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THE POST-WAR OUTLOOK[1]

To fix the bearing of what I have to say, it is at the outset well to make clear my point of view.

I believe that the democratic political movement in the civilized world is likely to overbear all opposition: that the immediate political future—I hope, also, the ultimate political future—is with democracy. Thus, I am concerned to examine the terms on which the political democracy of the future can be an enduring and a worth while thing.

I am, that is to say, convincedly—even, I suspect, dogmatically—a democrat, in the sense that I believe thoroughly in popular government, in the equality of individuals, in political rights and responsibilities, as also in the high and substantive value of freedom in its own behalf. I do not, however, ascribe to political freedom any essential sanctity of ultimate or natural or inevitable rightness. I hold it, instead, to be an issue of time and place and circumstance, as fit only for those people that are fit for it. Democracy may easily approach to the worst of all forms of government—in danger of being no government at all, but mere license, disorder, revolution and counter-revolution—in the degree that any people falls short of meeting its severe requirements. A populace incapable of understanding its own needs, but attempting to rule in its own interest, is almost certain to blunder into its own great harm. It might better rely on such incidental welfare as may befall from an intelligent and efficient government conducted primarily in another interest. The present cult of democracy is undiscriminating. But democracy at its credible best carries with it the highest assurance of human welfare, precisely because it is the only government in which the welfare of the governed becomes the direct and the ultimate problem of the governors.

Political democracy is doubtless as readily possible in a collective as in a competitive economic order; perhaps, indeed, is more easily possible, in the sense of making call for a less vigilant intelligence. But I am not a socialist, if for no other or better reason than that I am unable to make out what the socialistic ideal—the family writ large, the brotherhood of man—would concretely turn out to be or do. I just

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don't get it. But further I hold with the practical working necessity of competition, and of competition within, as well as without, the economic field—only that also I seem to myself to know that it is not all wholesome, and that some of its unregulated workings are pernicious and extremely dangerous, not merely directly to the general welfare but to the very perpetuity of competitive institutions. A regulated competition I take to be imperative, if competition is to be and to remain a tolerable system. Successful competitive institutions, I hold, require an intelligent guidance, which, so far, they have measurably lacked, and in that lack have seriously and essentially suffered. The most dangerous menace to the competitive order I take to be with those partisans of it who resist resolutely all change or amelioration of it. There is a better service. Lowell, we recall, could best attest his love of his country by his intense loathing of its shame. I hold, as for that matter do also the Guild Socialists, that no system, thoroughgoing and systematically noncompetitive, could be tolerable at all. But the competitive system needs to be made tolerable and, as I hold, can be made tolerable, but not by the method of eliminating all coercive regulation and restriction of it.

Essential, therefore, to the success of those voluntary coöperations that are the characteristic traits of competition are the compulsory cooperations that are in ultimate principle socialistic. Government, for whatever there is of it, is so far an expression of the collective principle. Believing, therefore, in the present order of society in its general outlines, I believe also in the limited acceptance of the socialistic principle. To get along without government—a systematic and unlimited individualism, the competitive principle at its utmost extension —I esteem as little as a government coercive over the entire economic field, an unlimited and systematic collectivism.

So much as this, however, is obviously neither a radical nor a conservative pronouncement. Instead, it is a mere commonplace of practical policy. In the very institution of government the commonsense of the world has recognized the necessity of limitations imposed on individual activities, gain getting as well as other. Systematic laissez faire is as thoroughly discredited as systematic collectivism ought to be. The antithetical principles of liberty and of compulsion are good, each in its own place and degree. The problem is one of articulation and of adjustment between them. Wherever the ends or the methods of individual striving conflict with the common good, there is the sphere of the state, restrictive or coercive. Such is the plain meaning of the law and order jurisdiction, the enforcement of contracts, the decree of damages against torts, the enactment of pure-food laws, the license

or the regulation of products and of markets. When the individual effort at gain appears to concur with the common good, as in the growing of corn or the spinning of cotton—perhaps also in the culture of silk and in the providing of champagne, face powder, and cigarettes—the state may well keep hands off. All interference is a question of expediency and not of ultimate ethical imperatives, a problem of the costs and perplexities of the attempted control set over against the putative good to be achieved. But government, the coercive control of some things, is as necessary as are any of the things controlled. It is only the anarchist that condemns all collectively coercive activities.

There is, then, as little validity in the wholesale denunciation of collectivism as in the wholesale advocacy of it. The all-inclusive governmental problem is to conform the working of individual activity to the interests of the common welfare. For it is obvious that the sum of individual welfares can report the sum of general welfare only so far as the individual good is attained neither through parasitism nor predation. A rational society will combine liberty and authority. Always the problem is to draw lines of wise adjustment between the antithetical principles. Subjected, then, to the test of the common good, neither collectivism nor individualism can make its exclusive case. The proximate ideal of society, perhaps also the ultimate ideal (about this last I know something less even than I care) is that of individualism, collectively controlled and supplemented—competition under collective limitation. Never in society has there workably been, nor ever, as I hold, will there wisely be, nor ever—in the absence of cataclysmic and disastrous change—will there credibly be a systematic collectivism or a systematic individualism or, for that matter, a systematic and logical anything else. Under conditions of orderly and wholesome development, systematic collectivism equally with systematic anarchism is a dream of mad logicians. As well look for flourishing life under absolute zero of cold or in unlimited heat. Societies are not thus monistic. They are dualistic in principle of organization, precisely because they are societies made up of individuals.

I protest then against the wastes of intellectual energy and of practical effectiveness that attend the division of forward-looking men into opposing doctrinaire schools of thought as to ultimate ideals in social organization or as to the ultimate destination of society. I urge that all constructive emphasis be centered on the near-by things. The thing to do is always the next thing. It is a tragic waste of social forces to divide on remote and rear-ground issues. The immediate problems are difficult enough and are pressing. With the ameliorative program so conceived and so limited, the agreements are vastly more important than

the differences. Only so can the next things get done. Single-taxers and socialists, for example, should postpone their issues of ultimate institutional programs—their antithesis of individualistic as against collective ethical presuppositions—so long as the doctrinal positions concur in proscribing private property in natural bounty. Only when practical policies diverge because of differences in theory are theoretical dissensions to the purpose. When what to do is not at issue, it is folly to fall to quarreling about why. The immediate problems of progress, the policies common to programs ultimately divergent, are enough to absorb all present attention and effort. So long as for every type of progressive thought, a step is recognized as in the right direction, it is mere blundering to complicate the case with the issues that can wait—that as unactual are for the purposes unreal. Go along with your neighbor till your paths diverge. To the socialist all merchandising is parasitic. To me, these activities tend merely to proliferate into extreme wastes. There should then be agreement on measures of limitation—say, high license taxes. If actual taxation is working regressively on private wealth and income, socialists and individualists may unite in efforts toward a system less obnoxious to the ideals of both. Higher inheritance taxes? Yes, say I, who, in order that the competitive system may both endure and deserve to endure, would check economic stratification, would hinder the emergence of differentials and handicaps: if also the socialist says yes, as directed by his opposition to private property in general, we can so far work together instead of at cross purposes. Our differences are not actual. We desire the same particular thing, the thing at hand, only for different ends. Join we then to get the thing that we both now want. Later we may contest in another field. Sufficient unto each day are the quarrels thereof. I advocate progressive taxation in general in order to mitigate the economic inequality that in my view is putting in hazard the political and economic democracy of the competitive order. If to my socialistic neighbor the same policy appeals as a step toward the abandonment of the competitive order, it is still true that on either basis of policy the thing is good. Our hopes diverge merely as to what will come of it. I would have the officers of justice public functionaries, and justice free—not dear, and therefore only for the rich, and therefore not justice—as also now I approve of free schools and free police protection: and all of this not because I am a socialist but because I am not; because, solicitous to preserve the competive order, I fear and deplore its inadequacies and excesses. Some among all the things that the socialist condemns I also condemn, but from the standpoint of another ideal. Not in denying his criticisms where they are due, but in admitting and then helping to remove them, is my best service to my

cause. That also the socialist wants these ameliorations because he is a socialist, leaves it none the less true that he wants them. So far we may work together. Because I desire equality in competition, I want to be rid of property in privilege, in tolls, in restrictions of output, in nostrums, in every ill good-will. With whomsoever also wants to be rid of them I am glad to make common cause. I want a fair and intelligent and adequate trial of the possibilities of competition for human welfare, before the question of its abandonment for unknown things is to attain the dignity of a present issue. Thus with another man who takes these methods of amelioration of the existing order as merely steps toward getting altogether rid of it, I have no present quarrel. That he wants to improve it is enough for me, no matter what may be his ultimate end. I also want to improve it—to the ultimate end of preserving it. So improved, I hold it likely better to serve the ends of human life than any new thing that he can offer as substitute for it. My mistake? It may be. We shall see about it then. Meanwhile now he is welcome to his own line of prophecy, as later, in its due and appropriate time, he will be welcome to his own line of effort, divergent from mine.

And now I arrive at positions perhaps more controversial. The society to which as working ideal I pin my faith is a consistently democratic society, a society of competitive equality; not, however, a society of economic equality, so far as individual powers and accomplishment must and will differ, but of inequality limited solely to differences in individual ability and achievement; a society free of differentials of privilege or of inherited opportunity; a society in which men may be unequal solely by the title of individual gifts and accomplishment, but equal still in all their objective conditions; a society of equality only in the sense of equality of opportunity, where it can be only in the subjective sense, never in the objective, that a man have no chance, that he arrive in the world not less obviously damned into it than born into it. And this means that a competitive society progressively stratifying through the passing down from one generation to another of the differentials inevitably emerging in each generation, I hold to be a society that by the test both of its worth and of its promise of endurance is grievously sick.

This credo, I admit, or that part of it that sounds in the ethical emphasis, makes a not much better claim to validity than may attach to any mere act of faith. Such with me in point of derivation it doubtless was. I offer now no support of it; though, as *ex post facto* to its getting, I think I have come into some reasons for holding it—considerations of the aggregate serviceability of income, of competitive

consumption, of standards of living imposed by the haves that can and pursued by the have-nots that can't; of the rainbow fading-out of affirmative enjoyment into drab necessity; of the racial menace of declining birth-rates; of the dreary futility and the spreading harm of the decorative life for women—questions for the discussion of which there is here no time.

All the more urgently, then, not as matter of inscrutable faith but only of sheer factual outlook, I stress my assumption that democracy is coming. And, if so, I insist, economic institutions that shall make room for it there must imperatively be, on penalty ultimately of a fundamental reconstruction of society or of the debacle of civilization. New social forces are preparing. With the man whose ideals of worth incline to political or economic aristocracy I offer, I repeat, no confident issue. His faith—just another faith it is—may be the right one as to the organization of society which, if attainable and workably enduring, would be best. It is doubtless arguable that with the intelligent, according to the test of their own or their progenitor's success in the pecuniary competition, shall wisely go the governing of society, while the rest of us shall accept our welfare as an incidental by-product of a government conducted by them in furtherance of their own interests and purposes. But I judge that in any case this is not to be. In this connection I note a recent declaration of faith by Mr. Charles M. Schwab: "I am not a socialist. I believe in aristocracy; but only because I believe that the aristocracy of this country is the aristocracy of men and women who do things—the aristocracy of accomplishment." More important with me, however, than the faith that the aristocratically competitive order ought not to be, is the factual conviction that it cannot enduringly be, and that the effort to achieve or to maintain it is fraught with great intermediate dangers and penalties. I proceed on the frank assumption that, for better or for worse, political democracy is to come, and that, as intelligently as may be, place must be made for it.

But it is neither mere faith nor dogmatic prophecy to assert that political and economic democracy cannot exist apart. It is a foolish temerity and an improvident stupidity to attempt to articulate political democracy with economic aristocracy. One or the other must in the long reckoning perish. On the issues both of fact and of worth I am a democrat in the economic sense because I am a democrat in the political sense. I take it, therefore, that the modern world has to face the question whether it will have political democracy under the competitive order as over against some form of democratic collectivism. This issue needs squarely to be faced. To plan for competition and for aristoc-

racy is to hazard both. I plead for radicalism to conservative ends, for a progressive conservatism.

I hold it, therefore, to be our enduringly serious blunder in the conduct of the great war that we failed to realize the long meanings of the financial policies that we followed. We have now promptly to take account of our newly emerging dangers. In point of degree the war has vastly added to the perplexities of our institutional life by further solidifying the economic stratification of society. The world has now to reckon with 250 billions of war debts. The peace with Germany was made to turn upon adding to its domestic war debt further billions of debt to be externally held and collected. Consider the domestic debt alone. These forty billions of war bonds are a promise that for an indefinite future from the taxpayers of Germany the bondholders shall enjoy a two billion dollar revenue. We did not substitute our own claims for these but added ours to these—and all of this is our solicitude for the domestic peace and the institutional democracy of Germany. Not only do we leave it to the German taxpayers instead of to the malefactor classes to provide our scant indemnity—and to our own taxpayers to meet the deficit—but we allow to the malefactor classes two billion dollars of annual revenues at the cost of their victim classes—enhanced class wealth and enhanced mass poverty—not that we have so little care but so little understanding of democracy and its needs. Even if the rulers of Germany shall cease to plot wars, the peace which we leave to the German people they cannot abide. For them it is an intolerable poverty that has its cause and correlate in class wealth. Germany will hardly win through to democracy excepting on terms of some sort of repudiation; peaceable conceivably, disorderly probably, revolutionary possibly. We have made no gift of democracy. Democracy is, I still believe, to arrive in Europe, but only as the need and aspiration gain the necessary strength to override the new barriers that the war has erected and that the peace has reinforced.

I urge, in sum, that the present problem of the institutional conservative is the establishment and the maintenance of economic democracy. Failing of this, we shall at the best provide solely the forms but never the realities that are at the heart of democratic institutions. We shall decline to the dangerous and temporary equilibrium of the servile state —the aristocratic competitive order—to end either in a return finally to the ways of equalitarian competition, or in social disintegration, or in a drifting out upon the unplumbed, uncharted, and perhaps shoreless seas of democratic socialism. Or there is, it may be, one other way: Guild Socialism may get a hearing, a captivating and not incredible compromise between the collective and the competitive principles, equally unfittingly to be named either socialism or anarchism.

For those of us, therefore, who, convinced that democracy must come, are glad to welcome it—who are not socialists, who instead regard with favor the going institutions of working compromise between the extremes of systematic anarchism and systematic collectivism, who look ahead in limitless foreboding to the hazards and horrors of any cataclysmic change, who have scant faith in the promise of any better order into which these changes could finally lead—it is for us to ask ourselves the terms on which the political democracy that is to come can be harmonized with the competitive economic order. And thus, once again, we return to examine what, in its economic aspect, the war has meant, the problems which it has imposed, the solutions that it has left possible. For we believe in political democracy as also we believe in economic democracy, in the sense, be it repeated, that we hold neither to be in essentials enduringly possible excepting in the presence of the other.

It is now to be emphasized that the world war has not left the world impoverished, for the sole reason that it could not. Wars are supported out of current social product simply because they have to be. It is present dearth as it is present death that war imposes. The poverty of public debts is a fallacy, excepting in the purely separatist sense that a national debt may be held by foreign creditors—the consumption of the warring country supported out of the current supplies of the creditor country. But just as in a national inventory of wealth all domestic relations of debt and credit cancel out, so in a world accounting all international debts must disappear.

In the main, these war debts are domestically held. And such part of them as are held outside the country of their issue are held in the allied countries. The present tragedy of want in Europe reports, for the most part, not the impoverishment of resources by the war nor the national indebtedness remaining over from it but only a paralysis of current industry—a war legacy of disorder and disorganization, or the dire gift of post-war diplomacy—new imperialisms, and continued wars. It is not chiefly by the depletion of capital funds but by the interruption of income flow that Europe lacks for supplies, precisely as in the war years it was not out of capital resources but out of current production that the war was supported.

No? But it has become as commonplace as self-evident that no future item of product can function as supply for either the civilian or the military needs of any warring country. Neither war loans, nor war taxes, nor any other loan or tax, can make possible the present consumption of a prospective product. Old Sir Thomas Browne saw this truth clearly: "He had caught a great cold had he no other clothes

to wear than the skin of a bear not yet killed." An exterior loan merely places a warring nation in control of exterior current products, through the promise of a later and offsetting return of the products of a later time. Domestic loans control only domestic goods of current supply. Like taxes, loans distribute purchasing power over current goods in favor of the government; but, unlike taxes, they provide for a later redistribution of the goods that the future will produce. Loans and taxes differ not at all in point of the current national resources out of which the support of the war must be provided. The differences attach solely to later accountings of principal and interest to creditors, creditors who might instead have been taxpayers. Equally, whether by loans or taxes, subtractions from current individual incomes there must inevitably be, so far as war is to be supported at all. Whoever can buy bonds can pay taxes. The taxes terminate in slips of paper that are receipts, the loans provide slips of paper that are the beginnings of other things—contractual slips of paper, promising redistributions of future incomes and secured by first liens against these future incomes. But the future incomes do not thereby become presently available for present needs. The bonds induce the voluntary grant of present income. Taxes get the same results coercively out of the same resources of present goods. Distinctions of equity, tactical expediency, administrative complexity, class pressure, and general intelligibility are another matter. Doubtless the opposition to war is less if profits to many and costs to none are in general expectation.

Equally, for the most part, is war support impossible out of wealth remaining over from the past. Most of it—houses, lands, factories, equipment, furniture—is unavailable for present consumption either civilian or military; it is goods serving as intermediates toward product but themselves not final products for consumption. Stored up war supplies—munitions, equipment, war bread—are doubtless possible, but only in relatively meager volumes. Something also is possible, so far as deterioration can practically be carried, in making past production directly tributary to present emergencies. So again, goods for civilian consumption may not merely be economized—consumption restricted—but can be worn out without current replacement, whereby productive forces may be so far set free for military purposes. But the sum of all of these levies on the past bulks small in relation to the total war requirement. In the large it still holds true that present war, like present peace, must pay its way as it goes.

The irrelevancy of bullion supplies, of banking reserves, and of facilities for currency expansion—or the worse than irrelevancy—is thus evident, so far as the fundamentals of war finance are concerned. Wars are questions of those margins of productive energy and output that

are left available for military purposes, after civilian consumption is provided for. Governmental outpourings of clipped coin or of paper money are long-discredited fallacies. But equally also was our vaunted preparedness in gold reserves for credit expansion a mere preparedness for inflation. The realities in the situation these influences barely brush. Easy credit is not easy or plentiful product. New dollars will not clothe or feed men. More of the dollars is not more ships, cannon, ammunition, or more men to be spared from industry for the camps and the firing lines, or for supplying military goods to the embattled men. As armies march on their stomachs, so wars proceed on something more substantial than mere necromancy—on a more effective provisionment than the present shadows of coming things—not on the present worth of no matter how credible promises, secured never so well against incomes which as yet are not. Social unrealities a plenty there are in competitive individual wealth. But the actualities of war leave no place for intangible assets. True it is that one may sell his individual wealth and buy bonds. But not all may sell to one another to the result that all may buy bonds. And even if they could the supplies to be purchased would be no whit the greater.

Our credit devices of war finance, whether wise or unwise by the test of their total effects, and whether just or unjust by the test of the ultimate distribution of burdens, were processes that for every strictly war purpose moved merely upon the surface of things. For a people like ours that must provision and munition its own war—to say nothing of financing its associates—the essentials of success lay in the current productive efficiency of its industry, as supplemented by the most rigorous economy in civilian consumption—the utmost speeding up of the one, the utmost practicable retardation of the other. The past but little and the future not at all could serve for the purpose. At the best, the financial processes were merely devices of guidance and adjustment.

Certain other issues become equally clear. The choice of financial policies lay not between taxes or loans on the one side as over against credit inflation on the other. It was between taxes and inflation. Taxes from ultimate income and loans from ultimate income are doubtless indistinguishable in certain of their effects. If only the funds are secured out of ultimate incomes, it need not matter that the scrap of paper that is a contract one may use as collateral for borrowing and that the scrap of paper that is a receipt one can not. The bonds that so readily lend themselves to inflation need not of strict necessity be so used. The banks might be led to refrain from carrying the paper, or could have been prohibited, or might have been subjected to such re-

serve requirements as to have lacked the disposition—measurably difficult expedients, doubtless, all of them. But the decisive fact is that no ultimate income borrowing could have been made to suffice for the need. For a great war this method will not serve. No credible rate of interest will attract the necessary degree of sacrifice, imposing sufficiently drastic subtractions from individual incomes and the necessary restriction of individual consumption. This can be accomplished, not by the methods that work through inducement, but only by the taxes that leave no choice. Nor could any rate of interest seriously effective in this connection have avoided so drastic recapitalizations of property and security values as to precipitate a financial hurricane. And correlative bank rates must have been maintained, or directly or indirectly the banks would have absorbed, on inflation terms, the issues of bonds. If we were to rely on gigantic borrowing for war funds, we had to follow the inflation method. Taxation was the sole alternative.

Doubtless it must be admitted that drastic taxation—there was no escape from something drastic excepting in a small war—carries with it dangers similar to those of high interest borrowing, but only in minor degree. With narrowing residual incomes, some holders of securities and other properties will be pressed to sell to get free funds. Interest rates must advance appreciably, but not at all in the degree attending the loan process—precisely because the necessary restrictions of civilian consumption are left not to choice under the inducement of higher interest rates but instead to the coercion of taxes. It is in favor of taxes also that when one pays the tax he knows that he is so far the poorer. The buyer of bonds feels himself an investor, as actually he is. Bonds placed with banks or carried by them for buyers bring inflation, huge and swollen national debts, future taxes, inflation-swollen, upward shifting prices—and therewith such increased civilian economy as rising prices on the one side may afford as against rising profits on the other. Borrowing from ultimate incomes, in the degree of its possibility, brings only a slight inflation, no appreciable upward shift of general prices, future taxes, economy of civilian consumption, sharp advances in interest rates, and a disastrous readjustment in property and security values. Taxation brings an even less appreciable inflation, a closer approximation to stability in prices, a more marked economy in civilian consumption, relatively slight changes in interest rates, and a relative immunity from financial disturbance. Had America followed the English rates of taxation, it need not, I believe, have resorted to either type of borrowing.

And here the analysis returns to my main point of emphasis. Taxes avoid bonds. Because the war was financed in the main by the inflating

bond-credit method, the world faces a situation altogether new in its seriousness.

It is, in strictness, no part of my problem to appraise the weight of the war costs that somehow we carried and somehow had to carry. If, relatively to our carrying ability, these were so light that non-inflation methods of loan finance could have served, so also the alternative taxes could have been light. Modern war, waged even in a nearby field, requires for each soldier in the ranks two tributary civilian workers. Our three and one half millions of men, allowing for their transport requirements, called for eight or more millions of tributary producers. The bread-winners of the country numbered approximately forty millions, many of these, however, not socially productive. The less than thirty remaining millions had to make good these withdrawals of men and to supply the soldiers and tributary workers with their quotas of goods of ordinary civilian requirement. I take five million of combatants to have been the limit of our utmost possible contribution to the war. As it was, our supplies ran continuously short of our commitments—warships, freighters, transports, submarines, airplanes, cannon, machine guns, small arms, ammunition, blankets. It was *things* that were lacking for our war funds to buy.

Whoever holds then, as I do not, that our per capita product of civilian goods for civilian consumption was maintained in the war years, proclaims merely, and as I think exaggerates, the ineptitude of America's economic participation in the war. Even if, in the speeding-up aspect, our war record was all that is claimed for it as offsetting the enormous war absorptions of men and of products, the record would remain still profoundly humiliating. We came perilously near to losing the war. It is only in the degree of possible civilian economies that, in the main, war is now and always has been possible. Both the magnitude and the methods of modern warfare are solely explicable through the increasing margins of product available, above civilian requirements, for the things of war. In the progress of the industrial arts, therefore, are the explanations for the surpassing size, the surpassing expensiveness, and the surpassing horrors of modern war. So far, then, as the wisdom and spirit of peace lag behind industrial progress, the primitive man may easily have been the more fortunate man—our tree of knowledge heavy with bitter fruit.

In some sense it is beside my point, also, to stress further the fact, that those inflation methods have vastly swollen the monetary statement of the national debts. But in this fact is the decisive argument against deflation. The bond issues have mortgaged our monetary policies. The governments of the world are near enough to fiscal insolvency

already—not, however, I repeat, to national insolvency. The injustices also are great enough, with the debts restricted to their present burden. The men who forfeited positions and earning power to face the chances of death have enough to pay if, winning out to return at all, they repay to us stay-at-homes in cheap dollars the cheap dollars that we advanced as support of their dangerous adventure. And on these terms also their children and their children's children will have enough to pay to ours.

Conceivably, I admit, it might be good ethics—if only also it were possible—that future generations should share with the present generation the costs of a war that, in no small part, will enure to the future advantage, even though it be also probable that these coming generations will have their own wars to fight—and, it may be, the more of them to fight by the very fact that, vastly increased in numbers, they must find their living in a world grievously impoverished by our own excesses and prodigalities. But this thing—take it to be never so just—cannot be. In that future time this present generation will rank as a past generation. Dead and departed, it can have no payments made to it. No payments can ever be made by one generation but to itself. It will be only the grandchildren of some of us that will get paid at the cost of the grandchildren of others of us. Solely in the sense of this redistributive bearing on the future, can burdens be passed on. So far, truly, as the benefits of the war are enduring, there is a gift by us to the future—but a gift in its nature common to the children of all of us. But for some of these children the gift is to take on also the quality of a pecuniary asset. The other children will pay these first for the gift provided for all. Wisely, then, these inheritors of debt in favor of correlatively inheriting creditor grandchildren will adapt to their own case Lloyd-George's challenge of the British land system: "Why are fifty millions of us Englishmen trespassers in the land of our birth?"

Nor is this all of the truth. In large part the bonds were purchased out of inflation-awarded margins of profit. The masses who paid once in the form of these margins the money by which the profit-makers bought the bonds will later pay in taxes the cash to meet the accruing interest charges and finally also to retire the bonds.

I am not concerned to join issue with anyone on the question of the practical inevitability of these enormous national debts. I admit that, in the lack of any general understanding of their ultimate meanings and their long effects, in the easy and improvident opportunism of political life, and in the want of wisely brave leadership, nothing else was credibly possible. I charge no faults of purpose anywhere. But that the wealth of the country would not have borne whatever share of

the general burden it could recognize as its duty I do not believe. Had the social necessity and the personal and institutional justice of the conscription of current income been understood—the conscription of wealth was nonsense—I believe that the war idealism of America would have accepted the taxes as contentedly as it accepted the selective draft. The truth is merely that we didn't know. We had not thought it out. The fundamentals of war finance were, even to the economists, an unknown field. We had busied ourselves with other things—the processes and the problems of peace. Thus by error and drift we allowed our war for political democracy to go far toward making democracy impossible, carrying us thus dangerously forth in the direction of those economic institutions in which political democracy cannot thrive. We have blundered into our almost irremediable harm. We have mortgaged our political institutions, and therewith have hazarded either the perpetuity or the worth not only of these but of the competitive economic order. Both must be democratic if they are to deserve to endure, probably also if they are actually to endure.

But most of the evil effects of the war, as also some of the good, will pass with the lapsing years. The international bitterness will disappear, even if to the sole end of making place for others. The injustices, the hardships, the suspicions, and the protests attending the inflation process will fall out of recollection. The earth scars will grow green with the changes of new springs. The war dead passed promptly out of the domain of our problems. The war-maimed and the war-invalided will early arrive at their infallible ways of cure. Time will shortly have assuaged the pangs and stilled the sobs of bereavement; or, if there come no earlier surcease, to these pangs the sun and the rain will offer solace and these sobs the grass will muffle, the things of yesterday ranking with all the other tales that are told—the done and gone no part of that human experience to which the current life is granting its new meed of happy living.

But still not all things pass. These institutional effects of the war in the stratification of wealth will remain with us. To these nightmare debts no similar principle of passage or of mortality attaches. Their life stretches indefinitely beyond the individual life, to match it, it may be the span of racial or institutional duration. But surely, as I hold, from this long-enduring body of death, the democracy of the future will greatly stir to shake itself free. I believe also that it will succeed, and will succeed within the limits of the orderly development of competitive institutions. But I hold that, failing of the wisdom or the determination for this effort, and acquiescing in this burden of debt, democracy cannot remain democracy.

But, after all, how, within the present institutional situation, with its actual distribution of leverage and power, shall the democratically-minded masses hope for success? Revolutionary thinkers declare it to be impossible, consistently with the orderly processes of political development. My belief—my faith, if you please—is other. I hold that it is precisely through the progressive understanding and the enlightened decision of the classes with which this power and leverage lie—through their growing recognition of the ways of wisdom, of obligation, of provident adjustment and of sagacious coöperation—that the thing will come. And if it does not so come, it will be solely that the wisdom has been lacking to face fairly what the alternative will mean. Now, as always in social problems, the primary need is to understand.

The first task, then, of political and economic sagacity I take to be the retirement of these debts—through the assertion of the claim to all further emerging increments upon the social estates, through income and inheritance taxes, through severely high excises on middlemen activities, and even, if need were, as in Europe need actually is, through capital levies. If we allow the evils resulting from the war to run on, unmitigated, the consequences in social unrest, in lowered labor morale, in extravagant and destructive radicalism, in riot and, it may be, in attempted revolution, will cost us—and will cost all of us—vastly more than a courageous and even heroic settlement of our problems now with the means at hand. Always and everywhere it is for each present generation to protect rather than to impair the resources of the coming generations and to foster rather than to mar their liberties.

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