracts for weapons, oil, transportation of troops, etc., write in huge profits for the corporations. This means big bonuses for CEOs and top management in turn.

During World War I, "the excess profits tax was a huge success." By the end of the War, it accounted for 59% of U.S. Government's revenue. [1] **During World War II, the Excess Profits Tax at its peak raised about 23% of federal government revenue.** [2]

Cong. Voorhis of California told the House of Representatives Sept. 30, 1940:

"The House should adopt now [a] House resolution ..., which would **create a special committee to review and check upon the expenditure of all funds appropriated for defense.** There is no other way we can discharge our responsibility; ... And may I ask what possible argument can be advanced against the setting up of such a committee? ... But surely if such huge chunks of public money as this are to be paid to single corporations, the people of this United States have a right to know that they get value received. There is no other device that I know of except a Congressional committee that can give them that assurance." [3]

Cong. Josh Lee of Oklahoma told the House of Representatives, May 28, 1940:

"We, as the soldiers of America, were willing to make an economic sacrifice. We were also willing to accept the physical dangers of war, but it shocked out patriotism when we came home and learned that 22,000 millionaires had been made out of a war that cost our buddies in blood and money.

"Therefore the ex-service man has the full conviction that the Government should concern itself with a plan for financing war without profiteering. ... Therefore, ... I indict the old system of financing war because it guarantees profiteering and thereby offers an incentive to war." [4]

"In most cases the big financiers faced no physical dangers in the World War and received twice as much for their money as they could get in normal times. Therefore, it would be to their interest to want war, would it not? They could afford to spend some money in paid propaganda in order to jingo up the war spirit and still make a profit out of war." [5]

An Excess Profits Tax bill was passed into law October 8, 1940. [6] **It was further amended in 1942 and 1945 and 1952.** [7]

Footnotes:

1. Kenneth James Curran, "Excess Profits Taxation" 189, 146-7, table 3 (1943).
2. See U.S. Treasury Dept. Annual Report of Secretary of Treasury on the State of the Finances, 561-63 (1945).

3. Congressional Record Appendix, Sept. 30, 1930, p. 5986.
4. Congressional Record of 76th Cong.-Sen., May 28, 1940, p. 6966.
5. *Ibid.* at p. 6965.
6. 54 Statutes at Large 975, Oct. 8, 1940.
7. 56 Statutes at Large 932 (Oct. 21, 1942); 59 Statutes at Large 519 (July 31, 1945); 64 Statutes at Large 1137 (January 3, 1951).

NOTES ON RESEARCH:

There seems to be no short, accurate description of the history, which we have pieced together from references in the Congressional Record, the Statutes at Large and the Internal Revenue Code. Basically, the idea grew out of the anti-trust movement at the end of the 19th century, when it was first proposed. Bob LaFollette and others proposed and got it adopted during World War One.

People were still so angry at the defective equipment provided by some corporations, and at their excess profits on WWI contracts with the government, that Sen. Russell Nye in the early 1930s conducted endless hearings on this question.

U.S. Marine Major General Smedley Butler, *New York Times* interview, August 1931:

"I spent thirty-three years and four months in active military service.... And during that period I spent most of my time being a high-class muscle man for big business, for Wall Street and for the bankers. In short, I was a racketeer, a gangster for capitalism.... [for which I was twice awarded the Congressional Medal of Honor.]

"I helped make Mexico safe for American oil interests in 1914. I helped make Haiti and Cuba a decent place for the National City Bank boys to collect revenue in. I helped purify Nicaragua for the international banking house of Brown Brothers.... I brought light to the Dominican Republic for American sugar interests in 1916. I helped make Honduras 'right' for American fruit companies in 1903.

"Looking back on it, I might have given Al Capone a few hints."

Corporations also filed innumerable lawsuits seeking to get rebates on taxes they had paid under this law.

In 1940 there was a call for amendment and continuation of this tax on all contracts relating to World War Two, and Pres. Roosevelt requested such a tax. Harry Truman, as Sen. from Missouri, held heading and strongly supported this excess profits tax on corporations and other methods of getting money from the rich during the war. The tax was passed in 1940 and continued throughout the war.

The tax was amended in 1945 and in 1950 it was re-enacted during the Korean War. After that it was not continued.

However, the same kind of tax on excess profits was passed in 1980 as the Crude Oil Windfall Profit Tax Act, 96th Cong. Senate Report No. 96-394 on all sales of crude oil, during the gasoline shortage of that time.

The problem is that the excess profits tax in the Statutes at Large runs hundreds of pages, and in the Internal Revenue Code of 1950 runs 150 pages, with exceptions, etc.

One good point: The U.S. Constitution, Art. I, Sec. 8 clause 12 requires all appropriations for war must be for only two years, so every contract negotiated to date must be renegotiated two years after it was made, and these contracts would all be subject to the new tax once it gets passed.

Research suggests that the excess profits tax should be on all war contracts as well as all contracts for "rebuilding," when there never was a declaration of war and there never will be a declaration of the end of the war.

Steps 1 and 2 can be in either order:

- **Step 1:** Convince one or more Congress members to introduce an Excess Profits Tax bill in the House and Senate.
- **Step 2:** Call for hearings in the House and Senate, or by a Joint Committee, on the problem of excess profits on contracts relating to the War in Iraq.
- **Step 3: Hold unofficial hearings in each community on the costs of the war in human terms, and the profits to local corporations in dollar terms.**

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