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AMERICAN SOCIETY

and the CHANGING WORLD

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and the CHANGING WORLD

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PREFACE

THIS BOOK attempts to view American society and its problems as a part of a dynamic interdependent world now in the throes of swift transition. It is clear that the problems of American society are so powerfully conditioned by the facts and forces of world life that they cannot be realistically treated except in terms of what is happening in Europe, the Far East, and Latin America. The Second World War, which had modified in one way or another nearly every major political, economic, and social problem in America months before Japanese pilots dropped bombs on Hawaii, has merely served to set this fact in sharper relief. Within this world outlook it seems doubtful that solutions to many of our most pressing problems can be effective unless they provide some measure of order and salvation for other countries.

For several years the departments of History, Economics, Political Science, and Sociology at the University of North Carolina have been engaged in the joint enterprise of conducting an introductory course in social science. Broadly speaking, this book is an outgrowth of the last part of that course. The impact of mind upon mind and of discipline upon discipline has resulted in the intellectual cross-fertilization that is desirable for an understanding of our common problems. The book has evolved slowly, and much of the material in it has been used in mimeographed form by hundreds of students. Our purpose has constantly been to describe and analyze rather than to present a blueprint for social reconstruction containing many easy answers to hard questions. Before there can be constructive thought, there must be an intelligent awareness of the nature and extent of the problems confronting us.

It is obvious that no collaborative work in the social sciences can possess the unity of a book written by one person. But a collaborative book, if the subject is broad and the viewpoints are reasonably well harmonized, offers the advantages that arise from mutual stimulation, criticism, and the like. The co-operative approach is likely, also, to be very valuable in any book that attempts to weave political, economic, social, and intellectual factors into a comprehensible whole.

Frequently authors profit from the services of good friends. In this role we recognize the help of Professors H. D. Wolf, C. B. Robson, H. W. Odum, R. B. Vance, D. S. Klaiss, G. B. Johnson, and Erwin Hexner, all of the University of North Carolina.

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Part I

THE CHANGING WORLD

Chapter I

THE INTERDEPENDENCE OF PEOPLES

The Growth of Technology

That we are living in a transitional epoch unprecedented in the speed and scope of its development is one of the most generally accepted facts of contemporary life. It is no exaggeration to say that the world in which Thomas Jefferson and Napoleon Bonaparte lived was, in its material framework, closer to the world of Nero and Saint Paul than to that of Franklin D. Roosevelt and Winston Churchill. The world of Jefferson and Napoleon was predominantly agrarian, and the machine was comparatively unknown. The complex, dynamic power civilization in which we live and move is largely a product of the last century and a half. No period of equal length in the long history of man has seen such far-reaching changes in the external aspects of society.

The machine—born of the marriage of science and industry—has been responsible in great part for this world-shaking transformation. The steam engine, the power loom, the steamship, the sewing machine, the telegraph, the dynamo, the mechanical reaper, the Bessemer converter, the machine gun, the telephone, the turbine, the adding machine, the airplane, the automobile, the tractor, the radio, and countless other inventions and discoveries, so numerous that it would require pages to enumerate them, lie behind this revolution. From Watt to Marconi the mechanical procession was continuous and ever swifter. Machine tools became more precise, and machines became more efficient, more complex, and more nearly automatic. All the while the advance of technology became more dependent on the specialized laboratories of science. Physicists revealed the hidden properties of electricity, and opened up vast new sources of light and power. Chemists salvaged numerous by-products, produced artificial fertilizers of great

value, and developed synthetic products of all kinds, many of which served as substitutes for expensive natural products. Indeed, physics and chemistry laid the foundations for many of the great industries of our time, and progressively harnessed the energies of the inanimate world for industrial purposes. Everywhere in the West, governments, universities, and business organizations exhibited a growing interest in scientific research. More and more, science became the guide to life and the key to wealth and power.

In a few score years the machine built itself into the fabric of Western civilization so completely that it came to dominate the fields of manufacturing, transportation, and communication, and to touch nearly every phase of life. A few men, such as Ruskin and Melville, asked if these labor-saving and time-annihilating devices were not encompassing men day and night, impoverishing life, and making it formless. But to such questions the great mass of humanity was indifferent.

It will be impossible to do more here than merely suggest in broad outline the nature of the impact of the new mechanical technique on the political, economic, and social life of man. The machine was no novelty, but never before had machines come in such rapid succession that the culture could not absorb them without undergoing swift and profound changes; never before had technical development subjected institutions to such strains and stresses. The transition from handicraft to machine technique that came with the rise and spread of the factory system went far to alter the whole economic basis of society. Specialization, standardization, and mass-production methods concentrated machines, materials, capital, and labor in vast quantities in industrial areas. This enabled the relatively small group of moneyed men to achieve virtual mastery over production and distribution and hastened the triumph of capitalism. Wealth increased, trade expanded, business organizations became larger, and competition tended to drive them toward monopoly. The revolution in transportation made available the raw materials and markets of more distant regions, and exchange became increasingly wider in character.

Helped on by medical science, population grew at an extraordinary rate. From about 190,000,000 in 1800, the population of Europe grew to over 500,000,000 in 1930. In America the growth was far more phenomenal. As population became more highly concentrated in indus-

trial and urban centers, grave moral and social problems arose. Old moral codes broke down, and the home suffered a diminution of its influence as a bulwark of individual and community life.

At the same time the class structure was profoundly modified. The capitalist and middle classes became dominant. An enormous urban proletariat, largely propertyless and traditionless, sprang up, and the differentiation between capital and labor became sharper. Recurrent industrial depression, unemployment, and insecurity troubled the scene. In an effort to improve their lot, the industrial workers fought for a voice in politics and for the right to organize and bargain collectively. In the second half of the nineteenth century workers generally became free to combine, and this freedom resulted in organized labor movements in all the industrial countries of the West. At the same time Marxian socialism, which aimed at the complete overthrow of capitalism, was exerting an influence in workingmen's circles. Before the end of the century labor organizations nearly everywhere were more or less under the inspiration of Marx's doctrines.

The Growth of Interdependence

The new industrialism had its home, and scored its initial triumphs, chiefly in Great Britain. English middle-class liberals succeeded in persuading Parliament to adopt the principles of economic liberalism, propounded by Adam Smith and others. They held that nations would attain the maximum measure of wealth if they specialized in those products which they were best fitted to produce, and traded freely with one another. Moreover, they believed that an economic world organized along the lines of an international division of labor and a free exchange of goods would be virtually free from violent international conflicts, and thus would offer the greatest hope for peace.

With the growth and spread of industrialism the economic and political relations among peoples became increasingly intimate and vital. Urban populations and specialized industries became more and more dependent on imports and exports. By the beginning of the twentieth century a technological and industrial web had been woven about much of the world, integrating everywhere the cultural life of man. Railroads had driven their way across continents, and ocean lanes were dotted as never before with the merchant vessels of nearly

every country. The gold standard and the international money markets knit national currencies, gave a greater measure of uniformity to world prices, and made it possible for manufacturers and traders to estimate in advance such things as costs and profits with considerable accuracy. The investors of capital often ignored political frontiers, and goods passed from one country to another with a minimum of governmental interference. On the eve of the First World War there were more than a hundred large industrial combinations operating across international boundaries. The international telegraph and postal unions rendered quick and efficient service from one corner of the globe to another. Men and women moved about over the world with comparative ease and freedom. The findings of scientists and scholars passed quickly from country to country, and the nationality of the author of a particular invention or discovery was of little moment.

In countless ways the physical life of the peoples of the world became interwoven, and national economies rested more and more upon an essentially world-wide exchange of goods and services. Tens of thousands of men of varying tongues helped produce the materials to make and supply the precision tools of the power age. The laborers on the rubber plantations of the Dutch East Indies, in the tin mines of Malaya, and in the cotton fields of the South toiled for the benefit of peoples in faraway lands.*

The First World War shattered beyond repair much of this international structure, but in numerous ways the foundations for a world community were potentially broadened between the two world wars. The League of Nations and its associated agencies were a significant attempt to create a political structure commensurate with the existing economic and technological framework. At the same time cultural assimilation was swift. Western fashions made inroads everywhere; bridge, tennis, and golf were played far and near, and athletes from nearly all countries participated in the Olympic Games. The radio broadcast the speech and music of all countries, and flashed news over the globe with the speed of light. Airplanes with mail and passengers spanned oceans as well as continents. When the Second World War opened, aviators thought of the Atlantic in terms of hours rather than days, and in many respects New York was closer to Moscow than it had been to Washington a century earlier. Such was the pattern of our physical lives which science and industry had made.

* For additional material on this point, see Chapter XX.

The Growth of Liberalism

The doctrines of individual liberty and representative government, which had been so dramatically proclaimed to the world in the American and French revolutions near the close of the eighteenth century, grew apace in the machine age. Broadly speaking, industrialism and liberalism reinforced each other. By accelerating the growth of urban centers, creating a powerful, class-conscious proletariat eager for the ballot, and quickening the exchange of ideas, the new industrialism helped to create an economic and social climate favorable to the growth of democratic ideals. But democracy was no necessary concomitant of industrialism, which could and did develop where autocracy held sway. Indeed, it should be remembered that the forces of democracy, wherever they won out, had to wage a desperate struggle with the forces of autocracy. The history of every Western nation in the last century bears witness to this fact. The battle lines were far-flung, and resounding blows were struck at frequent intervals along the whole front. Individual liberty spread over much of the Western world and came down to us because men of faith and courage paid the price in blood and toil necessary to win it and maintain an environment in which it could grow.

While the foundations of political liberalism were probably being weakened by such forces as imperialism, militarism, and economic nationalism in the epoch of the First World War, superficially, in any event, it gained new victories. The principle of universal manhood suffrage was accepted over a large portion of the Western world, and countries like Russia, China, and Turkey moved in the direction of parliamentary regimes. Not only was liberty broadening out, but science was triumphant with its promise of relative abundance for all, popular education was making rapid headway, and social reform was evident on every hand. Material progress seemed assured. Despite the international anarchy of the time, there was a strong current of optimism.

The First World War came as a surprise and a shock to most people, but disillusionment did not become marked among the believers in democracy until the rise of totalitarian regimes in Russia, Italy, and Germany. At the Paris Peace Conference in 1919 the "Big Four" were all democrats, and the ideal of the self-determination of peoples

was basic in the resulting settlement. The League of Nations attempted to carry democratic ideals into the field of international relations. With the establishment of republican regimes in Germany, Austria, Czechoslovakia, and elsewhere, many people believed that the world was moving more rapidly than ever before in the direction of a single political order. It may well be that democratic ideals grew and spread too rapidly in these years. Certainly the peoples in many countries to which they spread had not had the slow and painful training necessary to the effective operation of democratic government.

Politically men were not living international lives, and the unity of the world was more apparent than real. As we shall soon see, the vast industrial and technological structure that girdled the earth was permeated from the first by powerful competitive and disruptive forces.

The Cult of Science

Science, which made machine civilization possible, had its seamy side. In the last quarter of the nineteenth century the cry for facts, figures, and statistics grew louder in nearly every field of activity. Science became a veritable cult, and contributed to the shift of emphasis in general thought from romanticism and idealism to realism and materialism. The great majority of scientists came to accept the idea of the dominance of matter and force in life, and to view man as a kind of machine, working by physical and chemical processes. Ideas about man and the universe that past generations had assumed to be well-nigh fixed and immutable were in flux. An increasing number of people decided that the universe was alien and godless, and indifferent to man's hopes and aspirations. Such ideas, to say the least, were not conducive to the improvement of the moral climate.

Of all the great scientific concepts of the time, the doctrine of evolution had perhaps the most far-reaching effects on the currents of everyday life. By insisting that man was a part of nature, it weakened traditional Christianity and strengthened materialistic ideas. The concepts of the "struggle for existence" and the "survival of the fittest" were frequently appealed to by extreme nationalists and imperialists to explain or excuse their behavior. Some went so far as to contend that the forward march of humanity would be halted unless

there was a struggle for existence among nations, leading to the elimination of the weak.

Nationalism

While science and industrialism were laying the material foundations for a common culture, the national state remained the unit of economic, as well as of political, life. Nationalism, the complex, emotional sentiment of the nation-state, permeated the whole fabric of our culture, and became perhaps the dominant world force of our time. Not only has it bent the economic framework of the machine age to the pattern of the national state; it has to a considerable extent turned it to the service of power politics.

It should be noted at the outset that nationalism, which makes such a powerful appeal to the masses of men, has possessed many virtues, and still possesses some. It has given both stability and dynamism to the national state, has inspired a greater respect for law, and has been instrumental in eliminating local wars and internal trade barriers. In fact, until near the last quarter of the nineteenth century, nationalism was closely tied up with liberal and humanitarian movements, and gave a decided impetus to them. The danger which nationalism presents does not reside in its emotional force, but in its capacity to arouse violent antagonisms among different national groups. Unfortunately, this attribute of nationalism became much more pronounced in the age of realism. Bismarck's policy of "blood and iron" broke the bond between liberalism and nationalism in Germany, and with the passing of the years nationalism everywhere became less liberal and tolerant and far more intimately bound up with militarism. The Pan-German and Pan-Slavic movements took shape, and economic policy assumed a more distinctly national orientation. There was a marked tendency to exalt military virtues, and some writers glorified the nation-state as a sort of mystical entity. Nietzsche, whose philosophy gained considerable popularity, especially in Germany, went so far as to denounce Christian morality as a "slave morality," unworthy of free men. He declared that human nature was grounded on the will to power, and that such ideas as equality, compassion, and humility had no basis in man's nature. These concepts, which seemed to accord with a particular view of science, strengthened the hands of nationalist politicians.

Meanwhile the suppressed nationalities of Europe, such as the Poles and the Czechs, grew increasingly rebellious and awaited restlessly their chance for national independence and unity. The First World War, which nationalism apparently did so much to bring about, shattered the Austrian and Turkish empires, and brought in its train several new nation-states.

In the years between the two world wars, nationalism, in spite of the League of Nations with its ideals of international co-operation and peace, took on new violence in many countries. There was an enormous growth in propaganda resources and a willingness on the part of some nations to utilize these resources for the stimulation of national feeling. Organized religion lost ground, and nationalism was able to attach to itself some of the emotional fervor formerly connected with this force. Moreover, the sharp ideological conflicts of the time tended to lift nationalism above mere loyalty to the nation or race and associate it with such political and economic doctrines as Fascism, Communism, and National Socialism.

Imperialism

Imperialism, which may be roughly defined as a national policy which has as its chief aim the domination of other peoples and lands by means of conquest or economic penetration, is an old phenomenon. But in the epoch of the new nationalism and industrialism it attained an intensity unparalleled perhaps in its long history. It became a tremendous factor in the life of every great national state, and in the course of a few years Africa was partitioned and much of China was divided into spheres of influence. On the eve of the First World War many nations had imperial possessions that dwarfed in size the mother country, and imperialism was one of the main pivots of international relations.

The tremendous upsurge in imperialist sentiment and activity sprang from a complex of political, economic, and psychological motives and tendencies, ranging from the desire to improve the lot of the natives to naked lust for power and domination. Above all, it should be noted that imperialism was in line with many of the most powerful currents of the time. Perhaps the dynamic association of nationalism and industrialism did most to give it its peculiar drive and energy. Feelings of racial and cultural superiority, which were pronounced in this

epoch, especially in Germany, fostered the idea of "world mission." Moreover, the love of power was great, national pride was strong, the industrial machine could not expand without raw materials and markets, and surplus capital and youth were seeking profitable fields for employment. Of imperialism Mussolini has said: "It is the eternal and immutable law of life. At bottom it is but the need, desire, and will for expansion which every individual and every virile people have inside them."

While imperialism has gained momentum with the passing of the years, and marches on in our day with giant strides, the fact should not be overlooked that it has met with considerable and varied opposition in all countries. The clamor against it was loudest among socialists and other radical groups, but capitalists, international financiers, and traders have frequently denounced it as a potential source of war. Many idealistically minded people condemned it on the grounds that it led to the exploitation of the natives and degraded morally those who practiced it. There were others who insisted that colonial upkeep was burdensome, and that imperialism did not pay.

Economic Nationalism and the Problem of Raw Materials

National imperialism strengthened, and was strengthened by, the ideal of national self-sufficiency or economic nationalism. But, despite rising tariff walls, economic nationalism did not gain sufficient strength in the years before the First World War to choke the channels of international trade. It was during the years between the two great wars of our century that economic nationalism flowered.

Many forces, most of which were operative at the turn of the century, produced this energetic attempt to achieve economic stability and advantage on a more strictly national basis. (1) Industrialism was taking hold in many colonial regions, and several countries, such as Japan, Russia, and Canada, were approaching industrial maturity and in some instances were competing with the industrial nations of the West for markets and even in banking and insurance services. The end of economic expansion for the Western nations along well-established paths, in any event, was near. (2) The First World War and the great depression ended the reign of the gold standard and

produced serious financial and economic dislocations. (3) The rapid mechanization of agriculture threatened to glut the markets of the world with foodstuffs and raw materials. (4) The exaggerated nationalism and the political and social unrest of the period brought uncertainty and international tension. In some instances nationalist ideologies were exploited to the limit in an effort to direct the forces of discontent within the country into imperialist aggression. The totalitarian states subordinated economic activity largely to political aims in which military consideration played a vital part.

Such, in brief, were the forces most decisive in accentuating the trend toward national self-sufficiency. In Britain, the home of economic liberalism, protectionism won the day in the early thirties. The Third Reich pushed the drive toward economic nationalism with the utmost energy, and Hitler announced in a speech at Nürnberg in 1936 that Germany would attain complete independence of foreign countries in raw materials. Many of the smaller states found their independence threatened and were forced more and more into the political and economic orbits of the larger ones. At the same time, it seemed perfectly clear that national self-sufficiency made no economic sense to the majority of nations, and that no country, not even the United States, contained within its borders all the materials to maintain its standard of life. Indeed, long before the outbreak of the Second World War, the War Department of the United States listed as basic to our defense approximately thirty materials which we did not produce at all or produced in only small quantities.

In an era of acute nationalism and imperialism the problem of raw materials looms large. A mere glance at the problem shows that it is complex and confusing and inextricably bound up with the political and economic policies of nations and the whole structure of international relations. Often the value of a raw product varies greatly from country to country, and its value in any country may wax or wane. For example, in 1840 there was little demand for Chilean nitrate; by 1890 it had enormous international value as a fertilizer; today its importance is lessened since scientists now manufacture nitrates from the air. In 1850 gasoline, one of the great essentials today, was a waste product that polluted streams; and no one can say that it may not be so again in the future.

In the light of the apparent tendency in our time to exaggerate the importance of colonies as sources of essential raw materials, it

should be remembered that approximately 97 per cent of the world supply of commercially important raw materials comes from non-colonial areas. Rubber and tin are the only materials of great importance produced largely in colonies, and British Malaya and the Dutch East Indies are the great sources of these. Although the possession of a colony does ordinarily carry with it certain advantages, it is easy to exaggerate them. So long as there is peace, raw materials produced in colonial areas may be purchased on about equal terms by all comers. Germany lost the Cameroons to Great Britain at the close of the First World War, but her trade with the Cameroons in 1937 was approximately four times as large as Britain's. Nor does the mother country necessarily furnish the capital, labor, and inventive genius required to make the resources of a colony available.

Difficult as the problem of raw materials is, it is not beyond a reasonably satisfactory solution provided there are a will to peace and a measure of co-operation among nations. The raw materials produced in colonial areas might be distributed satisfactorily by means of international syndicates, but perhaps the greatest hope lies in a freer international trade. Obviously, it would not make sense to attempt to divide among the various nations of the world British Malaya and the Dutch East Indies, which produce a great part of the world's supply of tin and raw rubber.

Major Revolutionary Movements

Accompanying the spread of the new industrialism, and challenging the ideals of the liberal bourgeois state, were certain revolutionary movements of an intellectual character. By far the most important of these movements in the nineteenth century was Marxian socialism. It rejected capitalism altogether, and advocated the reorganization of society on a classless basis with the means of production and distribution owned in common. In spite of its opposition to nationalism, imperialism, and militarism, its stress on economic materialism and the class struggle and its supposedly scientific basis served to put it in tune with some of the strongest currents of the time. Its appeal to the proletariat caused anxiety among the governing classes of several nations, and the programs of social legislation in Germany, France, and other countries were in part attempts to overcome the revolutionary mood of the masses. Though the growth of the social-service state did

much to meet the challenge of Marxism, there were socialist movements of considerable strength in nearly all countries at the outbreak of the First World War. And after the collapse of the old order in Russia in 1917, the radical socialists gained the upper hand and undertook to construct a socialist regime throughout this vast land.

But a little later two new revolutionary movements, Italian Fascism and German National Socialism, began to menace the international order and the liberal state systems. Although the Bolsheviks used authoritarian methods in their efforts to create a socialist society, they did not renounce the ideal of a society of free and equal individuals as their ultimate goal. The Nazis (National Socialists), on the contrary, revolted against rationalism and world organization and rejected the basic values which had constituted the unity of Western civilization. They made war on individualism and democracy, pulverized some of the groups and institutions that had cemented society, and set out to forge a kind of mass state based on "blood and soil," on force and discipline.

Peace and War

We have already suggested some of the reasons why it has been so difficult to maintain peace in the twentieth century. Such things as supernationalism, the decline of moral standards, imperialism, and militarism help to breed international anarchy and war. But the problem is even deeper and more complex than this. For human motivation and behavior are almost infinite in their variety, and conflict is a basic fact in human societies. Our world is essentially a unit in its material framework, but in the political maturity and the modes of conduct of its peoples there are great differences, and these are projected into the domain of international relations. It is a fact worthy of note that some keen students of modern society, among them Alfred Zimmern, have traced the crises of the twentieth century largely to the "political immaturity of the German people." If there is to be relative peace in the machine age, the peoples of the world must conform to a general pattern of conduct in their dealings with one another. Between the nation that mobilizes its resources for conquest and economic domination and the nation that organizes its life for normal living, there can be no common ground. For no nation can arm to the teeth and pursue a policy of power politics without en-

dangering the existence of other nations and compelling them to follow suit.

While the twentieth century has witnessed two world wars, it has at the same time heard more talk about ways and means of eliminating war than any other period of equal length in the history of man. It has created the most imposing piece of international machinery that the world has ever seen, the League of Nations. It can point to the Kellogg-Briand Pact as the most striking and general expression of opinion against war in the annals of man. Indeed, it appears certain that the overwhelming majority of people of the world in our time have longed for peace rather than for war. Even Hitler, although he accorded to war a lofty place in his scheme of national life, has frequently recognized the desire for peace by insisting that his policies were designed to promote peace. Permanent peace is perhaps an ideal too lofty for man to attain, in the measurable future at least, but the poverty and suffering that war brings in its train are so great that men of vision and courage dare not and will not relax their efforts to eliminate war from the world.

Perhaps no institution has changed more rapidly under the impact of modern technology than war. Since Napoleon's day the mass army has been the typical military instrument, and war has come to involve more and more the whole population. It has exploited everything within the whole range of science and industry, and in the twentieth century the concept of the "nation in arms" has given way to that of the "nation at war." The total resources of the nation, spiritual as well as material, must be mobilized. The nation must become a vast machine, disciplined and efficient. Success depends on the engineer, the chemist, and the worker no less than on the soldier, the seaman, and the pilot. Indeed, if mechanization goes much further, it may materially reduce the size of the mass army in relation to the total population. Military experts now hold that it requires more than a dozen workers to properly equip and supply one soldier at the front.

The military strategy of the First World War was still largely a matter of combat in the open field between huge mass armies. The airplane was used almost entirely for purposes of observation, and the tank was not introduced until late in the war. The machine gun and the rifle accounted for most of the slain. The rapid development of the airplane in recent years, however, has given war a three-dimensional character and has brought the civilian population directly

into the line of fire. The air arm, if sufficiently strong, may virtually paralyze the enemy by wrecking vital centers of power and communication far behind the defending ground forces. Here the distinction between civilian and soldier all but disappears. The pilot, several thousand feet above the earth in the darkness of night, may hit a hospital instead of a power plant or a church instead of a munition plant. Indeed, the terrorization of the civilian population was an integral part of the German plan of campaign on the western front in the spring of 1940. When roads became jammed with men, women, and children, Allied operations were in part disrupted and morale was weakened.

Political and moral interdependence has made war harder to escape and more tragic when it comes. Technological development has increased mobility and greatly extended the range of military conquest. No nation can insulate itself against the shocks of total war. Even the preparation for total war on the part of any great power affects the masses of people in other countries, and may even threaten their very existence. As never before war concentrates and calls into action the total collective forces of a nation's life.

As this brief historical preview has indicated, the epoch with which this volume is concerned was one of transition and conflict, full of drama and challenge. Technological progress continued with its promise of greater abundance for all if men could and would learn to co-operate. But the forces working against world co-operation and organization succeeded in gaining the upper hand. The very rapidity with which the earth shrank in its space and time relations, perhaps, added to the violence of conflicting culture patterns. Powerful revolutionary movements shook the world. By and large, individualism declined, liberty contracted, and disillusionment grew. At the same time, the peoples of some of the democratic countries became complacent and cynical and tended to forget that democracy was a hard and unfinished way of life, reserved for free men with faith and courage.

Suggested Readings

Beard, C. A., *America in Mid-Passage* (New York, Macmillan, 1939)
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Muir, Ramsey, *Our Interdependent World and Its Problems* (Boston, Houghton Mifflin, 1932)
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Chapter II

THE INTERNATIONAL SCENE
From Versailles to Munich

Introduction

Just as individuals live in a society that reflects their interests and activities, so do states live in a world society that bears the impress of their policies and aspirations. And because of the power of the state and the possibility that the international policy of a government may, and frequently does, lead to war, many observers give to the field of foreign policy a primacy of importance over that of internal policy.

In the realm of foreign policy the student is confronted with a series of complicated relationships between countries. These relationships are the result of national policies in the international sphere, where each state seeks to utilize its economic, intellectual, and human resources to the best possible advantage in the pursuit of power, prestige, and security for its people. It must further be understood that, when peaceful negotiations will no longer achieve the program which a state feels to be vital for itself, resort may be had to pressure of various kinds, with the possibility of an ultimate appeal to war. Until there has been a profound change in the organization of the world and in man's attitude toward the world, it would be unsafe to assume that the methods of diplomacy, with its ultimate appeal to force, had altered.

Fortunately, the study of the international relationships of Europe between 1919 and 1939 can be divided into periods of time, each being enough different from the others to have a special character of its own. Since there can be no question here of a detailed study, we shall attempt to capture the general character of each period and to show how the major powers or groups of powers contributed to that character.

The Versailles Treaty

When the Paris Peace Conference opened in January, 1919, much of Europe was in a fluid state. Four years and more of war, perhaps the most deadly and costly that the world had seen, had changed the face of things. People everywhere, still under the spell of an idealism accentuated by grave national danger, hoped for a new and better order of human relations. But the task confronting the peacemakers was hard. Many barriers which had previously held powerful forces in at least tenuous equilibrium had been destroyed by the war. Bolshevism was gaining the upper hand in Russia; the old Austro-Hungarian Empire was breaking apart along ethnic lines; and the German Empire was hovering on the brink of revolution. All over Europe mighty political and social forces were in full emotional play.

Though the armistice of November 11, 1918, marked a cessation of formal hostilities between the Allied and Associated Powers and Germany, peace was not legally restored until the conclusion of the Versailles Treaty on June 28, 1919. This document—about 200 pages long and containing 440 articles as well as a number of annexes—was a dictated treaty. This in itself need not be too surprising since in the final analysis treaties coming at the end of a war are usually dictated by the victorious power, and contain conditions that become acceptable only because the demands embodied in the treaty have behind them the power of force. In the case of Germany, however, the term has a special significance since Germany was not permitted to send a diplomatic representative to participate in the discussions leading to the formulation of the official document. This was a mistake in psychology, but it would be difficult to argue that it would in any way have materially changed the terms of the treaty. It must further be recognized that the treaty was drawn up in an atmosphere of emotional tension that four years of war had aroused, and that the statesmen at the peace negotiations were operating under conditions of severe pressure from a public opinion that could not always advocate that which was wise and possible. These two circumstances have made many persons consider the treaty and its more severe terms a work of iniquity from which spring most of our present-day woes.

It must be remembered, though, that the treaty represented more than a malevolent effort to punish the Germans. It was, after all, drawn

up by men of considerable knowledge and experience formed into committees of experts and entrusted with recommendations on the leading problems of the conference; frequently a great amount of work went into the shaping of the various provisions; and the finished document represented a compromise between what was desirable and what was possible, in which various Allied leaders suffered many days of strain and worry and sacrificed much popularity to secure modifications for Germany. It was a treaty placing severe terms upon a nation that had suffered greatly, but it must not be forgotten that among the nations that imposed it there were those that had suffered even more. It must also be remembered that at the time it was imposed it was considered an act of international morality against a country that was largely responsible—and it was not entirely an illusory responsibility—for starting the war. It was a human document made up of the idealism, error, and greed which are mixed in such provoking proportions in human nature.

THE TERRITORIAL CLAUSES

The treaty itself may be divided into four principal parts: the territorial, financial, and military clauses, and the Covenant of the League of Nations. In the matter of the territorial penalties, Germany suffered a loss of more than 25,000 square miles having a population of almost 7,000,000 inhabitants. Of this loss, however, Alsace and Lorraine represented the most important territorial transfer, and it is of great significance to recall that these provinces had belonged to France until 1871 and were still French in sentiment at the time of their re-cession to France in 1919. In addition, the Saar basin, on Germany's western frontier, was placed under the administration of the League of Nations, and its coal mines were given to France as compensation for German destruction of French mines in the northeast of France. Careful provisions were made that Germany be given an opportunity to recover this district by a plebiscite to be held in 1935. The only other alteration of the western frontier was the award of the two small districts of Eupen and Malmédy to Belgium.

In the north, although Denmark had been a neutral in the war, provision was made for a plebiscite in Schleswig to determine if the many Danes living there preferred to be under Danish rule, and as a result the northern part of this district was transferred to Denmark.

It was in the east, however, that the changes most bitterly resented by Germany occurred. One of the results of the war had been the burgeoning of nationalistic hopes in central and eastern Europe, and one of the brightest of these had been the hope of a restored and independent Poland. This had been called for in Wilson's Fourteen Points with the proviso that the restored state should be given secure access to the sea. The result of this was the surrender of German territory to the Polish state, and the establishment of a corridor down the valley of the Vistula River to the Baltic port of Danzig, a German city now given a special status but linked to Poland in the direction of its foreign policy and customs regulations. This corridor divided Germany into two parts, with East Prussia on the northeastern side of the corridor. Germany was also aggrieved by the decision to divide Silesia in southeastern Germany between Poland and herself, although a plebiscite had shown a majority for Germany in the region as a whole.

This transfer of land was admittedly a matter of the most serious import. Much of the mineral resources that had contributed to Germany's industrial greatness went with the land, delicate economic relationships were disrupted, and many citizens of Germany became residents of a foreign country for which they had only disdain. For each cession, however, there existed very plausible reasons, and it is not difficult to justify the dispositions that were made, with the possible exception of Silesia. The lands that were lost had been territory gained by war, and a majority of the populations, by and large, were not of German descent. There was no more prejudice in the French contention that the cessions were just than in the German contention that they were unjust.

THE MILITARY CLAUSES

The military clauses of the treaty became associated with the territorial clauses. France, at the beginning of the peace conference, had advanced a proposal—which had the full support of Foch, generalissimo of the Allied armies—that the west bank of the Rhine River be detached from Germany and placed under French control. This would have given France command of the bridgeheads of the Rhine and would have made the river the military frontier between the two countries. Foch and a number of realistic Frenchmen were confident

that nothing short of this disposition of the west bank could yield France the security she so sorely desired against a future attack by her potentially more powerful enemy.

The French proposal, logical though it might have been from the military point of view, aroused the bitterest opposition of Lloyd George and Wilson, who saw in such a move a denial of the rights of the Germans on the west bank to remain a part of the German state. France was forced to give way on the original plan in favor of a compromise solution. It was proposed that Allied troops be left in possession of certain bridgeheads for fifteen years, with the possibility of an extension of this period should the other terms of the treaty not be fulfilled by Germany. In addition, the west bank of the Rhine and the east bank for a depth of about thirty-two miles were to be demilitarized. France was also offered a treaty of guarantee by the United States and England in which it was promised that these two countries would come to the aid of France if in the future France was the victim of an unprovoked attack by Germany. Despite the seemingly substantial nature of the concessions given in the compromise, it remained true that France had surrendered tangible, physical claims for a settlement made in part of promises. The sense of betrayal experienced by France became doubly sharp when the Senate of the United States refused to ratify the American commitments under the proposed treaty and England in turn refused to step in where the United States had feared to tread. The achievement of French security was left for postwar developments.

As the beginning of a disarmament program, which it was piously hoped would be extended to the rest of Europe, Germany was placed under severe limitations on the personnel and materials of her fighting forces. The German army was limited to 100,000 volunteer soldiers, including officers, recruited for long terms of enlistment. The German general staff was broken up, military aircraft were forbidden, and other categories of arms were limited in size and number. The navy could have six battleships, six light cruisers, twelve destroyers, and twelve torpedo boats, but no submarines. These terms were designed to be severe, yet it must be remembered that in the final analysis their effectiveness depended upon the maintenance of the proper relationship between the German willingness to comply and the Allied will to enforce them.

REPARATIONS

The most unsatisfactory part of the treaty was found in the financial clauses. These financial demands, out of which developed the reparations problem, were indefensible because they recognized in no way the limits upon Germany's ability to pay for the damages caused by the war. No one knew, as a matter of fact, just what had been the extent of the damages, and the inclusion of separation allowances and military pensions in the claims, so that countries far removed from the scenes of the physical damage wrought by the war could share in the German payments, was certain to balloon the sum into astronomical figures. The Treaty of Versailles, itself, contained no statement of the sum for which Germany would be held responsible, but contented itself with the provision that Germany recognize the principle of her obligation to pay; that she in fact pay the equivalent of approximately $5,000,000,000 by May 1, 1921; and that on that date she would receive a bill for the total damages drawn by a special reparations commission. This bill, though still not complete, was finally set at about $32,500,000,000. There was obviously an optimistic cupidity on the part of the Allies, yet again it seems to be clear that Germany deliberately sabotaged the impossible demands by paying even less than she could have paid.

THE LEAGUE OF NATIONS

Though principle and idealism were not completely lacking in the main part of the treaty, it is safe to say that the League of Nations, the covenant of which was an integral part of the Treaty of Versailles, captured and held most of the idealism that years of war had fostered. The world was, at last, to have an institution specifically dedicated to the preservation of world peace, which at that time meant an enforcement of the treaties. Such an institution, had it existed, would have saved the world from the horrors of 1914–1918—so it was argued—and it must be created now for future contingencies.

The League was created as an international institution having the appearance, with its council, assembly, permanent secretariat, and world court, of an international government, but lacking the one ingredient without which any government becomes a mockery—the power effectively to enforce the decisions that are duly taken. In the

final analysis, the League depended upon the operation of world opinion to give substance to its work, and many thought that the creation of opinion was in itself a weapon so potent that the League needed no other. Its general appearance of a constituted government, however, deceived opinion instead of creating it, for the world public was led to expect from the League a work which it lacked the power to perform. It should have been considered merely as an institution to facilitate the exchange of national viewpoints in the hope that such an exchange would lead to the peaceful solution of international, or even national, difficulties. The League was also weakened in its moral authority by the absence at its inauguration of three of the world's most powerful states: the United States refused membership, and Germany and Russia were not desired as members. It would have been a miracle if this hope for a new world, working under these handicaps, had succeeded while the forces still in operation were those of the old world.

The Lesser Treaties

The other treaties of the Paris Peace Conference, those with Germany's allies, may be dealt with almost summarily. For our purposes their only important arrangements were those dealing with the new territorial distribution in central and southeastern Europe. It must be said for the conference that in drawing the new boundaries it simply recognized, for the most part, the disposition of territory already accomplished by the action of national groups in these sections of Europe. For a hundred years the huge, conglomerate Austro-Hungarian Empire had felt the disruptive tugs of its subject minorities as they struggled to find greater liberties for themselves within the empire or to set up states of their own choosing. In 1918, Austria-Hungary collapsed shortly before Germany did, her emperor abdicated, and the empire broke up into a number of parts. The peace treaty of St. Germain with Austria and that of Trianon with Hungary recognized these parts as new states, such as Czechoslovakia, or as a part of the territory of a new state set up by the Versailles Treaty, such as Poland, or as additional territory given to old but now expanded states, such as Yugoslavia (formerly Serbia), Italy, and Rumania. In general, if one accepts the self-determination of peoples as a valid basis for the determination of state territory, the distribution

was fair. In the case of Bulgaria, the Treaty of Neuilly went back to the losses incurred by Bulgaria as a result of the second Balkan war of 1913, and, with certain additional penalties along the boundaries with Greece and Yugoslavia, these earlier losses were confirmed anew. The Treaty of Sèvres with Turkey was never enforced. In addition to the disposition of territories, all the treaties carried the Covenant of the League of Nations, provisions for limited armaments, and stipulations concerning reparations.

The land of central and southeastern Europe was better divided now on the basis of nationality than it had ever been before. Where obvious injustices had occurred, they were the result of a natural tendency on the part of the victorious powers to reward friends and punish enemies and of the fact that the distribution of nationalities in these parts of Europe was so mixed that the greatest of patience and wisdom could not have avoided all inequalities. Also, in the final analysis, those drawing up the treaties were swayed by considerations of strategic military frontiers and the preservation of economic regions. The conspicuous failure of the treaties was in the matter of economic regions, since the disappearance of the large free-trade area of the Austro-Hungarian Empire and its replacement by several national states maintaining tariff barriers against the flow of trade were bound to create points of strain in the economy of the Danubian region.

The keystone of the entire peace arch was the Versailles Treaty. Unless this could be enforced and the potential power of Germany held down, the settlements to the east and south of her would be of a fragile nature. The relations between Germany and France became the master set of European relations for the next generation.

French Ascendancy (1919–1924)

The first phase of European international relations following the war lasted until 1924 and may be termed the period of French ascendancy. The problem of French security was particularly pressing at this time since the French felt that the disappointing provisions of the Versailles Treaty must be immediately revised. The particular efforts that France made for security gave to the period its peculiar characteristics: in the first place, there was the establishment of a French system of continental alliances designed to replace, in part, the abortive "treaties of guarantee," and, in the second place, there

was a vigorous enforcement of the Versailles Treaty against Germany. French diplomacy, then, was to be a compound of the old system of alliances—which much of the world had hoped was entirely discredited by the war—and of a strict legalism in the enforcement of French rights under the Treaty of Versailles.

The various treaties of peace had left in Europe a number of countries that had benefited from the settlements following the war. To these countries, quite naturally, the maintenance and enforcement of the peace treaties seemed the legitimate and paramount object of national diplomacy. Since the continuation of the treaties in vigor might at some time depend upon force, the co-operative efforts of those who had gained was obviously preferable to individual effort which might fail through lack of strength. France was not slow in seeing the possibilities of the situation nor in realizing that in the last analysis the preservation of the settlement in the west would depend upon the permanence of the settlement in the east. A system of military alliances between the interested countries seemed to promise mutual advantages too great to be ignored. By 1920 France had concluded an alliance with Belgium in which the countries promised each other mutual aid in case of an attack by Germany.

The full possibilities of the plan, however, did not become apparent in practice until the following year, when France concluded a similar alliance with Poland. It will be recalled that France had favored the restoration of Poland during the peace conference, hoping that the new state would be able as a grateful protégé of France to play an important role on Germany's eastern frontier. Poland, then, in the French scheme of things, was destined to take the place that had formerly been held by Russia, now placed beyond polite international society by virtue of the Bolshevik revolution. French strategy demanded that France never be called upon to face Germany alone, and an ally in the east would serve French purposes well by forcing Germany, should war come, to fight on two fronts. Poland was not the strongest of allies—a turbulent disposition, minority problems, economic difficulties, an exposed position on the flat plains of eastern Europe, and the possibility of trouble with Russia all detracted from her qualifications—but after England and France she was the strongest of the *status quo* states.

Early in 1924 French diplomacy moved toward the southeast through the conclusion of a treaty with Czechoslovakia, a state pos-

sessing an admirable strategic position across the approaches to the valley of the Danube. This treaty called for close collaboration between the two governments in matters involving their security, with special reference to any attempt to unite Austria and Germany.

This treaty with Czechoslovakia brought France into the formal relations of an ally with one corner of a group of three states known as the Little Entente, which had been formed during 1920 and 1921 by Czechoslovakia, Rumania, and Yugoslavia through alliances that each negotiated with the others. Their great fear was the beginning of any movement in the Balkans that might lead to a reconsideration of the treaties of peace through which they had gained so much. To secure the aid of France in maintaining the *status quo* of the region appeared to them the safest guarantee for the future. And so all these states co-operated with French policy at the League of Nations and in the chancelleries of Europe, though France did not have alliances with Yugoslavia and Rumania until later in the 1920's. France then, by 1924, had found a number of states willing to co-operate with her in the enforcement of treaty rights and the maintenance of the stability of the new Europe.

In the west, undoubtedly the most spectacular occurrence of the period was the French occupation of the Ruhr valley, a rich German industrial region. German payments on the reparations debts, through a combination of unwillingness and inability, had failed to meet the schedule, and the French government, aided by Belgium and Italy, sent troops into the Ruhr to seize "productive guarantees" to hold as collateral and to assure France that future payments would be made on time. The move was initiated by Raymond Poincaré despite opposition by England. As a policy designed to accomplish certain ends it was a failure—but even as a failure it had its uses, for it cleared the diplomatic air and prepared the way for a change in general policy that for a while held new promise to Europe.

The occupation of the Ruhr opened wide a growing divergence between French and English diplomatic policies. England after the war had gone back to her old policy of maintaining a balance of power on the continent. This meant that France would have to be weakened, or Germany strengthened—or perhaps a little of both. This situation would leave in the hands of England the decisive voice in those continental affairs in which she was interested. This divergence of views, through which the two principal powers of the Allied victory ham-

pered each other in postwar diplomacy, prevented the effective application of any consistent, realistic policy on the continent and ultimately resulted in tragedy for both of them.

Germany met the occupation of the Ruhr with a policy of passive resistance. The resulting impasse threatened serious difficulties to both Germany and France. Finally, in 1924, it was agreed that an international committee of experts would be appointed to consider the matter of reparations and that under the protective cover of this committee the French would withdraw from the Ruhr. There was a feeling that the policy of force had failed.

The Period of Co-operation

The failure of the Ruhr policy had been like a cold douche to the advocates of the diplomacy of coercion; it was now the turn of those who believed that only through a degree of co-operation between France and Germany could the treaties become a part of effective international law and the feet of Europe set once more upon the path of progress. Fortunately for this new policy, the Labor government in England, the Briand regime in France, and the Stresemann government in Germany coincided, bringing into positions of authority men who believed, for one reason or another, that co-operation marked the only way out.

The Dawes plan of 1924, which under a committee of international experts revised the schedule of reparations payments and made provisions for the economic rehabilitation of Germany and the stabilization of the currency through foreign loans, was the threshold to the new policy. Not until the following year, with the negotiation of the Locarno Pact, however, was the policy placed in full vigor. This pact was made up of a series of treaties dealing for the most part with boundaries. Negotiations for the pact had begun through diplomatic channels early in 1925, but a definitive form was not agreed upon until October, and the treaties were not formally signed until December 1, 1925. These treaties involved a number of serious commitments and introduced into Europe for the first time since the end of the war a spirit of optimism and the belief that a new epoch in postwar relations had been entered.

In what seemed at the time the most important part of the agreement, England and Italy undertook to guarantee the Versailles bound-

aries between France and Germany and between Belgium and Germany as permanent. Should an attempt come from either side of the frontier to alter the boundary by force, England and Italy would aid the country attacked. The same guarantee applied to any attempt to alter by force the military condition of the demilitarized zone in the Rhine valley. Germany by her participation in the treaties recognized the justice and permanence of the Versailles settlement on her western frontier.

But there were other boundaries to be considered, and about these Germany was willing to give no such binding promises. Germany did promise, however, though not recognizing her boundaries with Poland and Czechoslovakia as permanent, that she would make no attempt to change these boundaries by force. This promise was implemented by negotiation of arbitration treaties between Germany and Poland and between Germany and Czechoslovakia, and France formulated with the two new states separate treaties in which she offered them protection from unwarranted aggression by Germany. Germany, for her part, was admitted to the League of Nations, and her status as a great power was recognized by the grant of a permanent seat on the Council. This was a recognition not of Germany's complete equality in the society of nations but at least of her return to a position of polite standing.

Despite the feeling of buoyancy that the Locarno Pact gave to Europe, the agreement was not without deficiencies. It undoubtedly weakened the authority of the Versailles Treaty by creating a situation in which certain portions of the treaty received special protection through special agreements, and the natural assumption was that the provisions not the subject of special agreement did not possess the same sanctity and validity as did the others. It also distinguished between boundary lines, giving to some an approval and protection which it denied to others. England weakened her position as a force for peace in Europe by what amounted to an open confession that she would not act to preserve the *status quo* in the east—that England's vital interests did not extend beyond the Rhine valley. The defects, however, did not become apparent until later, and for the moment Europe congratulated itself on an important step toward the maintenance of peace. And not the least part of the gain was that the League was now in a position to follow a strong policy.

The period from 1925 to 1930 was, all in all, one of the most hope-

ful half decades of modern European history. The world prosperity of that era reflected itself in a rebirth of European economic optimism, and it seemed possible that the problems left by Versailles and by the adjustments following the war would gradually lose their sharpness and be accepted as a normal characteristic of European conditions rather than as the seeds of a new war.

It seemed significant that the moral authority of the League of Nations was strengthened and that several quarrels between minor powers were settled under the League's ministrations. Perhaps the highest point reached during this period in the expression of international good will was the Pact of Paris of 1928, a document flowing rather naturally from the spirit created by the Locarno Pact. This Pact of Paris had its origin in a proposal made public in April, 1927, by Briand, the French Minister for Foreign Affairs, but not officially communicated to the United States government until two months later. This proposal called upon France and the United States to renounce war as a part of their national policies toward each other. Since no danger of war between the two countries seemed to exist, such a pact would have had little practical importance had not our Secretary of State, Kellogg, participated with others in the extension of the principle involved to a world-wide application. Let all states be invited to sign and in signing give a verbal pledge of their determination to give up wars of aggression (it was made clear that the pact was not intended to cover wars of self-defense). On August 27, 1928, in Paris, a group of states, including the United States, Britain, France, Germany, Italy, and Japan as major signatory powers, signed the document and brought it into existence as an international obligation. Although it amounted to no more than a pious affirmation of intention, since no provision was made for enforcement of the obligation should it be ignored by any of its signatories, it was felt to be a definite advance forward. When faith is strong, moral obligations have the guise of strength and permanence.

The Period of Disillusionment

This period of co-operation and optimism may be said to have ended just as it had begun: with an international conference summoned to consider and reorganize the problem of German reparations to the former Allies. The committee of experts under the chairman-

ship of Owen D. Young, in a plan to go into effect in 1930, made some reduction in the sums eventually to be paid but left the financial future of Germany rather heavily mortgaged for the next two generations. The world economic crisis, however, prevented the new plan from having any effective test in operation, and, as a matter of fact, put an end to the reparations problem, though the final repudiation of reparations was not formally effected until the Lausanne agreement of 1931. As the final act in this drama of peace and accommodation, the French government ordered the last of its troops to evacuate the Rhineland on June 30, 1930. By the terms of the Versailles Treaty these troops were not scheduled to be withdrawn until 1935. As it turned out later, this concession in time was a generosity that the French could ill afford.

By 1930 the shock of world economic collapse had put a virtual end to the optimism upon which the policies of 1925–1930 had been based. Now that the future threatened individual and nation alike with a loss of security and a reduced standard of living, there was a tendency for each country to seek its salvation through its private acts, and to regard with some suspicion a program for international action.

It was this period also that witnessed in the Far East a portent—like the forecasting of evil in a Greek drama—of the tragic character of the new era. In 1931 the Japanese moved against Manchuria in a thinly veiled act of aggression that inaugurated the coming period of grab. It was a skillful move, for the Japanese had counted upon the economic demoralization of the time to paralyze any effective effort on the part of other interested countries to prevent this diplomacy of aggrandizement. The world could scarcely have been given a more direct lesson in the promotion of national interest and the art of the unilateral violation of treaty obligations.

During 1933 the feeling of disillusionment became deeper with the failure of the League of Nations to effect any reduction in the armament of its members and of the countries co-operating with it. Since 1925 work of a preparatory nature had been going on through the agency of the League, and by 1932, with the sobering influence of the depression upon the taxpayer, some fruit from this long preparation seemed possible. The entire question was inextricably bound up, however, with the problem of French security, for the French government had always insisted that a feeling of security must precede disarmament. Obviously such a principle could not work if each country

were left as judge of what constituted its security, for the security of one would likely result in the insecurity of others. The Disarmament Conference was further complicated by the demand presented by the German government—now under the control of Hitler—that Germany be granted a position of equality of rights as between nations. This demand that Germany be permitted to rearm or that other nations disarm down to the German level would have been a devastating blow to the already badly sagging terms of the Versailles Treaty, and was all the more unacceptable to France in view of the unpredictable situation created by Hitler's advent to power late in January, 1933, while the conference was in the midst of its sessions. During the course of that year, as proposal and counterproposal followed one another, it became apparent that the Disarmament Conference would be more productive of ill will than of anything else. Its work was brought to a standstill in October by the withdrawal of Germany not only from the conference but from the League itself. Notice had been served that Germany intended to pursue with a free hand her own conception of her national interests, and that Europe was rapidly reverting to a position in which the relations between states would rest upon power.

The Period of German Ascendancy

To a Europe already in retreat from a program of co-operation and understanding, the appointment of Hitler to the chancellorship of Germany on January 30, 1933, was bound to have serious consequences. Though he came with professions of peace, it was difficult to overlook the fact that his book *Mein Kampf* had outlined a policy which, if achieved or even seriously attempted, would mean the loosing of revolutionary forces in Europe and the scrapping of many of the values and settlements for which the world had so greatly travailed from 1914 to 1918.* A revitalized Germany would be able to make her might felt in the diplomatic balance.

The first tangible fruit of the new situation was the negotiation of a German-Polish pact in January, 1934. This event, though on a much smaller scale, occasioned the same kind of surprise as was later caused by the Soviet-German "alliance" of the summer of 1939. Since the formation of the new Polish state following the First World War,

* For additional material on the dynamics of Nazi foreign policy, see Chapter V.

relations between it and Germany had been chronically bad. There was the question of Polish territory that had previously been German, the irritation of the Corridor, and the emotional incitement of the alleged mistreatment of German minorities by the Polish government. The two nationalities had long entertained a bitter contempt for each other on cultural grounds. All in all, it looked as though the only feasible foreign policy for Poland was the continuation of her close friendship with France and a renewed effort to keep Germany from strengthening herself. Warsaw felt, however, that a strong Hitler government made the French alliance of doubtful value and left Poland suspended between Germany and the Soviet Union (with both of whom she was on bad terms), far removed from adequate French aid if trouble came. Germany on her part was anxious to reach an agreement with her neighbor to the east in order to free her hands for a strong diplomatic policy toward the south. And so the accommodation was made. The pact promised that for the ensuing ten years Germany and Poland would avoid recriminations directed against each other and would submit any quarrels that might develop to arbitration. In reaching this agreement with Germany, Poland did not surrender her alliance with France, though it should have been fairly obvious that the purpose of that alliance was now placed in jeopardy. France on her part failed to denounce her treaty with Poland because she was afraid to recognize the altered conditions in the east of Europe. The democracies were launched upon the policy of maintaining the outward form of things long after the spirit had departed.

The Soviet Union also felt that the advent of Hitler had altered—and unfavorably—the disposition of affairs in eastern and central Europe. At this time, however, the ideological war between fascism and communism offered no hope of co-operation, and the Soviet policy was almost automatically that of strengthening the position of the U.S.S.R. against Germany. As early as 1932 the U.S.S.R. had signed nonaggression pacts with France and Italy, and during 1933 Soviet diplomacy under the leadership of Maxim Litvinov drew nearer to both France and the United States so that the former might be a weight against Germany in Europe while the United States would serve a similar purpose against the aggressive exploits of Japan in Asia. Germany's withdrawal from the League opened up the possibility of Soviet membership at Geneva, and at the meeting of the Assembly in

September, 1934, the U.S.S.R. for the first time became a member of a League which on former occasions she had professed to despise. At the same time the Soviet and French governments were seeking to supplement their nonaggression pacts by something more formidable. Early in 1935, with the consent of the British government, a formula was drawn up for the protection of eastern frontiers on much the same principle and conditions as that afforded western frontiers by the Locarno Pact. This "eastern Locarno," to be effective, would have to be signed by Germany, a step which the Hitler government seemed reluctant to take, for obvious reasons. This reluctance was answered in May, 1935, by the French and Soviet governments through the conclusion of an alliance in which each country promised to assist the other in case of any attack by a European power.

To the south as well as to the east new adjustments had to be made to the reappearance of German might. The question of the independence of Austria became more acute after the advent of Hitler, for it was apparent that Germany would seek the first opportunity to claim Austria for her own. Intense propaganda, the formation of a Nazi party within Austria, and a resort to acts of violence, one of which ended in the assassination of the Austrian chancellor, Dollfuss, made it obvious that, if Austria was to survive, the military protection of some near and powerful state would have to be extended to her. This role for a time was assumed by Italy.

Italy had been a revisionist power and in the past had frequently supported the German claims. Her demands for revision of the peace treaties, however, had quite naturally been restricted to such changes as would benefit Italy. A change in the status of Austria was certainly not one of these, for it would mean the appearance of a strong and aggressive state on Italy's northeastern boundary. Should Germany become Italy's neighbor, not only would the fate of that boundary be placed in jeopardy but the Italian position in the Balkans would suffer some deterioration. Late in 1933 Italian money began to aid the forces inside Austria that were most intent upon preserving her independence. In July, 1934, at the time of the assassination of Dollfuss, Italy's reinforcement of her border troops contributed to the discouragement of any substantial German aid to the Austrian Nazis. Until 1934, in the face of Italian opposition, Germany decided to soft-pedal her demands. The temporary situation, then, had thrown Italy into a policy of co-operation with the democracies.

The Little Entente made some response to the new alignment of powers. Czechoslovakia was vitally interested in the fate of Austria and in any program that would block German aggression toward the south and the southeast. As a consequence she welcomed the signs of growing Franco-Italian friendship, and in 1935 took an important step of her own in the formation of a defensive military alliance with the Soviet Union. Yugoslavia, on the other hand, resented the growing influence of Italy and moved in the direction of Germany, while Rumania refused to follow the lead of Czechoslovakia and enter an alliance with the U.S.S.R. Certain cracks were appearing in the edifice that France had so carefully erected. The new Germany was causing a regrouping of the powers, but as yet nothing had occurred to indicate that she would be able to maneuver her way through the formidable obstacles that were being raised before her.

The year 1935 was filled with ominous evidences of the evil to come. In January, Laval, French minister for foreign affairs, visited Mussolini in Rome and entered an agreement which was to lead to the Italian conquest of Ethiopia. The German policy had alarmed France to such an extent that she was seeking to end her policy of mild contempt for Italy and replace it with a policy of co-operation even though that had to be purchased at the price of concessions in Africa.

In the meantime, during March, 1935, Hitler had announced the introduction of conscription into Germany and was well launched upon his career of independent repudiation of the Versailles Treaty. Great Britain had given some uneasiness to France, especially by the agreement with the German government that Britain would recognize German naval rearmament up to 35 per cent of British naval tonnage. To the French this seemed a disturbing policy, for it implied British recognition of the legal validity of Hitler's unilateral disregard for the Versailles Treaty.

All during the first part of the year it was becoming increasingly clear that Italy was contemplating a military action against Ethiopia, and there was a good prospect that the world would be treated to the edifying spectacle of one League member invading the territory of another League member in an act of pure aggression. In December, 1934, a clash had occurred between border patrols of Italian and Ethiopian forces along the ill-defined boundaries of Italian Somaliland. Arbitration of the dispute was agreed upon, but on one pretext or

another the act of arbitration was postponed while the Italian government concentrated arms and men in her African possessions along the Red Sea. Ethiopia applied to the League, but again action was delayed until, at last, in September, the arbitrators delivered a decision that neither side was responsible for the border incident. On October 2, 1935, the invasion of Ethiopia began.

The League was now confronted not with the problem of preventing a war but with the far more serious question of stopping a war. It proceeded to declare a partial economic blockade of Italy to go into effect on November 18, 1935. This was the first time economic sanctions had been used by the League, and a great deal of trepidation marked this effort.

The action of the League against Italy did not end the diplomatic activities of various national governments that were concerned in this question. Both the British and the French government became convinced that Italy must be treated with generous understanding and that a compromise of the entire matter might be advantageous all the way round. The abortive Hoare-Laval plan was formulated as a possible arrangement to save an embarrassing situation from becoming tragic. It proposed that the Ethiopian government cede to Italy land in excess of that already occupied by Italian troops. As an inducement to her acquiescence, Ethiopia would be given concessions in British Somaliland. A disclosure of the plan, however, raised such a protest from the British public that the plan had to be abandoned. Since this compromise could not be attempted, and since the sanctions of the League proved a nuisance without being a deterrent, the result was that on May 9, 1936, the King of Italy was proclaimed Emperor of Ethiopia. Britain and France had been guilty of one of the gravest errors into which diplomacy can fall: their efforts had created a maximum of irritation in Italy without protecting Ethiopia, and the result had been the successful conquest of the latter while the former was thrown into the arms of Germany.

This failure of the League's policy toward Italy almost coincided with another sharp blow to the stability and peace of Europe. On March 7, 1936, German troops entered the demilitarized Rhineland as Hitler announced the formal abrogation by Germany of the demilitarized zone in the Rhine valley. This was not only a blow against the Versailles Treaty but a violation of the Locarno Pact which Germany had freely accepted. Obviously, then, more was involved in this

unilateral denunciation than an escape from conditions imposed upon Germany by force. In his announcement that Germany was sending troops into the forbidden region, Hitler based his legal claims upon the doubtful ground that the Franco-Soviet alliance had violated the essence of the Locarno Pact. Again Great Britain and France consulted, but did nothing to prevent this act that was so greatly to their detriment.

The Italian military victory in Ethiopia and the German diplomatic triumph over Locarno quickly made their weight felt in another part of Europe. In July, 1936, a rebellion had begun against the republican government of Spain. There seems to be no doubt that the leaders of this rebellion had had the previous encouragement of the Italians, who saw in the Spanish situation a possibility of strengthening their position in the Mediterranean by giving aid to the fascist principles announced by Franco and his fellow rebels. By October, Germany had joined Italy in extending military personnel and supplies along with moral encouragement, while the Spanish loyalists were receiving assistance from the Soviet Union. The civil war in Spain took on the complexion of an international as well as an ideological war. Strangely enough, though, the two countries most vitally interested—Great Britain and France—maintained a mysterious aloofness that seemed in direct conflict with their national interests. The policy of nonintervention which they sponsored—but which the other interested countries did not observe—seemed to be a compound of their fear of war and a fear on the part of influential classes in Britain and France that a victory for the loyalists would be a victory for communist principles. Under such circumstances the heroic resistance of the loyalist forces, while encouraging in the fact that somewhere people held principles dear enough to fight for them, was doomed to failure.

Despite the completion of the anti-Comintern pact by Germany, Italy, and Japan, the year 1937 was comparatively quiet as various countries, especially in central Europe and the Balkans, took inventory of the changes wrought by the shifting balance of power and attempted to review their particular situations to find the tentative roads for a new policy. It seemed doubtful, now that Germany was fortifying the Rhineland, that France's armies could be of any considerable aid to her eastern allies in case of attack by Germany, and several of them were nervously eyeing the possibility of an ac-

commodation with Germany while hoping against hope that such a contingency could be avoided.

The edifice of Europe that had begun cracking in 1935 began a rapid and visible disintegration in the spring of 1938. On March 13 the German government announced the union of Austria with Germany as the aftermath of an unopposed armed invasion. Since Italy was in the German camp, no country was in either the mood or the position to interfere. The entire question was quickly swallowed up by a more important one as it became apparent that the annexation of Austria was merely the necessary prelude to an attempt against the position and integrity of Czechoslovakia.

This republic—like a democratic oasis in a central and eastern Europe of autocratic government—occupied one of the prized strategic locations of Europe. Whoever held Czechoslovakia held the key to the Danube valley—an area of Europe where Austrian aspirations had always been prominent and to which the eyes of all Germany were more and more directed. In addition to a geographical location which Germany coveted, Czechoslovakia was doubly unfortunate in having within her borders some 3,000,000 citizens of German descent who had preserved their German culture and in part a feeling of loyalty to Germany although only a few of them in the region of Teschen had ever been citizens of the German Empire. In accordance with the mystical Nazi principles of the sacredness and unity of German blood, there existed inside Germany an interest in these "racial brethren" and an emotional ground for a national movement directed, largely for purposes of political pressure upon southeastern Europe, toward the redemption of the Sudeten Germans. Inside Czechoslovakia this movement centered in a Nazi-subsidized and Nazi-directed party under the local leadership of Konrad Henlein.

Under German prompting this party was encouraged to make demands upon the Czech government. These demands were supported by the German government in a most belligerent fashion and in such a skillful manner that each time the Czechoslovakian government seemed on the point of yielding, the extent of the demands was increased. Since France was obligated to come to the aid of Czechoslovakia should there be an act of German aggression against her, since the Soviet Union also had an alliance with Czechoslovakia which was conditional upon the fulfillment of the French alliance, and since Great Britain, though not obligated, could not be indifferent, the re-

sult was a prolonged crisis extending through the spring and summer of 1938.

Since no settlement short of the actual cession of the Sudeten territory to Germany would satisfy the Nazis, there was never any opportunity of a settlement through mutual accommodation. Despite repeated assurances to Czechoslovakia from France and encouraging words from Britain, the end of the matter was a complete and humiliating collapse of French and British support, accompanied by their suicidal refusal to use the assistance that the Soviet Union seemed willing to give. Pressure was put upon the government of Czechoslovakia to accept the outright cession of land to Germany and to submit to a dismemberment that would in effect destroy any independence of action that she might once have had. All the world looked on with mingled relief and shame as Chamberlain flew to Berchtesgaden and Godesberg for conferences with Hitler, and finally to the meeting at Munich with Hitler, Mussolini, and Daladier to draw up in formal documents the agreements destroying the freedom of the Czech and Slovak nations.

Czechoslovakia, through the betrayal of her friends, had been brought to the operating table for an amputation that was to mean the loss of national life itself. At Munich it was decided that the Sudetenland—land which had never been a part of the German state—would be ceded to Germany. The government of Czechoslovakia would relinquish its control in four successive stages beginning on October 1 and ending on October 7. The process of transfer was to be supervised by an international commission which in addition might call for plebiscites in other small but disputed regions. As a sop to those who might feel outraged by this act of international brigandage, it was further agreed that the remnant of Czechoslovakia would exist under guarantees by the partitioning powers—a guarantee that was to last scarcely six months.

The policy of peace and appeasement had brought Great Britain and, in her wake, France to a position so abject as to be almost without parallel in the history of the two nations. Only a disgusted and frightened Soviet Union stood in the way of German domination of the Balkans as those small countries saw in the fate of Czechoslovakia the intensely practical lesson that those who have the power speak with the loudest voice. The "dictate of Versailles" had given way to the "dictate of Munich."

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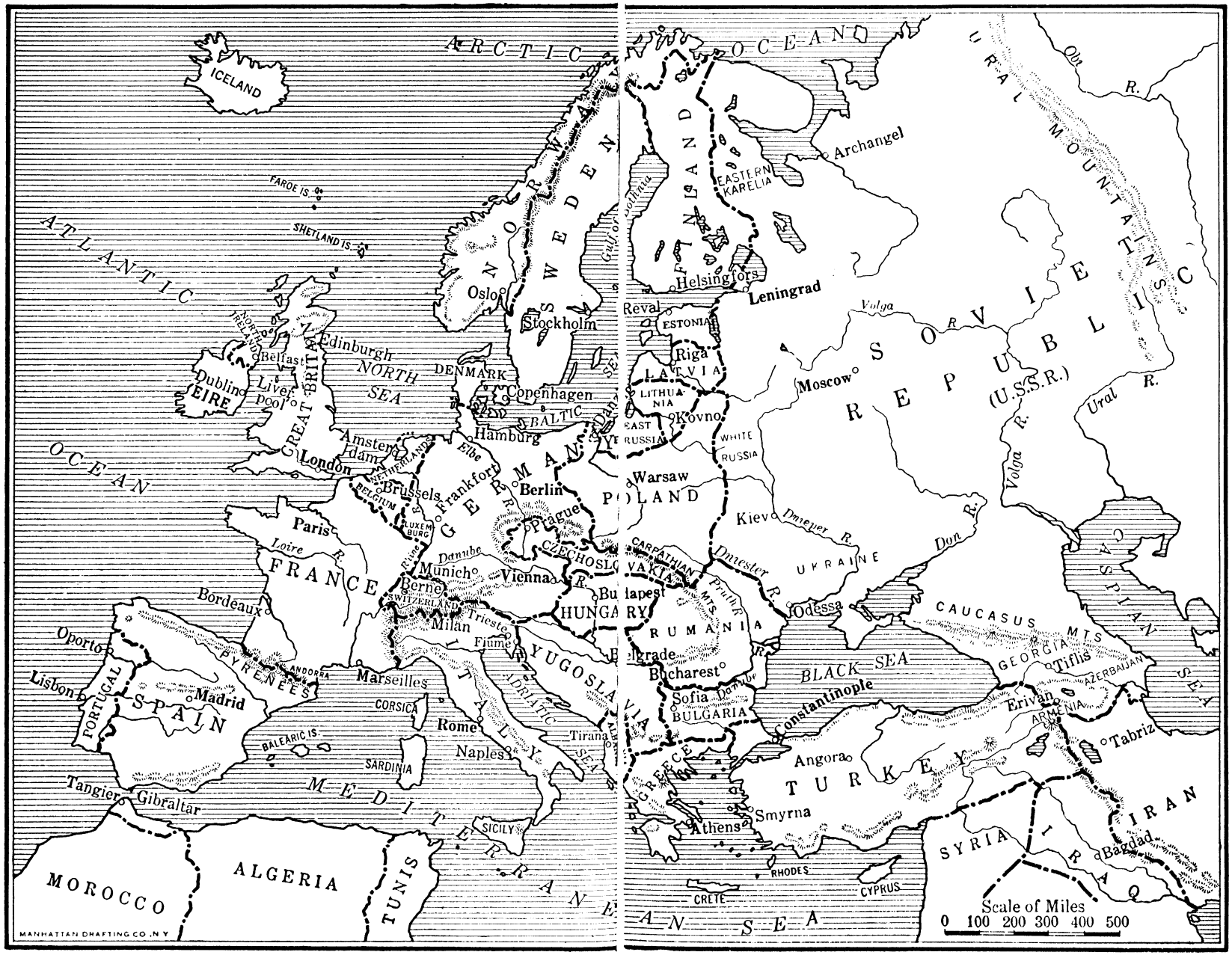

Chapter III

THE UNION OF SOVIET SOCIALIST REPUBLICS

On the Eve of Revolution

Russia, which took the way of Bolshevism in 1917 in the midst of the First World War, embraces about one sixth of the habitable land surface of the globe. Most of this vast area is flat, the winters are bitterly cold, and the planting season is short. There is plenty of timber and potential water power, and nearly all important minerals and raw materials exist in comparative abundance. Except for areas washed by arctic waters, it may be classed as landlocked—a fact which partly explains the meagerness of Russia's cultural contacts with Europe in the past.

When the peoples of this vast and potentially rich Eurasian plain took up arms against Germany in 1914, their institutions were still largely feudal in character. The regime of the last Russian tsar rested in great part upon terror and oppression, notwithstanding the fact that the revolution of 1905 had sounded a clear warning and had led to the creation of a national legislative body (Duma). The mass of Russia's 160,000,000 people were illiterate, land-hungry peasants weighed down by centuries of misgovernment and landlordism. Russia was still noted for her economic backwardness and a tendency toward the ruthless use of force in the solution of her problems.

Although the Industrial Revolution had been making fairly rapid headway for a quarter of a century, the industrial phase of Russia's life was limited and lacked balance. Industry was on the whole large-scale and dominated by foreign capital, and the middle class was weak in relation to the proletariat. Furthermore, the industrial workers had come under the influence of a little band of revolutionaries who were disciples of Karl Marx. Nowhere else in Europe were the proletarians so revolutionary in outlook as in this intensely conservative land of the

tsars. The Social Democratic Labor Party, founded in 1898, was divided into a right-wing faction (Mensheviks) and a left-wing faction (Bolsheviks). Both factions were working for the overthrow of the imperial regime and the creation of a socialist state, but the Bolsheviks advocated violent and revolutionary tactics to achieve these ends, while the Mensheviks preferred the slower methods of education and reform.

Desperately as Russian society needed reform, and widespread and deep-seated as were the forces of discontent, the violent social earthquake of 1917 had its source to no small degree in the strains and tensions set up by the First World War. Indeed, had there been no war, the internal transformation which was slowly going forward might have prevented sudden social disintegration. The war descended upon the peoples of Russia like a thunderbolt, and sent millions, poorly equipped, hurrying to mutilation and death at the hands of the most efficient war machine in Europe. Stories of official incompetency and rumors of treason in high places, circulating amid food shortages and repeated military disasters, gradually destroyed hope and set the stage for revolt and anarchy. The royal family demonstrated clearly its weakness and incapacity by allowing the infamous Rasputin, a coarse and illiterate monk, to play an active part in the conduct of affairs during these crucial months.

The March and November Revolutions

Toward the end of February, 1917, bread riots and strikes broke out in Petrograd. At first these familiar and seemingly minor disturbances caused no great uneasiness in official circles. But from day to day they became more widespread and violent, and the whole aspect of the situation changed as the soldiers garrisoned about the capital began to side with the revolutionary populace. In March Tsar Nicholas abdicated, and the Duma, together with the Petrograd Soviet (Council) of Soldiers' and Workers' Deputies, set up a provisional government. Under the leadership of Lvov and Kerensky the new government attempted to secure power and endow Russia with the forms of political democracy. But its efforts were largely in vain as the revolutionary movement, which had its main source in the Petrograd soviet, swiftly engulfed the land. Soon peasants were dividing up the estates of the lords, workers were taking over factories, soldiers were deserting from

the front, and urban and rural soviets were springing up and taking power into their hands.

In the spring Nikolay Lenin and Leon Trotsky began to direct the efforts of the small but determined band of Bolsheviks. With German assistance they spread their ideas and tried desperately to direct the chaotic mass movements that swept across Russia toward some form of communist state. Lenin demonstrated true revolutionary genius in harnessing the forces of the agrarian revolution to the wheels of Bolshevism. He demanded that all land be transferred to the peasants, and adopted the slogan "Peace, Land, and Bread." As the soviets increased their power, the Bolsheviks launched a drive to control them from within. This, they knew, would be a difficult task because the great majority of the soviets, the rural ones in particular, were still hostile to communist doctrines.

In the spring and summer, while the Provisional Government waged a losing battle with the soviets for the control of Russia, the Bolsheviks saw their fortunes ebb and flow. In September, however, their hopes rose high when the powerful soviets of Petrograd and Moscow adopted much of their program. They had extremely able leaders who knew exactly what they wanted and did not hesitate to use violence to get it. Trotsky began forming the Red Guard, and toward the end of October he established the War Revolutionary Committee which was to engineer the revolution. On November 7 this committee grasped the reins of power from the feeble hands of the Provisional Government. The Second Congress of the Soviets, which had just assembled, abolished the "right to private property in land," set up the Soviet of People's Commissars under the chairmanship of Lenin, and announced that negotiations for a "just and democratic peace" would be initiated at once. Lenin said to the congress: "We shall now proceed to construct the socialist order."

The Foreign and Civil Wars

In the closing weeks of 1917 the Bolsheviks moved ahead on all major fronts. They extended their control over most of central and northern Russia, negotiated an armistice with the Central Powers, and began the socialization of industry, banking, and trade. As the counterrevolutionaries marshaled their forces for a life-and-death struggle, the Bolsheviks

pressed for peace with the Central Powers. In February, 1918, with the German armies once more sweeping toward Petrograd, they agreed to accept without further discussion the harsh German demands which severed from their country a large strip of territory in the west.

But the treaty of Brest-Litovsk did not bring peace to the country. The Allied powers began to aid the counterrevolutionary movement, and foreign and civil war engulfed the land. Trotsky threw himself into the task of molding the Red Army into an efficient fighting force and inspiring it with the will to victory. The Cheka, a special revolutionary police, organized and directed a campaign of mass terror against the opponents of the new order. For about two years this struggle raged indecisively over vast areas; then slowly the Reds gained the upper hand. In 1920, when a final effort by Poland gained little, the Allies lifted the blockade and abandoned the fight. The White armies melted away, and the Bolsheviks were left in control of Russia.

War Communism

The political, economic, and social system which prevailed in the critical years from 1918 to 1921 has come to be known as war communism. It was in great part the work of Lenin. This great revolutionary undertook to reconstruct Russian society, not on the basis of past experience and the exigencies of an economic situation, but in accordance with the social theories of Karl Marx. He held that private property and the profit system were the main sources of exploitation, greed, and vice in society, and that a social utopia could be brought about through the establishment of a propertyless and classless society in which the instruments of production and distribution were in the hands of the state. In December, 1917, the Supreme Economic Council was created and charged with the general supervision of the economic life of the country and the construction of the socialist order. After having nationalized land, banking, shipping, and foreign trade, Lenin, assailed by doubts, decided that the proletariat was not sufficiently experienced to manage Russian industry, and that the most efficient technicians and industrial managers would have to be retained until workers could be trained to take their places. This meant that the transition to the new order would be gradual rather than sudden.

But the life-and-death struggle that ensued with the outbreak of the foreign and civil wars necessitated the abandonment of this plan and

the creation of socialist society at once. In the summer of 1918 nationalization was resumed on a large scale, and in a few months private enterprise was virtually ended. Labor was made compulsory, and money economy was replaced by a system of organized barter. The state undertook to collect the products of farms and factories and to distribute them on the basis of need. But the flow of goods from the factories was meager, and the peasants, unable to get manufactured articles or money, began hoarding their grain. In desperation the state sent workers with rifles and machine guns into the rural areas to seize the grain. Many peasants then resorted to passive resistance, planting only enough grain for their own needs. But the breakdown in the system of war communism was not confined to the agricultural and industrial fronts. The railway system was badly in need of repair and expansion, and foreign trade was virtually at a standstill. The Bolsheviks had crushed the forces of individual enterprise but had failed in their effort to create socialist production.

The New Economic Policy

When the foreign war ended in 1920, famine was abroad in the land of the Hammer and Sickle. Workers, peasants, and soldiers were restless, and here and there in revolt. Lenin quickly sensed the need for a retreat and a reorientation of policy. He admitted frankly that the Bolsheviks had been "defeated on the economic front," and that communist society could not be established by assault. Above all, the peasant would have to be liberated and agricultural production revived. At the Communist Party Congress of March, 1921, he came forward with the New Economic Policy (N.E.P.) under which there was to be only as much "communism as the exigencies of the situation would admit."

The N.E.P. split Soviet economy into a socialized sector and a private sector, and restored private trading on a modest scale. The salient features of the new plan were: (1) the return of all industrial enterprises employing fewer than twenty workers to private enterprise; (2) the substitution of a fixed tax in kind or money for the system of compulsory deliveries of farm products, allowing the peasant to dispose of his surplus grain in the open market; (3) the partial restoration of private trade and the revival of money and banking; and (4) the abandonment of compulsory labor and the introduction of a graduated

wage scale. In light industry and agriculture private enterprise enjoyed a considerable measure of freedom. But the state retained command of the heights by keeping heavy industry, railway and water transport, foreign trade, and banking and credit in its hands.

Under the N.E.P. industrial and agricultural production slowly recovered. Many collective farms, set up under war communism, disappeared, and the members started afresh as independent farmers. In 1924 the authorities announced that land might be rented and tilled by farm laborers. This was a great concession to the kulaks (well-to-do peasants), and they proceeded to hire landless peasants and enlarge their acreage. The agricultural village regained much of its pre-Soviet appearance, and the old distinctions between rich and poor peasants returned. Except for the creation of new state farms, the Soviets retreated along the whole agricultural front. In the industrial field, however, state plants employed about 88 per cent of the workers and accounted for about 85 per cent of the total output. Private trade flourished, but the state encouraged consumers' co-operatives, which, in 1927, handled about half of all retail trade.

As recovery proceeded, the more radical Bolsheviks insisted with increasing vehemence that the N.E.P. was becoming a deadly menace to socialism in the Soviet Union by allowing the private sector of the economy to take firm root. They contended further that small unmechanized farms could not produce adequately for a great proletarian state, and that Lenin always thought of the N.E.P. as a temporary phase for the creation of a sounder basis for communism. As the year 1927 drew to a close, the private trader and the kulak were being crushed by means of taxation and confiscation. It was evident that a fundamental change of policy was impending.

Stalin versus Trotsky

The death of Lenin in 1924 was followed by a personal and political duel between Leon Trotsky and Joseph Stalin for the headship of the party. To most observers Trotsky was the better qualified to wear Lenin's mantle. In some ways his role in the revolution had been more decisive and conspicuous than Lenin's, and his intellectual and moral superiority to Stalin could not be doubted. He was a great organizer, a brilliant writer and speaker, and a thorough student of Marx. But his enemies, and he had plenty of them, insisted that he lacked a kind

of political sense, a lack which disqualified him. The taciturn and sphinxlike Stalin possessed little of the color or brilliance of his rival, but he was extremely clever at political intrigue. In 1922 he had worked his way into the chairmanship of the Central Committee of the party, and had thus gained a virtual monopoly over appointments. He had put as many of Trotsky's enemies in high office as possible, and by the time of Lenin's death had the party organization pretty well in hand. This was probably the decisive factor in the struggle.

But the differences between the two men were not merely personal: they disagreed rather sharply on a number of questions of policy. Trotsky insisted that communism could not exist in a single country surrounded by capitalist states, and that the drive for world revolution should under no circumstances be relaxed. He held further that agriculture should be socialized without delay. Stalin, on the other hand, contended that capitalism was too firmly intrenched in the west to be overthrown immediately, and that the Bolsheviks should bend all their energies toward the establishment of communism in the U.S.S.R. and rely on foreign states for capital goods in the meanwhile. He urged co-operation with the peasants on some sort of compromise basis. Stalin gradually gained the upper hand in the contest, and early in 1928 forced his mighty adversary into exile.

The First Five-Year Plan

Since 1928 the Soviet Union has had a planned economy, and has operated under a succession of Five-Year Plans. After the revolution of 1917 many Bolsheviks argued that communism could not be realized without a plan sufficiently detailed and comprehensive to embrace the whole economic and cultural life of the country. When Stalin and his henchmen decided to abandon the N.E.P., the State Planning Commission (Gosplan), created in 1921, began to draft the blueprint for the First Five-Year Plan to cover the years 1928–1933. The Party Congress of 1927 declared the main objectives of the First Five-Year Plan to be the rapid industrialization of the U.S.S.R., the socialization of agriculture, and the elimination of capitalist elements in Soviet economy. The great plan was not finished until the spring of 1929, but it was to operate as from October 1, 1928. The main effort was to be in the field of heavy industry and production goods so that the U.S.S.R. would soon be able to produce her own machines. Industrial output

was to be increased by about 136 per cent and agricultural output by about 55 per cent; working capital and labor productivity were to be doubled; electrical and transport facilities were to be greatly expanded; and production costs were to be materially lowered. At the same time there was to be a great cultural and educational venture. Thus it was hoped that the Soviet Union could at one great lunge overtake the industrial countries to the west, and escape decades of gradual industrialization.

A huge propaganda campaign was launched in behalf of the First Five-Year Plan. Prizes were given for exceptional work, and all sorts of pressures were applied to make the people forget about food and clothing and concentrate wholeheartedly on the production of turbines, tractors, coal, copper, and the like. In order to get foreign exchange with which to purchase machines and hire engineers and mechanics from the west, exports were increased to the limit and many imports virtually suppressed. Such articles as butter, wheat, and sugar, sorely needed by the people, were exported, and the importation of tea, coffee, fats, wool, and cotton was nearly stopped. By 1932 consumption goods of all sorts were extremely scarce, and such everyday articles as towels and sheets were almost unobtainable. Thus the masses suffered serious deprivations in order that the latest achievements in technology from the United States, Great Britain, and Germany might be transplanted to Siberia and the Ukraine.

Alongside the drive for industrialization in heavy industry went the drive for the collectivization of agriculture. By the end of the First Five-Year Plan private farms had been largely supplanted by collective and state farms. The state farms, provided for in the Soviet Land Act of 1918, average about 4,450 acres in size, and from the first were designed primarily to demonstrate the advantages of cooperative, mechanized farming. All the work is done by hired labor under the supervision of a manager and a staff appointed by the state, and the entire output goes to the state. The collective farm, by far the most important, is an agglomeration of individual peasant farms with land, stock, and tools collectivized. The members of the collective farm choose their managers. Out of the gross yield of grain and other produce the state takes a share; then, after deductions are made for such purposes as seeding, forage, and insurance, the remainder is distributed to the members of the farm on the basis of the quantity and quality of work done.

The collectivization of agriculture was accompanied by much destruction of life and property. There was no spontaneous movement of the peasants to collectivism, as the Soviet press reported. On the contrary, the resistance of the medium and well-to-do peasants was so bitter that it became necessary to dispatch tens of thousands of proletarians with automatic rifles into the rural areas. Millions of kulaks were ruthlessly crushed during the period of the First Five-Year Plan. Some were murdered, but most were sent to penal camps in the arctic north. These peasants were, by and large, the most intelligent, self-reliant, and ambitious in the country, and their elimination constituted a human loss of incalculable magnitude.

Moreover, this human loss was attended by vast material waste. Perhaps it will suffice to point out in this connection that the U.S.S.R. lost about half of her livestock during the brief years of the First Five-Year Plan. There were about 270,000,000 horses, cattle, sheep, goats, and pigs in the country in 1928 and only about 118,000,000 in 1933. The Soviet Union apparently had more traction power from horses alone in 1928 than she had from horses and tractors combined in 1937. The loss of livestock meant a serious reduction in such products as meat, butter, milk, wool, leather, and shoes, and thus a tragic lowering of the living standard. Large-scale farming, which may or may not in the long run be good, was achieved, but at tremendous cost.

In the meantime it became clear that all was not well with the industrial side of the plan. So much emphasis was being placed on finishing plants on schedule that they were sometimes opened before the machinery was properly installed. No estimates of construction costs were made. Then, too, as the industrial program expanded, it became necessary to call up millions of peasants fresh from the farms. In many plants by 1932 more than half of the workers were peasants who knew nothing about machinery. In the light of these facts, it is little wonder that many factories, soon after being opened, were strewn with wrecked machinery which had to be replaced or repaired.

But the First Five-Year Plan had some spectacular achievement to its credit, especially in the domain of heavy industry. All over the Soviet Union there sprang up plants for the construction of tractors, airplanes, locomotives, and turbines. The output of crude oil, coal, steel, and electric power was more than doubled. The gains in these fields would have been even greater had there not been a lag in the development of transport facilities. The tremendous losses in human

life, livestock, and consumption goods which the U.S.S.R. suffered were due in no small measure to the fact that the Bolshevik leaders were careless and reckless and placed too much emphasis on bigness and superindustrialization and too little on human values.

By 1932 many signs indicated that a change of policy was imperative. Famine once again stalked the land as grain in many areas rotted in the fields. In some factories workers had to be changed every few months. The roads between towns and villages had to be guarded to prevent smuggling, and millions of people had to be fed at huge public canteens. It was evident, as living conditions deteriorated, that the nerves and muscles of the masses of the people were being strained. Stalin saw that retreat was inevitable, and in June, 1932, he authorized the opening of free markets, making it possible for the peasant to sell his surplus produce. The Soviet press admitted that the human factor had been too much ignored, and that the drive for production goods would have to be relaxed and the output of consumption goods greatly increased.

The Second and Third Five-Year Plans

The Second Five-Year Plan, which went into operation on January 1, 1933, marked a significant shift of emphasis. Without losing sight of heavy industry, it planned an enormous increase in consumption goods. The doctrine of sacrifice in the interest of such things as coal and iron was to be relaxed and life made more abundant. Unfortunately, the destruction wrought by the First Five-Year Plan in the domain of agriculture made the fulfillment of the new plan impossible. But it was a sensible and necessary change.

The government opened cafés and permitted young people to dance, and by 1935 fashion papers began to appear once more. There was talk of Soviet democracy, and personal liberties were no longer dismissed as bourgeois prejudices. In 1935, in an effort to improve the agricultural situation, Stalin announced that each peasant might withdraw from the collectivized area a small plot of ground and treat it as his own. On it he might keep a cow, some hogs, sheep, poultry, and bees.

In the meantime a drive, which has continued to the present day, was launched to reduce costs and increase output by means of greater efficiency. The principle of equality was largely abandoned. Stalin

made it clear that workers would be paid in the future in proportion to the quality and quantity of the work which they did. When, in August, 1935, Alexei Stakhanov established a record by mining 102 tons of coal in one shift, the Soviet press showered its praise upon him and the Stakhanov movement was born. Stakhanovism burned out men as well as machines, but this did not prevent it from spreading all over the U.S.S.R. The authorities began to denounce laxity and inefficiency on the part of managers as well as of workers. The policy of subsidizing industry, which had enabled managers to fix wholesale prices below the level of costs, was discontinued, and no branch of industry was henceforth to show a deficit. Stalin had previously pointed out that the policy of subsidization was leading to a "budget-eating mentality" and causing management to ignore financial results. In April, 1936, a law was passed permitting workers in enterprises that fulfilled their production quotas to get a small share of the planned profits and greater social insurance benefits and longer holidays. Early in the next year the workers were informed that they would lose their jobs if they were found guilty of a breach of labor discipline.

The Third Five-Year Plan, inaugurated on January 1, 1938, brought no fundamental shift of policy. Molotov declared that the framework of the new order was complete, and that the main objective of the Third Five-Year Plan was "the completion of the building up of a classless socialist society and the gradual transition from socialism to communism." At that time, according to Soviet statistics, 99.8 per cent of the gross industrial output came from state enterprises, 98.6 per cent of the agricultural output came from state and collective farms, and commerce was exclusively a state function. The drive to increase the productivity of labor was intensified under the Third Five-Year Plan. In 1939 the Soviet authorities authorized the dismissal of any worker who was more than twenty minutes late to his work. In the summer of 1940, just after the Nazi war machine had crushed France, the work week was extended from thirty-five to forty-eight hours, and workers leaving their work without permission were to be imprisoned. In 1941, in the face of the growing world crisis, production was on the upgrade, especially in the defense industries.

But the effort to increase output through labor discipline and longer working hours has not been the only concern of the Soviet authorities since the inauguration of the Third Five-Year Plan. The constitution of the Communist Party has been revised, and mass purges have been

prohibited. In April, 1940, mild restrictions were placed on the use of the private plots on the collective farms. A part of the grain produced on these plots must be sold to the state at a price considerably less than that obtaining on the open market. In the autumn of 1940 the Dnieper-Bug-Vistula canal, connecting the Black and Baltic seas, was opened to commerce. At the same time plans were announced for the construction of three huge plants for the production of steel, all equipped with machinery made in the Soviet Union.

The Political Structure of the U.S.S.R.

Socialist theory holds that the state is a product of the class struggle and an instrument of coercion and exploitation in the hands of the ruling class. Since it owes its existence to the class struggle, it will "wither away" as communist society, which will be classless, is realized. Whatever may be the truth of this theory, it is obvious that the state in the Soviet Union has been all-powerful so far. Indeed, the Bolsheviks made a contribution to the art of politics by forging the first of our present-day one-party, totalitarian systems. They realized from the first that it is the actual exercise of power, not organs of government, that counts.

The mainspring of the vast mechanism of the Soviet regime is the All-Union Communist Party. It is a section of the Third (Communist) International, which was established in 1919 to work for communism throughout the world. According to its constitution it is a "unified militant organization held together by conscious, iron proletarian discipline." It is the organized vanguard of the working class in the U.S.S.R. In 1941 its membership was a little over 2,500,000. New members are, in great part, recruited from citizens who have passed through the Soviet youth organizations and have been labeled as loyal and resourceful communists. Membership in the party is, of course, a high honor that carries power. The inner core of power in the party rests in the Central Committee and the Political Bureau. The small Central Committee, with general directive authority, appoints the members of the Political Bureau, which controls the main lines of policy in every sphere of life. As General Secretary of both the Political Bureau and the Communist Party, Joseph Stalin exercises a complete and ruthless sway over the land of the Hammer and Sickle.

The constitution drawn up in 1918 for the Russian Soviet Federative

Socialist Republic, and modified in 1923 to serve as the constitution of the Union of Soviet Socialist Republics (U.S.S.R.), gave way in 1936 to a new constitution. The new document was in part designed to pave the way, in the face of the German and Japanese menace, for closer co-operation with the western democracies. It defines the U.S.S.R. as a "socialist state of workers and peasants," and guarantees to all Soviet citizens "the right to work," "the right to rest," "the right to education," and "the right to material security," as well as freedom of speech, press, assembly, and demonstration. It sanctions private property so long as its use does not involve the "exploitation of the labor of others."

Under the new constitution the U.S.S.R. continues as a "federal state on the basis of a voluntary association" of the constituent republics. Each republic has the right to withdraw from the U.S.S.R. The Supreme Soviet of the U.S.S.R., composed of the Soviet of the Union and the Soviet of Nationalities, is the highest political authority. The representatives to these two bodies are elected by universal manhood suffrage, and the two houses sitting jointly elect the members of the Presidium (Cabinet) and the Council of People's Commissars. The political framework of each of the constituent republics and of the autonomous territories is modeled on that of the U.S.S.R. On the surface the government of the Soviet Union is democratic, but so far the Supreme Soviet has done little more than ratify the measures presented to it by the powerful Presidium. The whole structure is dominated by the Communist Party. In nearly all cases candidates for the Supreme Soviet must have its approval. Its power ultimately depends on the secret police and the Red Army.

At the very moment when the new democratic constitution of 1936 was being put into operation, the secret police inaugurated what turned out to be the worst series of purges in Soviet history. Month after month for about two years it struck wildly at all possible enemies of the regime, counting among its victims thousands of men in the army, navy, air force, industry, and agriculture. Old and tried Communists, such as Kamenev and Bukharin, were executed after being tried and convicted of conspiring to overthrow the Soviet Union. Industrial and agricultural workers were executed for sabotage. Machinery was wrecked, but most of it was done by men who had been peasants a few days before, and lacked adequate technical knowledge and skill to operate the strange machines. These mass purges had such a disas-

trous effect on the morale of the people that they were prohibited in 1939 by a Communist Party statute.

The Standard of Living

The standard of living in the Soviet Union, despite some rather imposing achievements in heavy industry, remains low compared with that of nearly all countries to the west. The average monthly wage for 1938, according to figures given by Stalin to the Eighteenth Congress of the Communist Party, was 289 rubles.* Stakhanov workers, a few of whom had made as much as 4,000 rubles a month, were caught by a decree of 1938 which prohibited the payment of salaries or wages of more than 2,000 rubles a month without the permission of the political authorities. It appears that there has been only a slight increase in real wages since 1938.

On paper the Soviet Union has one of the finest systems of social insurance and health protection to be found in the world. Each manager of an industrial enterprise is required to pay to the state treasury a sum, equivalent to about 30 per cent of the total wages paid, to be used for social insurance. The health budget for 1937 amounted to 7,500,000,000 rubles. About three billion of this went for accident and sickness relief, pensions, and holiday expenses. In case of sickness the average worker gets slightly more than half of his regular wage. Old-age pensions range from a maximum of about 80 to a minimum of 25 rubles a month, but the pensions of prominent party members run as high as 1,500 rubles a month. Each worker gets full pay during his holiday of twelve days. The largest portion of the sum set aside for social insurance went for hospitals, sanatoria, medicine and medical aid, and seaside resorts. Here again prominent party members get an unduly large share. But it is a significant fact that some of the favorite haunts of aristocrats of tsarist days have been reconstructed as rest homes for workers.

The U.S.S.R. has the most completely socialized medical service in the world. It is financed largely through social insurance and is directed by the Commissariat of Health. It has as its goal free and adequate medical service for all. Preventive medicine is emphasized above all else, and real results have been obtained in the last two decades in the

* The ruble is not quoted on the stock exchanges of western countries, but this wage was nowhere near the equivalent of the wage of the average American worker.

fight against smallpox, malaria, tuberculosis, and venereal diseases. In the same period there has been a noticeable growth in hospital and clinic facilities. There is at present about one physician to every 1,500 of the population (in the United States the ratio is one to every 750). Many of the physicians are women. Salaries range from about 350 to 900 rubles a month. Medicine is one of the few fields of activity where it appears certain that progress has been reasonably sound and rapid.

Crime and the Penal System

In some ways the Soviet approach to crime and penology is unique. Crimes are regarded as acts that are dangerous to proletarian society. Soviet philosophy looks upon man as a product of his environment, and rejects the whole notion of physical punishment for those guilty of wrongs against the state. Criminals are thought of as human beings who are socially sick, and, theoretically at least, the purpose of confinement or imprisonment is to rehabilitate the offender and restore him to health and social effectiveness. This has led to rather mild sentences for ordinary crimes. For murder the period of imprisonment is normally ten years, and in the event of good conduct it is usually materially reduced. But those who, in the opinion of the penal authorities, show no improvement after a period of years are usually executed. Most prisons are in the nature of industrial and agricultural "colonies," where the wrongdoers are given moral and vocational training. Sometimes prisoners are employed on public works projects. For example, the canal connecting the Baltic and White seas was dug almost entirely by prisoners. After the project was completed, many of the prisoners were freed, and some were awarded decorations.

But what we have said above applies to ordinary crimes rather than political crimes. The mass trials of the thirties show unmistakably that those judged guilty of political crimes, such as treason and sabotage, either face the firing squad or enter the concentration camps of the arctic north. The many purges of the last few years must not be interpreted, however, as meaning that the majority of crimes in the Soviet Union are political in character. Disorderly conduct and theft appear near the top of the list. There has been a marked decrease in sex crimes and prostitution, due to the ease and quickness with which marriages and divorces may be arranged.

The police system in the Soviet Union is of a dual nature. In addi-

tion to the ordinary police there is a secret political police system, which has the power to investigate, make arrests, and exile offenders for a maximum of five years. Since 1934 it has not had the power to pass the death sentence without court action. The ordinary police may arrest anyone for any reason, and any of several legal authorities may conduct a preliminary hearing to ascertain if the evidence is sufficient to warrant a trial.

Education and Religion

The Bolsheviks set out to make a new man and woman as well as a new country. From the first Lenin stressed education as the force which would "anchor everything won by the Revolution." But little was done in the confusion of the early years. The great effort in education dates from the inauguration of the First Five-Year Plan. Since then there has been an enormous extension of educational facilities, ranging from the kindergarten to the university, which has virtually eliminated illiteracy. Hundreds of public libraries and thousands of schools and reading rooms have been established throughout the country.

The schools must, of course, operate within the limits of Communist ideology, and play their part in molding boys and girls into fanatical supporters of the new order. Lack of freedom has not seriously handicapped such sciences as physics, chemistry, and geology, which are able to develop without coming into conflict with Communist philosophy. But in the social studies it has led to distortion and partial sterility. The historian, the economist, and the philosopher must not step over the narrow lines set by economic determinism. Because machinists and skilled workers were badly needed in industrialization, there has been a very great stress on technical and vocational training. A decree of October, 1940, provided for the extension of the facilities for industrial training, and ended free education in the U.S.S.R. by the imposition of tuition fees on high-school and college students.

Literature in the Soviet Union has made slight headway. Except for the period of the N.E.P., freedom has been lacking and literature has been mobilized in the service of the state. For a short time in 1936 and 1937 it appeared that freedom might return, and that the history and literature of pre-Soviet days might be generally studied. But in the great purges of 1937 many writers were charged with political indifference and thrown into concentration camps. The most noteworthy

developments have taken place in music and in theatrical culture.

It is a well-known fact that organized religion has fared badly in the U.S.S.R. In the early days of the Bolshevik regime a veritable crusade was launched against religion. Church property was confiscated, and many churches were converted into club rooms and museums. In books, articles, posters, cartoons, and motion pictures, the whole of organized religion was portrayed as ridiculous. Bolshevik hostility to Christianity stemmed in great part from two sources. In the first place, Communist philosophy is materialistic and thus atheistic. Karl Marx wrote: "The destruction of religion, the phantom happiness of the people, is a necessary condition for their real happiness." Lenin insisted that religion was used by the capitalists to justify exploitation and keep the masses in bondage. In the second place, the Bolsheviks have elevated their doctrines into a religious faith, and they look with misgivings upon divided human loyalties. Then, too, it should be remembered that the Greek Orthodox Church was woven into the very fabric of the imperial regime, which the Bolsheviks were determined to destroy root and branch.

Despite Bolshevism's drive to make atheists of all citizens of the U.S.S.R., Christian worship has at no time completely ceased. The constitution of 1936 proclaimed freedom of worship along with freedom of antireligious propaganda. Though it is evident that the Soviet authorities are still bitterly hostile to religion, the crusade for atheism is less energetic than it once was.

The Bases of Foreign Policy

From the formation of the Third International in 1919 to the triumph of Stalin, the Bolsheviks directed their major effort in the foreign field toward the promotion of world revolution. But the concentration on internal development that came with the First Five-Year Plan, the growth of Japanese imperialism, and the advent of Adolf Hitler to power in Germany led to a resurgence of nationalism and a shift in Soviet policy. The masters of the Kremlin were especially disturbed by the emergence of Hitler, who for years had been urging a crusade against communism. Stalin sensed the fact that the Soviet Union was in grave danger of being crushed in a German-Japanese vise, and he began to cultivate the friendship of the western democracies.

In Chapter II we saw that the U.S.S.R. entered the League of Na-

tions in 1934, and that Litvinov, Soviet foreign minister, became an ardent champion of the rights of small nations and an eloquent spokesman for disarmament and the League. The U.S.S.R. continued to call for a united front against war and fascism until after the Munich crisis. But, when London and Paris gave guarantees to Poland in the spring of 1939, Stalin apparently felt that the Nazis had been turned away from the Ukraine, and that he could stand by and watch the western powers fight it out. It seems certain that the Red dictator had feared for months that, if he joined the Franco-British alliance, the Soviet Union would have to bear the brunt of a German attack, which might bring about the collapse of the Soviet structure. He now thought he saw a chance, through a rapprochement with Hitler, to avoid war, and at the same time to extend westward the boundaries of his country. Moreover, war in the west would weaken all his enemies, and might generate revolution and thus serve the ends of the Third International. Whatever Stalin's aims may have been, the shift of policy embodied in the Nazi-Soviet nonaggression pact was superficially, at least, complete.

But Stalin did not cease to work with all his might to strengthen the defenses of his country. Within a year after the outbreak of the Second World War, the Soviet Union had extended her dominion over Latvia, Lithuania, Estonia, and parts of Poland, Finland, and Rumania —territories formerly controlled by Tsarist Russia. After the fall of France, the U.S.S.R.'s position became increasingly precarious. One by one the Balkan states were conquered. Suddenly, in June, 1941, the Nazi juggernaut of war struck across the plains of western Russia, and the fate of the whole structure of Soviet socialism became deeply bound up with the Second World War. Born in the First World War, would it perish or undergo a fundamental transformation in the second?

Suggested Readings

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Chapter IV

THE KINGDOM OF ITALY

THE FRENCH Revolution of a century and a half ago stirred the soul of man with the appeal of "liberty, fraternity, equality"; the Italian Fascist revolution in our own generation is stating its dominion over the spirit of man with the cry of "order, discipline, hierarchy." It is apparent that the latter is a revolt against the values which the former was largely responsible for bringing to Europe. In Italy the twentieth century is challenging the nineteenth and eighteenth and through this challenge believes it is pointing a way which will so capture the bewildered mind of man that all the world may be constrained to follow. When we are confronted by such a tremendous question, some appreciation of the Fascist revolution becomes imperative. The following is an account of what Italy was like before the revolution and of how she found, for good or evil, what some consider an escape from her feelings of weakness and frustration.

The Background of Revolution

Both nature and history have been niggardly toward modern Italy. Poverty is a constant problem, for scant natural resources and a large population must inevitably result in a comparatively low standard of living. The soil is fertile only in the river valleys, and only in the Po valley is there a large region of rich agricultural land. On the unforested mountain slopes and in the south, erosion, unwise cropping, and absentee ownership have contributed to the creation of a peasantry that in economic standards is among the lowest in Europe. Italy possesses practically none of the vital resources of coal, iron, and petroleum, and as a consequence her industrialized north, to keep the factories of Milan and Turin busy, must depend upon the import of these basic commodities and the subsequent export of finished goods and agricultural products. The government has attempted to offset these industrial handicaps by a tariff policy that has rather consistently fa-

vored the industrial interests at the expense of the agricultural interests. In addition, the increase in population, averaging about 500,000 a year, has thrown upon the country's economy a burden that was relieved only by a policy of emigration, which robbed Italy of a portion of her most productive age groups, but compensated her through the money that these emigrants sent back from their earnings in foreign lands. During the early twenties, various countries began to reduce the number of immigrants they would receive, and this deprived Italy of much of her export of men and import of money. As Italy looked about her at more fortunate neighbors, it was inevitable that she should become resentful of the unpleasant consequences of the bitter equation: poor resources plus a large population equals a low standard of living.

In addition to economic stringencies, Italy was further hampered by a government (its forms largely imported from England) which failed to work effectively because it did not fit the character and temperament of the Italian people. The old quarrel between the Catholic Church and the government, springing from the occupation of Rome in 1870 and involving the questions of property and sovereignty, still continued, though time had abated its severity. The First World War, which Italy entered in May, 1915, after a process of bargaining with both sides, had never been popular in the country; a mediocre military record failed to arouse enthusiasm, and the terms of the peace, despite important Italian gains along the northeastern frontier, were deemed a national tragedy. Altogether the picture was one of a country without wealth and power ruled by a government without strength and dignity.

These fissures in the structure of Italian society and state began to widen ominously after the end of the First World War. The soldiers returning from the front were soon confronted not only with evidences of the government's weak diplomatic position but also with the realization that the war had completely disorganized Italy's internal existence. The problems arising from the war were staggering when one considered the limited resources of the country. Italy had lost about 600,000 in war dead, and about 1,000,000 had been wounded. These were men in the full vigor of young manhood. The industry of the nation, thrown out of balance by the needs of a war economy, was now attempting to readjust itself to peace production and to absorb into employment its proportionate share of Italy's demobilized army. The result was a lowering of the level of production and an increase

in the number unemployed. But even those employed had actually lost a part of the gains that Italian labor had secured by 1914. Wages during the war had not kept pace with prices, which eventually reached a level five times as high as that of 1914. The resulting fall in the standard of living continued in the immediate postwar years, for the large debt of the national government forced the continuation of the policy of inflation, and wages continued their chase after rising prices. Promises made during the war had led the lower classes to believe that the government would make them its special care once victory was achieved, and there was now bitter feeling because of a widespread belief that only the war profiteers had managed to make a good thing of the conflict.

The agricultural population returned to the farms with the expectation that the government would reward the victors by the inauguration of an effective policy of breaking up the large estates so that land might be distributed to those who tended it. They had been promised as much. They found, however, that those who had stayed at home were little inclined to share with them. The moral authority of the government almost disappeared in many sections of the south. There was fear that the whetted land hunger of the peasants might lead to a series of "jacqueries" or agricultural revolts.

That this aftermath of the war had prevented large sections of public opinion from feeling any jubilation or pride in the victory was fully demonstrated when civilians began openly to insult soldiers in uniform or veterans wearing their medals. The government, powerless to interfere, finally advised against the wearing of mementoes of the war. Even defeated Germany did not suffer a sense of disillusion as wide and deep as that which held the Italians in its grasp.

Social, Political, and Economic Crisis

This growing sense of bitterness manifested itself during the period 1919–1921 in an increasing assertiveness on the part of the lower classes, as though they might take by force those things which they demanded and which had been denied them as rights. The Socialist Party in the election of November, 1919, under a system of proportional representation, returned 156 members to the Chamber of Deputies. This was by far the largest single representation in that body, which was usually made up of about ten political groups. The tactics of the party, how-

ever, were very faulty if it really desired the domination of government by the working classes, for it allowed the middle-class conservative parties to dominate policy—seemingly on the assumption that the problems facing Italy were incapable of solution through conservative legislation and that, if the Socialists only waited, the control of the state would fall like a ripe fruit into their hands. Though the example of the Bolshevik revolution of 1917 in Russia was constantly before them, the leaders of the socialistic elements lacked revolutionary ardor; they did not realize that Italy was entering a period of rapidly changing politics and that, unless they acted, the control of government was likely to go by default to others.

Accompanying this Socialist policy, but somewhat in contradiction with it, there developed a militant but badly led movement in the economic field. The General Confederation of Labor, a national association of Italian labor unions, countenanced and promoted numerous strikes against both public and private employers. Violence appeared as a natural by-product, and by the middle of 1920 the upper classes were thoroughly alarmed by the prospect of a revolution in Italy and the establishment of a dictatorship of the proletariat. During August and September the movement reached a position near to revolution when approximately 500,000 workers seized and attempted to operate some six hundred factories. The government refused to intervene, and gradually a settlement was made by negotiations, but the confidence of the upper classes was severely shaken, and a desire for revenge developed. State functions, such as railway, telegraph, and postal services, were not immune, and strikes in essential services occasionally demoralized large communities. The situation might well have become truly revolutionary had the proletariat possessed more vision and audacity.

While the cities were convulsed with strikes, certain sections of the countryside were experiencing a similar movement. Estates were being seized and broken up by the peasants, and fears for the stability of private property became widespread. Rents went unpaid, livestock was killed, barns were burned, and the eight-hour day was demanded. Leagues of proprietors were formed to protect property against the lower classes. There seems no reason to doubt the estimate that in 1920 one third of the Italian population was "red," and that this year constituted the high-water mark of socialist activity in modern Italy.

In the meantime, at Rome, the country was being treated to the spectacle of a series of cabinet crises which resulted in frequent changes of

ministry. Between 1919 and 1922 Italy experienced five different governments—all of them impotent before the threats and disturbances of the Socialist and labor programs. In the Chamber of Deputies the votes of the large Socialist delegation paralyzed the force of government. Those in power were seemingly waiting for the civil disorders to wear out and for Italy to return to normalcy through weariness. Giolitti, the head of the government during the seizure of the factories in 1920, refused all active intervention in the quarrel and finally secured a negotiated settlement only when the workers became tired of their Russian experiments. If the central government could not act, the local governments would not, for many of these were in the hands of the Socialists, who had captured them in local elections. The conservative element of the population—capitalists, property owners, professional people, artisans, and shopkeepers—despairing of protection by public authorities, began to feel that their salvation lay in the action of private forces. Their fright and their need led them to co-operate freely with a personality and a movement that were just beginning to make their importance felt in the troubled situation.

The Man and the Movement

The personality was that of Benito Mussolini. He was born in 1883, the son of a blacksmith, in the small village of Predappio in the Romagna. From his earliest age he was associated with radical ideas, for his father was something of a local leader in the socialist movement. His mother, a schoolteacher, strengthened his interest in social questions, and from her he received a part of the education that created and sustained his fierce interest in the intellectual life and social movements of Europe. Though it cannot be said that Mussolini ever mastered any of the philosophies that he read, it must be admitted that he showed great skill in selecting from each man that particular morsel of information or that precise idea which he could best use for his purpose. With this reading he combined, along with some early teaching, experience in labor leadership and newspaper work; by 1912 he had emerged as the editor of *Avanti*, the leading Socialist newspaper, and was recognized as one of the most militant leaders of the Socialist Party. In his newspaper work Mussolini constantly spread selected aspects of the ideas of such men as Sorel, Pareto, and Nietzsche, combined them with his personal animosity against nationalism, imperial-

ism, Christianity, and capitalism, and expressed his views so forcefully that he was several times sentenced to short prison terms. By 1914 he had certainly stamped himself as an able, vigorous, and audacious opponent of the prevailing social structure.

With the advent of war, Mussolini at first favored nonintervention on the part of Italy, but in October, 1914, he suddenly reversed his position and assumed a pro-Ally attitude. Italian greatness, he stated, demanded that Italy participate in the war for the purpose of fulfilling her national desires. Such a view led to the loss of his editorship of *Avanti* and to his expulsion, on November 25, from the Socialist Party. This sudden swing from a pacifistic, antinationalistic policy to one of extreme bellicosity and nationalism has puzzled many of those who seek to understand the personality of Mussolini. It seems likely that his political acumen led him to feel that in such a warlike period the possibilities of personal advancement within the Socialist Party were likely to be slight, while his intense will to power prompted him to shed his previous principles for new ones more likely to lead to that which he desired above all else—his personal domination over the life of his country. With money alleged to have been given him by the French government, he established a personal paper, *Il Popolo d'Italia*, and became a significant force in the subsequent entrance of Italy into the war.

After a short time in the trenches, where he attained the rank of corporal, he was wounded (1917) and sent to a hospital. After his recovery he remained at the home front directing his paper. With the conclusion of the war he was confronted with the task of choosing some other movement that would keep his talents ever before the people. After a period of stumbling he emerged on the highroad to success as the recognized leader of a movement which was destined to revolutionize Italian political life.

The movement was known as Fascism. On March 23, 1919, less than five months after the armistice, Mussolini issued a call for a meeting in the Piazza San Sepulcro in Milan. His call was answered by but a handful of men—not over 145 in all—but out of it came the *Fasci di Combattimento*. It is by no means clear just what Mussolini had in mind. There is the possibility, however, that, since his expulsion from the Socialist Party in 1914 had deprived him of an organized following, he was now concerned with the formation of a group before which he could again play his selected role of the leader. In order to have

almost complete freedom of action, Mussolini insisted that the *fasci* be organized not as a party but as a movement. Though a radical program was announced, containing demands for the abolition of the monarchy and the Senate, for the eight-hour day, for minimum wages and workers' participation in the management of industry, and for a heavy capital levy, it was recognized that the movement was to be free to follow an opportunistic policy.

Success, however, seemed highly doubtful. Two candidates—one Mussolini—were advanced for the parliamentary election of 1919, but they suffered a humiliating defeat. The beginning of social violence, however, provided the longed-for opportunity. Certain of the conservative elements of society and ex-officers of the army began to enter the movement in great numbers, using their combined strength in a private effort to do what the government had found itself unable to do—destroy the radicals. Mussolini himself had probably become convinced that his own future greatness and that of Italy required a revolution from the Right rather than one from the Left.

During 1921 and 1922 the streets of northern Italy were turned into battlegrounds as the conflicting groups sought through violence to impose their respective wills each upon the other. Estate owners welcomed the rise of the new organization, and it extended its branches to the agricultural districts of the north and south. The Fascist organizations became militaristic in character and sheltered many veterans of the war who had failed to make the transition from the habits of war to those of law and order. Guns, clubs, and castor oil became the convincing arguments of the day. And throughout its course of violence this private terroristic organization enjoyed the support of the government.

The movement, now that its possibilities had been fully understood, enjoyed a phenomenal growth. In the elections of May, 1921, the Fascists captured thirty-five seats in the Chamber of Deputies, and in November of that year the movement was converted into a well-disciplined party with a strongly nationalistic program. In the eyes of the country the party was seen as a possible basis for a strong, vigorous, nationalistic policy in government. During 1922 Mussolini began demanding of Facta, the premier, that either the cabinet be reorganized to include five members of the Fascist Party or the Chamber be dissolved for new elections. The government did nothing. The Fascists began to bring local governments under their control and to prepare

a firm basis of power in the provinces. By autumn of that year Mussolini was issuing warnings which went unheeded by the government. There was a feeling that the decided improvement which had occurred in the economic problems would stabilize the political situation. But during the night of October 27–28 the Fascists "marched" on Rome.

The Fascists Take Over

There has been an attempt on the part of the Fascists to glorify this march on Rome into a daring military venture designed to save the country from Bolshevism. As a matter of fact, no opposition was offered by the government, and all danger of Bolshevism had vanished. Facta, the premier, thought rather belatedly that some attempt should be made to stop this descent on Rome and suggested to the king, Victor Emmanuel, a declaration of martial law. Had the government taken a firm stand, this particular adventure would probably have collapsed, but Victor Emmanuel had difficulty bringing himself to authorize energetic action, and the favorable moment for opposition was lost. The king was in an embarrassing position: members of his family were known to be sympathetic with the Fascists, the loyalty of the army was subject to some question, and he himself through his dislike of politics was reluctant to act. It is probable also that he misunderstood the nature of this force which was clamoring for its place in the government. On October 29 the king asked Mussolini to form a new government, just as though the constitution were in normal operation.

The Fascists claimed with some justification that their coming to power was effected within the constitutional framework of the government, yet it should have been apparent and gradually did become apparent that what had happened in Italy was a revolution. Mussolini and his party hated, upon both emotional and intellectual grounds, all of the principles that made up the liberal philosophy of the nineteenth century. His group stood for a glorification of the power of the state and a corresponding weakening of the freedom of the individual. The power of the state was to be in the hands of a group known as the élite that would rule by virtue of natural ability rather than in the hands of democratically chosen representatives of the people. The executive was to be strengthened while the legislature should become a despised relic of a now outmoded parliamentary system. The virtues of war were to

take precedence over the virtues of peace, and to live dangerously was to become the example of the time. Italian life was to be regenerated and spiritualized around a basic worship of the state and its great leader. Although Mussolini always claimed an elasticity in his philosophy that would enable him to adjust it to meet any new situation, these fundamental principles were clear upon his assumption of office. It remained to be seen how they would be realized in action.

The first acts of the new government were favorably received in the country. They seemed to give promise that law and order would be restored, property better protected, the Socialists challenged; but apparently the country saw little more than this in prospect. For his cabinet Mussolini had selected four of his own followers and ten representatives of other parliamentary groups. Although the Fascists had but thirty-five members in the Chamber of Deputies, other delegations there, with the exception of the Socialists, received Mussolini well and voted him unlimited power for one year.

The Matteotti Affair

Gradually, however, a feeling of alarm and distrust developed in the country. Increases in the size of the army and the conversion in January, 1923, of a part of the Fascist Party into a militia caused some forebodings. But especially was the country excited by a continuation of the feud between Fascists and Socialists. Violence and persecution, especially in the north, were prevalent, and the condition in certain localities bordered on civil war. The Chamber of Deputies, which had first been friendly, was rapidly becoming critical, and the Fascists, in order to secure a more favorable legislative body, called for new elections to be held in April, 1924. In an attempt to make certain that the outcome of the voting would be the one wished for, they secured a change in the election laws. Proportional representation, which assured each party representation in proportion to its voting strength, was done away with, and a new provision was imposed which gave the party securing the largest vote two thirds of the seats in the Chamber provided this plurality was at least one fourth of the total votes cast. To make doubly certain, at the time of voting, the Fascists used violence to discourage the opposition from voting in full strength.

Even in the new Chamber formidable politicians appeared to disturb

the Fascist control. One of these, a Socialist deputy named Matteotti, by pamphlet and speeches exposed and denounced the coercion and corruption of the election. On June 10 Matteotti was kidnaped and murdered by a small group of men whose relations with Fascism made it appear likely that Mussolini himself was closely associated with the crime. A tremor went through Italy. Public opinion veered so sharply against the government that hope of its overthrow appeared well founded. Had the opposition possessed adequate leadership, a victory might have been easy, but the opposition deputies withdrew from the Chamber, refused to take part in the government, and issued instructions that the public remain peaceful. Mussolini assumed the blame for the atrocious crime, used the incident to strengthen centralized control within the party, and emerged stronger than ever. Again the value of energy, audacity, and political judgment had been demonstrated. By 1926 those who opposed Fascism had been effectively silenced, and the government was free to carry out its policy.

Internal Reorganization

It will be recalled that the Fasci di Combattimento began in 1919 as a movement but that they were converted in 1921 into a party. After the entrance into power, the organization of the party underwent clarification and change, by statutes of 1926, 1929, and 1932. The early party had been decentralized, and, since it was eager for members, had been somewhat democratic in the admission of recruits. But, with the coming of power, centralization of authority replaced decentralization, and membership became a privilege extended only by invitation. The relation of the party to the government had also undergone an interesting change. It had become a public organ protected by law from competition by other political groups. In numerous instances it was almost impossible to distinguish between functions of the party and functions of the government; frequently officials of the government held their public offices through virtue of their positions in the party, and in 1932 a court decision held that a provincial secretary of the party was a public official. By the statute of 1932 the party was officially defined as "a civil militia, at the orders of the Duce, in the service of the Fascist state." It has been described as a closed organization of dues-paying semiprofessional politicians operating under the protection of a mo-

nopoly position. A still more ruthless but perhaps just as accurate description is that of a minority politically organized for the purpose of maintaining a dictatorship.

Though the relation of the party to the government may be difficult for most Americans to comprehend, there can be no confusion concerning the internal organization of the party itself. A pyramid will best illustrate the general principle involved, with those at each level of the pyramid definitely aware of their relations to those above and below. Commands are passed from the apex toward the base while obedience goes from the base toward the apex. The party adopted the general principle of hierarchy in 1926. At the top was the Duce, who dominated all decisions and activities, with the entire organization designed primarily to give effectiveness to his will. He is, by law, placed above and apart from the general organism of the party. Inside the national organization there are provincial and local units in groups of descending powers, and at the bottom there is the rank and file of members. In such a structure any impulse initiated at the top is quickly and effectively felt at the bottom. The incalculable power of the leader can be glimpsed if one thinks of him as political and economic dictator of the country, commander of the army and navy, controller of justice, and head of the Fascist Party.

Aiding the leader in the exercise of his strenuous duties is a corps of hand-picked councils and officials. For the most part these are primarily party groups, but they frequently hold some position in the government. The most important is the Grand Council of Fascism, formed in 1923 but modified by decrees of 1928 and 1929. The Grand Council is defined as "the supreme organ which co-ordinates and integrates all of the activities of the Regime." The Head of the Government (Mussolini) is by right president of the Council, and its members are appointed and removed by royal decree on recommendation of the Head of the Government. The Council meets only when summoned to do so, and its recommendations need not be accepted unless they coincide with the desires of the Duce. It was empowered to consider "the statutes, resolutions, and political activities of the National Fascist Party," to recommend the appointment and dismissal of certain party officers, and, until 1938, to select from the lists of recommendations the four hundred candidates for election to the Chamber of Deputies. In the realm of government it may advise concerning the succession to

the throne, the prerogatives of the Head of the Government, the right of issuing decrees, "the syndical and corporate organization, relations with the pope, and international treaties that involve loss of territory." The Council also has the right to be consulted on bills of a constitutional nature, and is required to prepare and to keep "up to date" a list of names to be submitted to the Crown should the position of Head of the Government become vacant.

Perhaps the most important individual next to the leader is the Party Secretary. Here again the appointment is made by royal decree on the recommendation of Mussolini. The Secretary is, by virtue of his office, a member of the ministry and secretary of the Grand Council. In his hands reside, very largely, the management of the party machinery and the translation of the Duce's will into action. Until the advent of Count Ciano, the son-in-law of Mussolini, as foreign minister, it was generally believed that Mussolini's successor would come from this office. From the Grand Council and Party Secretary other groups and officials radiate downward in regular order.

Of great interest also is the care that the party takes in the formation of the ideas and character of the youth of the country. The party maintains graduated levels of youth organizations. From six to eight years of age boys are enrolled in the Sons of the Wolf; from eight to fourteen in the Balilla; from fourteen to eighteen in the Avanguardisti; and from eighteen to twenty-one in the Young Fascist groups (Fasci Giovanili di Combattimento). There are corresponding organizations for girls. The basis of this training is militaristic and is designed to promote discipline, hardihood, and a martial attitude.

Another outstanding revolutionary feature of the Fascist system was the creation of the "corporate state." This is primarily an attempt to secure a compromise between capitalism and socialism, and is designed to appeal to capitalists because it is not socialistic and to labor because it is not capitalistic. Such, at least, is the official theory. Up to the present, however, it is apparent that the workers should be very suspicious of the alleged noncapitalistic character of the institution. The full development of the system is far from being achieved, and the "corporate state" can best be described as a set of institutions designed to centralize the control of labor, raw materials, and production for the welfare of the state. The American reader can best visualize the system by imagining a capitalistic state organized for war.

The Syndicates and Corporations

When the Fascists came to power in 1922, the great associations of Italian labor were the socialistic General Confederation of Labor and the Roman Catholic Italian Confederation of Workers. Under the leadership of Rossoni, a former syndicalist labor leader, the Fascists began organizing rival labor unions, and by 1925 these unions had secured recognition by the willing industrialist as constituting the sole bargaining power for labor. In 1926 these unions were by law given a monopoly position under the name of syndicates (*syndicati*), and provisions were made for the organization of unitary syndicates into provincial federations and provincial federations into national confederations. When recognized by the government, the syndicates acquired special status before the courts and under certain conditions became the sole representatives for employees and employers in that particular occupation throughout the district. Separate syndicates were maintained for employers and employees, and application for legal recognition could be made as soon as the employers' syndicate included employers giving work to at least one tenth of the workers in a particular type of occupation in a certain district, or by a workers' syndicate as soon as one tenth of the workers had joined. Dues could be collected in both types of syndicates from nonmembers, and all employers and all employees within the categories were bound by agreements made between officers of the workers' and employers' syndicates. Strikes and lockouts were prohibited, and the government reserved the right to intervene should the respective syndicates have difficulty in reaching a collective labor agreement. Very great care is taken that the officials selected by the syndicates are acceptable to the government. Most observers feel that the freedom of the syndical organization is a myth and that through the weighting of representation in the national organizations the voice of the employer is heard more distinctly than that of the employee.

For the purpose of bringing these national organizations into being, the productive life of Italy was, in 1926, organized into thirteen categories with a syndical confederation for each. Industry, commerce, maritime and air transportation, inland transportation, banking, and agriculture had two each, one for the employer and the other for the employee. The thirteenth confederation was secured through the organization of professional groups. In 1934 the thirteen were reduced

to nine through absorption of the various categories of transportation by the others.

Upon the basis of the syndical organization the corporative organization has been imposed, although the latter by no means demands the existence of the former. The syndicates were primarily concerned with employment relationships which the Italians consider as juridical in their nature. The corporations are concerned with these but even more with economic relationships "arising out of the national economy—such, for example, as those between firms, between wholesalers and retailers, or between producers of raw materials and producers of finished goods." In these relationships employers and employees of a particular category are included in a single association.

In the syndicates there are nine confederations, but in the corporate organization there are twenty-two corporations divided into three groups: agriculture (cereals, edible oils, textile fibers, etc.), industrial (chemicals, building, mining, etc.), and a miscellaneous classification (insurance, entertainment, transportation, etc.). These corporations have provincial groups known as Councils of Corporative Economy. Matters of national concern are expected to be cared for by the National Council of Corporations, which, with its membership of more than eight hundred, is expected to be a national economic legislative assembly. Although provisions were made for corporations in 1926, the first important one was established in 1934. Each corporation has a council which is made up of representatives from the appropriate syndicates of employers and employees in equal numbers, who are joined by certain technical experts and three representatives of the Fascist Party. Much of the corporate structure is theoretical, and much that has been erected is not being used. Though the National Council of Corporations was formed in 1930, the corporations did not begin to function until 1934.

The "corporate state" has another interesting aspect which invites a short treatment. The idea of functional representation—the representation of economic interests rather than geographical districts in the legislature—became rather well known around the turn of the century. D'Annunzio used it in the administration of Fiume in 1919 and 1920 when the seized city was under his domination. The Fascists had adopted it as one of their revolutionary principles and in 1938 ordered the replacing of the parliament by a body made up of representatives of the *fasci* and the corporations. The change had been definitely in-

dicated in November, 1933, in a speech by Mussolini before the National Council of Corporations, when he held it conceivable that the Council might replace the Chamber of Deputies. The act of 1938, abolishing the Chamber, removed a body that had become simply a debating society for party politicians. Since 1928 the membership of the Chamber had been selected from a list of a thousand names submitted to the Grand Council of Fascism by the syndicates and cultural and patriotic organizations. From this list the Grand Council selected four hundred names and submitted them to the Italian electorate as a group for a vote of yes or no. The result was a foregone conclusion. It can scarcely be hoped that the introduction of functional representation will revive the legislative power, for the philosophy of the Fascist Party is overwhelmingly dedicated to executive power and the leadership principle.

It has been said that the four revolutionary features of the Fascist movement are the Duce, the philosophy of Fascism, the Fascist Party, and the "corporate state." All these have been discussed, and there remains only the task of observing the impact of this revolution upon Italian society, especially in the realms of economic relations, religion, and the psychology of the people.

The Distribution of Benefits

To the laboring man fascism has proved to be an economic liability. There seems to be no reason to doubt the conclusion of well-informed critics that labor has lost much of value in its relations with the new government. Labor has lost control of its economic fate, for the syndicates decide matters of hours, wages, and conditions of work through the decision of officials who represent labor but who were not selected by labor and who in the last analysis are responsible to the government. The result has been a rather sharp decrease in both money wages and real wages and a serious deterioration in the standard of living. Real wages were falling in 1925 and 1926 at the time when the old trade unions were being abolished. This trend continued, and in 1927, when the lira was stabilized, the money wage was forced down about 10 per cent by the government. Subsequent reductions meant that by 1934 the money wages of industrial employees had declined an average of 30–40 per cent below those of 1926. During the same period a drop of about 25 per cent in the cost of living prevented the drop in real wages

from being so severe, but even so the loss was between 15 and 20 per cent. Among agricultural workers the decline in money and real wages was at least as great. From 1935 to 1938 there was a rise in wages, but an even greater rise in prices prevented the worker from regaining the lost ground. Fascism has not protected Italy against the depression and unemployment. As a matter of fact, Italy had a higher rate of unemployment than other countries of similar economic characteristics. The workers of Italy under the new arrangements have had to bear a disproportionately heavy share of the economic difficulties confronting the regime.

The Fascists, attempting to confute this, point out that the loss in real wages has been compensated by the increase in social services. This assertion is extremely doubtful. Unemployment insurance is compulsory in Italy for about 60 per cent of her 8,500,000 workers. The insurance of agricultural workers, begun in 1919, was dropped by the Fascists in 1923. Seasonal workers, public employees, and workers making more than 800 lire (about $40) a month are also excluded. But even the included groups enjoy but slight privileges: in case of unemployment the benefits run from 6.5 cents to 20 cents a day for a maximum of ninety days. In 1934, in industry and in commerce, and in 1937 for all employees of private enterprises, a family allowance was introduced, supplementing the father's wages with 4 lire a week for each child under fourteen, but in 1937 only 628,000 workers were receiving this grant. There is also old-age and disability insurance, the average yearly pension being about 800 lire ($40). There are tuberculosis insurance for workers and maternity benefits for women workers. The treatment of industrial diseases and of injuries resulting from accidents is also a part of the social-service program.

In addition to the small benefits paid, two other aspects of the insurance schemes are interesting. In the first place, the state pays very little toward maintaining the system, which means that the entire burden falls upon the employer and the laborer, and, since the employer probably shifts his contribution to the consumer in the shape of higher prices, most of the burden of the financial contributions ultimately rests upon the lower class. In the second place, the sums paid in for old-age and unemployment insurance exceed the sums paid out, and the suspicion is aroused that the state is using the insurance plans to create surplus funds which it can "borrow" to pay its current expenses, especially the cost of armaments.

The benefits that Fascism has given to the upper classes present a different picture. The capitalistic sections of the Italian population contributed to the support of the Fascist movement and welcomed it to power when Mussolini was made premier. From 1922 to 1926 production more than doubled under the stimulation of high tariffs, cheap money, favorable taxes, and the world economic recovery. Net profits, which had been 1.7 per cent of total capital in 1922, rose to 8 per cent in 1925. The stabilization of the lira in 1927 and the world depression of 1929 turned this early boom into depression. This period of depression was characterized by mergers and bankruptcies, the government valiantly attempting to keep the larger firms solvent. It became almost impossible in many cases to distinguish between the government and business. The tax burden was so effectively shifted to favor the business interests that by 1932 taxes on consumption supplied 60 per cent of the government's revenues. But most important of all, perhaps, to the business community was the fact that labor under the syndical arrangement became the elastic item in the cost of production. It is obvious, though, that despite this partiality of the government for the capitalist no solution of Italy's industrial problems has been reached.

The Fascists, however, were confronted not only with the problem of industrial capitalism but also with that of agricultural capitalism. The countryside in Italy has long been one of the most depressed regions in Europe. Low fertility, concentration of ownership, and absentee ownership have contributed to the creation and continuance of a large class of landless, or practically landless, agricultural share croppers or day laborers. Of the 4,200,000 farms in Italy in 1938, about 1,400,000 were smaller than 2.5 acres. In 1927, 3.4 per cent of the land proprietors owned approximately 68.3 per cent of the land, and there is no reason to assume that these percentages have changed in any substantial way since then. One of the old cries before the Fascist regime had been "land for the peasants." Here, surely, was a challenge to the revolution—but one that the Fascists did not wish to meet!

The "Battle of the Wheat"

In 1925 the government launched the famous "battle of the wheat" in an attempt to rescue Italy from a growing dependence upon the import of foreign wheat, and to find some dramatic movement that would appeal to the nationalistic mind of the country. Self-sufficiency

in wheat should be attained through the stimulation of national production. An intensive propaganda campaign was financed, experiment stations were established, selected seeds were made available, and scientific crop information was distributed in an effort to stimulate a more intensive cultivation of wheat. But most important of all was the erection of a tariff barrier against the import of wheat and competing cereals so that the landowner behind this shelter might devote land to wheat without regard to the mounting cost of production. This barrier was so effective that Italian wheat prices were from two and a half to three times as high as world prices, the landowner enjoying the subsidy which this gave him when he disposed of his crop. It is estimated that a bushel of wheat after the beginning of the "battle" would buy on an average one third more than it would before. But the advantages of this increased price went almost exclusively to the large landholders, for the small ones usually consumed their crops as household food. The per capita consumption of wheat products, because of higher prices, decreased 21 per cent—a very serious matter in a country in which wheat is such an important part of the diet.

In addition, serious burdens were thrown upon the agricultural economy of the country. Wheat lands were extended in acreage, to the disadvantage of other crops and often to the detriment of the soil. In the south, especially, where an emphasis should have been placed on the production of vegetables, nuts, and fruits, the extension of wheat farming was serious. Marked depletion in the quantity of livestock, with the exception of hogs, also occurred, and between 1926 and 1936 Italian horses, cattle, sheep, and goats shrank in numbers at an astonishingly rapid rate. Even though the importation of wheat has been reduced by about 75 per cent, the price paid seems exorbitant unless one considers solely the gains of the large proprietors. The policy becomes even more difficult to comprehend when one considers that complete self-sufficiency in wheat would decrease but little Italy's dependence upon the outside world, for there would still remain the embarrassing need for coal, iron ore, and petroleum. Perhaps the Fascists contemplated little in the movement beyond a subsidy for the large landowners and a spectacular, easily dramatized national issue to attract support to the party.

Another phase of the government's activities deserves a slightly more favorable treatment. The Fascists have continued and accentuated the policy begun by earlier governments of decreasing the pressure on land

by the reclamation of waste land. Italian rivers, silted up by soil washed from the bare uplands, have created in several sections of Italy large expanses of swamp and marsh lands. Parts of the Po valley were at one time of this nature. As industrial and agricultural prosperity began to decline in 1926, the government became greatly interested in a policy of land reclamation designed, as Mussolini expressed it, "to give land and bread to millions of Italians in the future." The policy was doubly attractive since it could be used as a source of employment on public works for some of the unemployed. The entire program called not only for the reclaiming of land in the Po valley and around Rome and Naples, but for a control of erosion and reforestation and for the extension of good roads and electricity to rural districts. Although the Fascists have by no means accomplished the grandiose plans they originally set for themselves, a great deal had been accomplished by the time of the invasion of Ethiopia. An interesting result of the plan is that, although most of it was achieved through the expenditure of public funds, very little of the redeemed land found its way into the hands of the lower classes. Between 1930 and 1936, C. T. Schmidt estimates, 8,857 families, or less than one per cent of all rural wageworkers' families, had been settled on the reclaimed land as share tenants or sharecroppers. One benefit has, however, undoubtedly been received by the country: the draining of land has decreased the incidence of malaria and resulted in an improvement in public health.

State and Church

Although the Fascists have not solved the industrial and agricultural problems left over from the prerevolutionary government, one major inherited problem has been formally settled. On February 11, 1929, the Italian government and the Papacy concluded, and on June 7 ratified, an agreement settling outstanding disputes of long duration. This Lateran Accord was intended to be a definitive solution of the problems that had been created by the Italian occupation of papal territory in 1870.

Negotiations began as early as 1926 between Cardinal Gasparri and Mussolini, and the agreement, when finally concluded in 1929, contained three fundamental parts: a political treaty, a financial settlement, and a concordat. By the political treaty Italy recognized the Catholic religion as the only state religion and repeated her assurances

of 1870 concerning the authority, dominion, jurisdiction, and sovereignty of the Holy See over the Vatican City. Full diplomatic freedom for the conduct of the international religion was guaranteed, and the person of the pope was subject to the same protection as the person of the king.

In the financial settlement the Church was compensated for its loss of property and revenue arising from the events of 1870 by a grant of $39,375,000 in cash and of $52,500,000 in 5 per cent bonds.

The concordat governed the relations of the Church and the State in the exercise of their respective missions. The Holy See secured the recognition of the rights of full communication with all its branches, certain immunities for the clergy, and the introduction of religious instruction by approved persons in the secondary schools. The Church retained the right to appoint all archbishops and diocesan bishops, but the State may interpose objections concerning the political attitudes of the appointees, who are in any case required to take an oath to support the State before they assume the exercise of their offices. Subject to a prohibition that no ecclesiastic was to take part in any political party, the Church was granted the right to continue the work of the Catholic Action organization in spreading the practice of Catholic principles. A bitter quarrel of fifty-nine years' standing had been settled, and it had become fully possible for an Italian to be at the same time an ardent patriot and a conscientious Catholic.

Foreign Policy

The internal and external affairs of a country have a natural complementary relationship, and in her external affairs Italy gained certain assets and gave the illusion of being on the point of adding others. Militarism on the inside went hand in hand with an imperialistic policy, accompanied by bellicose speeches, on the outside. In these endeavors Italy had three primary fields of interest: the Balkan region, North Africa, and the Mediterranean. In the Balkans, Italy followed an anti-French policy, established a virtual protectorate over Albania, and intrigued with Bulgaria, Hungary, and Austria. Italian relations with Austria prevented in 1934 a determined move against that country by Germany. In North Africa colonial bickering between Italy, France, and Great Britain was finally climaxed in 1935 and 1936 by the Italian conquest of Ethiopia and its incorporation in the "Italian Empire." It

was during this venture that halfhearted opposition by Britain and France forced Italy into the arms of Germany—to Italy's doubtful advantage. In the Mediterranean the problem was that of breaking British naval control of that sea—a control which was often spoken of as making Italy a prisoner of the British fleet. Italy's aid to Franco in the Spanish civil war was calculated to further Italy's escape from this position by threatening the British hold upon strategic Gibraltar. In 1939 Albania was annexed outright by Italy.

At the beginning of the Second World War, then, Mussolini could speak of the acquisition of Ethiopia and Albania, a possible weakening of British naval power in the Mediterranean, and the existence of the Rome-Berlin Axis. But on the other side of the ledger could be pointed out a probable lessening of Italian influence in the Balkans, the incorporation of Austria into Greater Germany, the fact that Italy as a member of the Axis had largely lost her independence of action, and the undisputed continuation of Italy's extremely vulnerable position as an importer of food and raw materials. Altogether the balance in Italy's favor was scarcely reassuring.

During the first nine months of the war Italy followed a policy of nonbelligerency. This was extremely useful to Germany, for France, in order to protect herself against a change to outright belligerency, was forced to keep a considerable portion of her army immobilized along the Italian frontier. When the power of France had been broken and a quick end to the war seemed possible, Italy declared war as an open ally of Germany. The continued resistance of Great Britain, however, and the prolongation of the war revealed in short order the weaknesses in the Italian position that eighteen years of Fascism had failed to remedy—and showed, moreover, that Fascist diplomacy in forming the Axis with Germany had made Italy virtually a prisoner of that country. Today Italy is revealed as one of the most inept countries that ever attempted the role of a great power in international politics. The war has at least revealed that Fascism alone is no touchstone to fortune, and that resources, organization, and character are the qualities of a nation that count most heavily in fierce competition.

A Final Consideration

But even aside from its military failures Fascism all along the line has been even less successful in dealing with its fundamental problems

than have the democracies. To this criticism the Fascist would reply: Fascism was never intended to be judged by the old standards of economic success; if Italian workers have less to eat, that only provides them with an opportunity to be even more heroic in their assumption of their duties as a part of the state. It is by its provision of a spiritual bond for the unity of the people, by its development of a spirit that makes one welcome life disdainfully yet eagerly, and by its provision of a sense of certainty and security in the midst of a world adrift and uncertain, that the movement must be judged. Here again it is difficult to judge the degree of success that has been achieved, for strict censorship prevents the expression of subjective feelings that might be in conflict with announced programs of the state. It must be admitted, however, that to an appreciable extent the dream of a restoration of the empire of Rome did stir in the Italian people an ambition which for the moment gave them the illusion of power. To the lowly as well as to the well-born the psychological compensations of such a belief —even though the collectivized, capitalistic organization of the state does little to carry it out—may be adequate pay for many present privations.

Suggested Readings

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Chapter V

GERMANY: Republican and National Socialist

The Background

For nearly three quarters of a century Germany has been the most dynamic power in Europe. Though National Socialism marks a new step in the historical evolution of the German people, there is much truth in the assertion of the Nazi bishop Hudal that it "belongs in the river bed of German history and is deeply rooted in the past." Even the fanatical racial nationalism which pervades Hitler's Reich, although of comparatively recent development, is in no small measure a reaction from the national disunity, confusion, and uncertainty that run through most of Germany's past.

For it was not until the latter half of the nineteenth century that the diverse currents of German life were sufficiently co-ordinated to make nationhood possible. Then unity did not spring from the aspirations of the German people, but was brought about by the sledge-hammer blows of the warlike barons of the northeast under the leadership of Bismarck. These barons, whose allegiance to state and king was the deepest expression of their souls, made the militaristic and autocratic state of Prussia, which had been forged by the swords of their forefathers in the two preceding centuries, the spearhead of the movement which culminated in 1871 in the powerful German Empire. Under the guiding hand of these same Prussian Junkers, assisted by the upper elements of the commercial and industrial classes, the new Germany quickly became the most prosperous and mighty of the continental states, and music and philosophy seemed to yield ground to technology and power politics. The country was becoming rather densely populated, with an industrial and commercial economy patterned along English lines, but unfortunately it did not have direct control of the raw materials necessary to such an economy.

The dawn of the twentieth century found the new German Empire, under its impetuous Kaiser, William II, building a fleet and pursuing desperately a "world policy" which aimed primarily at expansion to the east and at the acquisition of territory in Africa and of islands in the Pacific. The determined pursuit of this policy aroused uneasiness in many nations and contributed in no small measure to the outbreak of the First World War in 1914.

The Establishment of the Weimar Republic

When Germany laid down her arms in defeat in 1918, she was exhausted economically and broken in spirit. The financial and economic costs of the war to her people were apparently not far short of $100,000,000,000. Then by the treaty she lost about one tenth of her continental territory, all her colonies, and the greater part of her naval and military equipment, and had an extremely heavy indemnity placed upon her. These were tremendous losses, but it should be remembered that her colonies had been of little economic value, and that her territorial losses on the continent consisted in great part of Alsace-Lorraine, which she had taken from France in 1871, and of areas that had formerly belonged to Poland and Denmark and still had populations that were predominantly Polish and Danish. She had no devastated areas, and her industrial potential was worn but largely intact. Had she, in this hour of tribulation, been able to show a more realistic appreciation of the fact that other peoples had suffered and were suffering, the emotional and spiritual consequences of defeat would not have been so hard for her. For about one tenth of France's population had been killed or wounded in the war; millions of those living had clear memories of two German invasions, and had seen Alsace-Lorraine under German domination for forty-eight years and the northern provinces for more than four years. These provinces, the industrial heart of France, at the moment lay devastated, and with them a great part of France's industrial potential.

When the Kaiser, in the face of defeat and Allied pressure, abdicated and fled in November, 1918, power fell into the hands of the liberals and moderate socialists, and soon the republic was set up. It is doubtful if any other attempt to establish a republican system has ever been made under circumstances so unfavorable. There were no historical foundations upon which to base a republican regime. Ger-

man political thinking was largely authoritarian and antidemocratic, and war and defeat had neither transformed the German character, attuned to authority, nor created a moral climate favorable to the growth of democratic ideals. The Social Democrats, the dominant party in the Reichstag, lacked experience in politics and administration, and had little vision of democratic growth. Moreover, the republic, born of defeat, had to sign the Versailles Treaty and thus associate itself deeply with the consequences of that defeat. The mass of the people accepted the new regime without enthusiasm, and a powerful minority hated it and fought it from the first. Indeed, the republic was unable to send its roots deep down into the soil. The personnel of the civil service remained largely officials of the old regime, and there was, of course, no chance of republicanizing the army, upon which the new regime in the last analysis had to depend for its defense. Perhaps its most important source of strength lay in the fact that its opponents feared the consequences of its overthrow.

Political Unrest and Inflation

The republic began its life in an atmosphere of despair and bitterness with dangerous foes on the Right and Left. Before the Weimar Assembly had completed the new constitution, it made war on the Communists and, aided by the more conservative elements, eliminated the danger of a revolution along Bolshevik lines. But by the autumn of 1919 there was considerable talk in Junker and army circles of overthrowing the republic. In March, 1920, General Kapp, actively supported by several other generals, including Ludendorff, struck at the new regime. Berlin was seized, and a government was set up with Kapp as chancellor, but it collapsed when the Right failed to rally to its support. Kapp and a few of his aides fled, but the Kappists for some reason went unpunished.

In 1921 and 1922 the general situation grew increasingly troubled, and economic conditions deteriorated. While the Allies attempted to force Germany to dismantle her military machine and conform to the provisions of the treaty, there was talk of the army's launching a drive to the east to recover the "lost provinces." Germans suspected of giving the Allies information as to the location of munitions and other war materials were in many instances shot. Murder gangs became

active, and in August, 1921, Erzberger, who had signed the armistice and worked hard for the republic, was murdered. An attempt on the life of the able Social Democrat Scheidemann miscarried, but Walther Rathenau, who had contributed mightily to Germany's war effort, fell before the bullets of three former officers in June, 1922. The Right did not conceal the fact that it was actively resisting the whole Versailles system. In the midst of a critical economic situation and encouraged by the failure of Great Britain and France to see eye to eye on reparations, Germany began demanding a moratorium on war debts. The Right in France, led by Poincaré, insisted that Germany was acting in bad faith, that she could pay if she would, and it proposed to make her do it. As Germany continued to hold out, French, Belgian, and Italian soldiers marched into the Ruhr. The workers, with provisions coming to them from various parts of Germany, resorted to passive resistance. In the midst of terrific tension and frequent bloodshed, the French attempted to run the trains and operate the mines, but without marked success. The German government resorted to inflation, and financial collapse followed.

In August, 1923, Gustav Stresemann became chancellor. He reminded his countrymen that in 1918 they preferred surrender to annihilation, and he insisted that the wise policy for Germany was not one of continued resistance and war, but one of international co-operation within the framework of the treaty system. He struck down the Communists in Saxony and turned on Bavaria, where a powerful separatist movement under the old monarchical forces had gained menacing proportions. While order was being slowly restored, Stresemann stabilized the mark, ended the Ruhr debacle, and agreed to co-operate with the Dawes committee, which had been set up to review the whole problem of reparations.

Just as Stresemann was beginning his policy of fulfillment and co-operation, another figure, cast in a different mold and preaching a different philosophy, thrust himself upon the German scene in the Munich *Putsch*. His name was Adolf Hitler. Already he was the recognized leader of the National Socialist movement, which had been slowly gaining momentum since its humble beginnings in 1919. This Austrian, who had fought in the trenches in the First World War and had attained the rank of corporal, was one of those who insisted that the brave German armies were not defeated in 1918,

but were stabbed in the back by pacifists at home. In these days his oratorical fury was directed primarily at the Weimar Republic, the French, the Versailles system, the Marxists, and the Jews.

This man, with the active support of Ludendorff, engineered the spectacular but amateurish *Putsch* of November 8 and 9, 1923. With his motley band of followers he aimed at the seizure of the government of Bavaria as a preliminary to a march on Berlin and the establishment of some sort of military dictatorship. Double-crossed by General von Kahr, who had a scheme of his own for the overthrow of the republic, Hitler and his storm troopers were scattered by the Bavarian police, and the ringleaders were confined. But the courts were too friendly. Hitler, caught in an act of treason, was sentenced to a sort of honorable seclusion for only five years but was allowed to go his dangerous way after approximately eight months. Ludendorff was freed, and a few weeks later was elected, along with thirty-one other Nazis, to the Reichstag, the highest organ in the government of the republic.

During these confused and troubled months, in which Germany suffered deeply, a distortion of history, fraught with tragic possibilities for the future, gained general acceptance. It was the belief that Germany's ills sprang not from the war but from the Versailles Treaty. Nationalist and military circles fostered this idea because it tended to shift the responsibility for the country's sufferings from the shoulders of German militarism and give it a chance to regain its hold on the nation's life.

Meanwhile Stresemann steered ahead as best he could through the currents of extremism. Early in 1924 the Dawes plan, providing for an international loan to Germany and allowing reparation payments to fluctuate in accordance with a general index of prosperity, came before the Reichstag. Although the Nazis and the great majority of the Nationalists assailed it as a measure of weakness and capitulation, on the final decisive vote a few Nationalists supported it, and for the first time the extreme Right assumed some responsibility for a republican measure. The election of Paul von Hindenburg to the presidency of the republic in 1925 added to the prestige of the new regime and rendered it a little less hateful to the Right. The Locarno Pacts signed in 1925, though they were openly condemned by the Nazis and the Nationalists, gave Stresemann a firmer grip on the moderate elements.

International Co-operation and Economic Prosperity

The stabilization of the mark, the inauguration of the Dawes plan, and the signing of the Locarno Pacts brought about a material reduction in international tension and quickened enormously the pace of economic recovery. Already Germany was laying out her economic program on the American pattern, emphasizing scientific industrial management and mass production. Products were being standardized, and the industrial process was being carefully co-ordinated. In the year that Germany entered the League of Nations (1926) her export trade reached 1913 levels. The chemical, electrical, and optical industries, for which Germany had long been famous, were booming toward all-time records. New power lines and highways were being constructed, urban housing was moving forward swiftly, and playgrounds, stadiums, and schools were springing up in various parts of the country. The merchant marine, too, kept abreast of the upswing, and in 1929 Germany launched more tonnage than any other country in the world. Indeed, the pace was so fast that the industrial output of 1929 exceeded that of 1913 by more than 30 per cent.

One of the primary factors behind this economic renaissance was the steady stream of capital that flowed into Germany from abroad. From the Dawes plan to the Hoover moratorium (1931) the German government and its citizens borrowed about 20,000,000,000 marks, largely from Great Britain and the United States. Since Germany paid less than 11,000,000,000 marks in reparations in the same period, it is clear that several billion marks of foreign capital went into such things as factories, houses, and ships. Moreover, this helped Germany to keep her general tax rate below the rates of Britain and France. As Gustav Stolper and others have suggested, this vast supply of capital, which made Germany potentially strong for the rearmament program under Hitler, probably could not have been secured had there been no reparations. For the General Agent of Reparations and the Transfer Committee sat at Berlin, inspiring confidence in prospective investors abroad.

In the meantime international tension continued to subside, and Germany slowly but surely regained the good will of other nations. Stresemann, after taking Germany into the League of Nations and signing the Paris Peace Pact, set his heart on the evacuation of Ger-

man territory and the further reduction and ultimate cancellation of reparation debts. He raised these questions with Briand in 1928 and was told to put them before the League in September. He did so, and immediately a committee of experts, headed by Owen D. Young, was set up to review reparations, and in 1930 the Young plan went into operation. At this time the Allies also agreed to evacuate German territory completely in 1930, five years prior to the date fixed by the treaty. But here death ended the career of the ablest statesman of the Weimar Republic. Brilliant as was his success, he had failed to create a great coalition of the moderate parties and get the masses behind him. The menace from the Right loomed with increasing danger during his last months. The Nationalists joined with the Nazis in a furious attack on the Young plan, insisting that sound economics as well as true loyalty to the fatherland required the repudiation of the whole treaty system. Stresemann was denounced as a traitor for having accepted the Young plan, and the Nazi deputy Feder demanded the death penalty for all those who supported it.

The Rise of the Nazis and the Economic Crisis

The era of good feeling and prosperity did not stop the march of the Nazis. Not only had they recovered from the unhappy consequences of the Munich *Putsch*, but they had gradually strengthened their position and enlarged their paying membership from 27,000 in 1925 to 178,000 in 1929. Goebbels had joined their ranks, and their propaganda effort had grown in volume and effectiveness. The full importance of symbolism and showmanship in arousing and controlling mass emotions had been realized. The mass meeting, with its songs, banners, badges, special lighting effects, and the like, had become an established phase of the movement. New and more abundant sources of revenue had been tapped, including the purses of powerful industrialists; and, most important of all perhaps, the Storm Troopers had been molded into a military force (an illegal weapon aimed at the republic's heart). The Nazis were a heterogeneous band shot through with friction and discord, but Hitler's tremendous moral ascendancy over the mass of his followers enabled him to hold the movement together. They still had their voices raised against the republic, the Versailles system, the Jews, the French, the Social Democrats, and the Communists.

With Stresemann gone, the coalition of the center parties crumbled away, and the Weimar Republic entered upon its last short lap. Responsible cabinet government was temporarily suspended in the spring of 1930 when Hindenburg resorted to emergency decrees to enable Brüning to institute his deflationary policy without the support of the Reichstag. Still hoping for a Reichstag that would support him, Brüning ordered a new election for September 14. The Nazis waged a vigorous campaign, calling for the repudiation of the Versailles system and the Young plan, and contending that they alone had continuously and uncompromisingly fought for Germany's rights. When the votes were counted, the Nazis had 107 seats in the Reichstag, and the parliamentary deadlock was more acute than ever. For the first time a goodly number of people realized that National Socialism was not so much a party as it was a nonclass movement of a national and revolutionary character.

In 1931 the great depression hit Germany, as it did the world, with increasing force. Unemployment grew, and an acute agricultural crisis struck the great grain belt of the north and northeast (similar to the crisis in the wheat belt of the United States). A severe banking crisis, together with continued Nazi gains, caused panic among foreign investors and led to the brink of financial collapse. The Hoover moratorium, suspending reparation payments and placing additional credits at the disposal of the Reichsbank, failed to check the financial crisis. About the only bright spot in this year was an export surplus of 3,000,000,000 marks.

With the Reichstag still deadlocked, Brüning was persuaded to offer Hitler a cabinet post in the hope that the powerful Nazi movement might be brought under control. But Hitler held out for complete power, and apparently had some hope that he might attain it in the presidential election which loomed just ahead. After some hesitation he entered the field against Hindenburg, who had consented to run again with the words: "If I am defeated, I shall at least not have incurred the reproach that I deserted my post in an hour of crisis." The campaigns for the elections in March and April, 1932, were waged with the greatest energy and bitterness. Goebbels declared before the Reichstag that the old field marshal was "the leader of the party of deserters." Hindenburg's decisive victory over Hitler encouraged Gröner, minister of defense, to take steps to dissolve the 400,000 Storm Troopers. But, while the Nazis debated the wisdom of resistance

by force, Schleicher, head of the regular German army, who still hoped to harness Hitler and use him, forced Gröner from office. Hitler's private army remained.

In May, 1932, Chancellor Brüning, while in the process of shifting to an inflationary policy in the hope of improving the economic situation, gave way to Papen. This gentleman, of nationalist persuasion and supported by the barons, called for a new election on July 31. The Nazis won 230 seats and polled 37.4 per cent of the votes. Hitler's inclusion in the cabinet appeared more urgent than ever. Hindenburg reluctantly agreed to confer with him, but, when Hitler demanded full power, the stern marshal admonished him to conduct his opposition like a gentleman and remember his duty as a German subject. Still convinced that he could defeat Hitler at the polls and force him to enter a coalition cabinet as a modest politician, Papen set another election for November. He and his supporters attacked the Nazis vigorously, and, when the ballots were counted, the Nazis had lost thirty-four seats and their vote had dropped to 33 per cent of the total.

The Nazis Attain Power

This was a crucial hour in the march of Hitlerism. Many Nazis were convinced in their hearts that the movement had reached its peak, that dynamism was of its very essence, and that any attempt to stand still would be disastrous. The fires of dissension within the movement burned brightly as Gregor Strasser threatened to rebel. The moderate elements begged Hitler to yield and enter the cabinet. On January 30, 1933, Hitler, rather subdued, met Hindenburg and Papen and agreed to serve as chancellor in a coalition cabinet. Hitler was allowed to include only two Nazis, Frick and Göring; five seats were held by barons. It did not resemble, on the surface at least, a cabinet of revolution.

This was not the march to power of which Hitler had dreamed, but Papen and his henchmen were badly deceived in their belief that they had harnessed Hitler. The Nazis at once made ready to fight with every weapon to win a clear majority in the election scheduled for March. Göring, striking wildly and ruthlessly, took the lead. He usurped Papen's authority in Prussia, and used Storm Troopers as auxiliary police. Communists were beaten and sometimes shot on the streets, Socialist meetings were broken up, and anti-Nazi papers were

suppressed. The campaign reached its climax with the firing of the Reichstag building a few days before the election. The Nazis cried loudly that it was a Communist outrage, but the evidence points strongly to the conclusion that the Nazis set the fire in an effort to discredit the Communists and to frighten the middle class. Two days after the fire Hindenburg was persuaded to sign a decree suspending freedom of person, press, and assembly. This campaign of terrorism, suppression, and intimidation did not bring the Nazis their hoped-for victory at the polls. But immediately—and illegally—they jailed the eighty-one Communist deputies, and, with the Nationalists supporting them, they now had a safe majority.

The Nazi Creed

The Nazis came to power with a rather strange creed, which they labeled a new "world view." Anti-intellectualism and Aryan supremacy formed its core. Ethically it was sadly at odds with the Sermon on the Mount, and politically and socially it rejected nearly every tenet of the philosophy that arose out of the American and French Revolutions. It elevated conflict and force and appealed to racial nationalism, blind obedience, and the will to power. The intellectual and rational outlook, it insisted, disintegrated life, divided man inwardly, and rendered him incapable of swift and uncompromising action. It assured the German people that they were a *Herrenvolk*, a master race, destined to rule the lesser breeds of Europe, and placed upon this master race the mission of saving civilization from communism, Judaism, and democracy.

Moreover, the new creed held that Germany's salvation depended upon a fundamental change in the structure and spirit of the government. The weak Weimar Republic would have to give way to a one-party, autocratic, and totalitarian system with every phase of life subordinated to the state. It insisted that the individual counted only in so far as he contributed to the life of the national community, which was conceived as a sort of living organism based on blood and soil. The national community was personified in the Führer, and his will was identical with the will of the people. He was to lead, and the people were to follow.

Thus Hitler was portrayed as a kind of messianic redeemer of the German people. Göring expressed it thus: "We love Adolf Hitler

because we believe deeply and unswervingly that God has sent him to us to save Germany." Dr. Frank, Nazi minister of justice, later put it more directly: "Hitler has received his authority from God. Therefore, he is a champion sent by God of German right in the world." This new faith, rooted in the ethics of the primitive German tribes, seemed strangely out of place, not to say dangerous, in the complex machine age.

The Consolidation of Power

After the election of March, 1933, the Nazis moved swiftly to make themselves complete masters of Germany. Columns of Storm Troopers marched through the towns taking command of government offices and running up swastika flags. On March 12 Hindenburg agreed to suppress the republican flag and replace it with that of the old imperial regime and the swastika of National Socialism. On March 24 the Statute to Combat the National Crisis (Enabling Act) was passed by the Reichstag, conferring dictatorial powers on the Hitler government. On May 1 a gigantic mass meeting was held in Berlin to honor work and the worker, but on the following day Dr. Ley and his henchmen, armed to the teeth, smashed the powerful German trade unions, confiscated their funds, and suppressed their papers. At the same time the whole party system was being demolished, and in July opposition parties became illegal. The civil service and the liberal professions were purged of non-Aryans and those classed as "politically unreliable." Then, in January, 1934, the states were co-ordinated with the Reich, and the Führer was empowered to appoint governors for all the German states. With the merging of the office of president with that of chancellor, upon the death of Hindenburg in August, 1934, the consolidation was so nearly complete that the Nazis stood alone and unchallenged. They had the keys of power in their hands. But by this time, as we shall see, they had pushed the co-ordinating process so relentlessly that the totalitarian state in its broad outlines was already clearly visible.

The Mobilization of Opinion

From the hour of victory the Nazis drove hard to make the nation of one mind and one will. After the anti-Nazi papers were swept away,

virtually all agencies for the formation and direction of public opinion, such as the press, the radio, and the theaters, were merged in the National Chamber of Culture. The Ministry of Propaganda, headed by Joseph Goebbels and operating through this chamber, set out to mobilize totally the intellectual and emotional resources of the country and to direct them with the greatest possible energy toward National Socialist ends. The mass meeting, with its pageantry and stagecraft, was used to the fullest extent. The great news agency, the D.N.B., soon emerged with the motto: "Virtue is knowledge in the interest and for the benefit of the new Reich—Heil Hitler!" But it was to the radio rather than to the newspaper that the Hitlerites looked for the creation of a single public opinion. The radio brought into German homes the voice and emotional frenzy of the Führer as well as his words. Moreover, Hitler's important speeches were always recorded, and could be repeatedly broadcast to the nation. There was an increase in the number of transmitters, and the government saw to it that there were receiving sets in millions of homes. The radio made National Socialism, with its mass meetings, its songs, and its leaders, more and more real to the people.*

No part of the drive was more energetic than that launched to win the mind and soul of German youth. Nazi leaders made it clear to German women that their place was in the home rearing strong children and molding their infant minds to the new pattern. Boys and girls at an early age were enrolled in the Hitler Youth and the League of German Girls. Baldur von Schirach, with the title of Youth Leader of the German Nation, was charged with the task of co-ordinating and directing all divisions of Hitler youth. Under his direction a vast literature was developed in which Nazi racial ideas and the rudiments of military training and the problems of war were given careful attention. The schools, too, were enlisted in the service of making boys and girls into ardent Nazis. Everywhere youth was being prepared to wage war with ideas as well as with guns. "After you," said Hitler in an address to German youth, "will come a generation for whom National Socialism is all knowledge."

Those whom persuasion and propaganda failed to win were taken care of by the German Secret State Police (Gestapo). The Gestapo was founded by Göring, but it soon passed, together with the whole police system of the country, into the hands of Heinrich Himmler.

* For an analysis of propaganda technique in Nazi Germany, see Chapter XVI.

The chief of the Gestapo won his way close to Hitler by furnishing him detailed and accurate information on the activities of prominent Nazis who were judged dangerous. On the surface Himmler is a man of mild and scholarly appearance, but in action he is cruel and ruthless. That Germany has the most complete and effective system of organized terror in the world today is due in great measure to the genius of this man. The Gestapo stands beyond judicial control. Its tremendous power extends over the army officer and the high political official no less than over the worker. It taps telephone wires, opens letters, and overhears conversations. Upon the terror of the Gestapo and the concentration camp, also founded by Göring and Himmler, the Nazi regime depends in a large measure for its defense.

Nazi Economic Policies

When the Nazis attained power, the cycle of world depression had reached its lowest point. Dr. Hjalmar Schacht, a former president of the Reichsbank, became chief financial adviser to the new government, and little was heard of such old Nazi slogans as "breaking the bonds of interest slavery" and "nationalization of big industry." Public works were enormously extended in an effort to rescue the unemployed and aid industry and agriculture. As employment picked up and the general situation improved, German economy was brought in line with the basic aims of the Nazi movement.

While tied in with various Nazi dogmas such as totalitarianism and anti-Semitism, the economic program of the Third Reich has been largely shaped by the demands of rearmament and power politics. The drive for autarchy (national self-sufficiency) was a basic part of the armament policy in that it aimed in great part at making Germany invulnerable to blockade. But autarchy and deficiency of foreign exchange made necessary the production of substitute materials on a large scale, increased agricultural output, and led to careful rationing and rigid state control of imports and exports. Rearmament and autarchy involved the rigid and total control of the man power and material resources of Germany. But care was taken to keep the technician unhampered and the industrial machine running at top speed. Unemployment disappeared, and an industrial boom resulted, but, as the result of the unproductive character of war materials and the additional labor needed for the production of substitute products, there

was no increase in the standard of living. Indeed, the Nazis did not aim, in any immediate sense at least, at the more abundant life; they frankly put "guns before butter."

THE LABOR FRONT

With the suppression of the trade unions on May 2, 1933, the German Labor Front was created. It included professional men and entrepreneurs as well as workers and became a section of the Nazi Party. Dr. Robert Ley, who was made chief of this new organization, declared that it would attempt to put every individual under its authority "in that mental and physical condition" which would enable him to make the maximum contribution to the national welfare. Everyone was to be fully imbued with National Socialist aims and ideals, and vocational training was to be given to the young.

The Labor Front has more than 30,000,000 members and a tremendous budget derived from compulsory contributions from all members. Of its varied and manifold activities the most spectacular fall under the department known as "Strength through Joy." National Socialism admits little private life, and "Strength through Joy" keeps watch over workers during their holidays by assisting them with their vacations. It organizes and conducts excursions into the Bavarian Alps, and it owns and operates seaside resorts and a fleet of steamers. In the fall of 1940, when the first stage of the "battle of Britain" was at its peak, Dr. Ley promised German workers that these activities would be greatly extended as soon as the war was brought to a victorious end.

The Labor Front controls social policy. Great emphasis is placed on the duties and responsibilities of capital and labor to the community. The Labor Code of January, 1934, embodying the leadership principle, declared that the owner or manager of each industrial establishment would be known as leader (Führer) and his employees as followers. Each plant employing as many as twenty workers was to have a trust council, chosen from the followers. Each large industrial area has a labor trustee, appointed by the government, who can hear and settle all disputes between a leader and a trust council. Each labor-trustee area has a "court of social honor" with extensive powers and with the primary purpose of preventing abuse of power on the part of leaders and of curbing undue interference by followers.

Since early in 1934 there has been universal labor conscription as

a supplement to military conscription. The individual has no freedom in choosing his work. The state places him where he is most needed.

INDUSTRY AND TRADE

Government control of business, which was already strong, was greatly extended by the Nazis. The National Economic Chamber was set up to co-ordinate all branches of business and trade. Every businessman was included in this vast organization, and was told what to produce, the amount of fuel and raw material that would be allotted to him, to whom he must sell, the prices he might charge, and the like. This central body controlled the investment of capital, the volume and use of credit, and profits to a considerable extent.

Foreign trade is no less rigidly controlled. In the early months of the Nazi regime it became necessary for importers to secure foreign-exchange permits from the Ministry of Economics in order to get foreign goods of any sort. In the face of a serious shortage of foreign credits, imports were largely restricted to materials directly or indirectly essential to rearmament. Gradually foreign trade was placed more and more on a basis of clearing and barter agreements. Under barter agreements imports and exports had to balance in the case of each country. This scheme to a great extent restricted Germany's foreign trade to those countries that would take her goods. Since Germany in the main imports foodstuffs and raw material, her trade with South America and the Balkan states expanded enormously. Moreover, Germany sometimes paid more than the market price to obtain a trade monopoly, get foreign credits, and perhaps extend her propaganda effort. It soon became clear to some of the smaller countries that the Reich would have them at her mercy when the time came to renew the barter agreements. Indeed, these arrangements, under which Germany frequently fell short with her deliveries of goods, served in some cases as steppingstones to political and military control.

AGRICULTURE

The rather exalted position that agriculture enjoys in Nazi ideology is due in no small measure to the work of Walther Darré, minister of agriculture. His two books, *The Peasant as the Life Source of the Nordic Race* and *The New Nobility of Blood and Soil,* glorifying the peasant as the backbone of the nation and the guardian of Nordic purity, were instrumental in integrating the peasantry into the Third

Reich. The three dominant notes in Nazi agricultural policy are: the maximum degree of self-sufficiency in foodstuffs, a strong and racially pure peasantry, and fair prices for agricultural goods. In an effort to implement this program the Nazis have: (1) created hereditary farms; (2) established the Agricultural (Food) Estate; and (3) continued the Weimar policy of land resettlement.

The Hereditary Farms Act of 1933 declared that all farms ranging in size from about 5 to about 308 acres would become hereditary if the owner were a "German citizen, of German or kindred blood," and were honorable. All hereditary farms pass undivided to the next principal heir (eldest son). The excluded children, the law states, are entitled to receive "vocational training and establishment commensurate with the capabilities of the farm." This act aimed at the creation of a farmer aristocracy, or peasant nobility, from which future leaders might be drawn. It was to give the concept of "blood and soil" living substance. Land is not for personal exploitation but is in the nature of a public trust that must be used in the service of the community. The Hereditary Farm Tribunal may deprive the peasant of his farm in the event of misconduct or failure to produce adequately.

The Nazis created the Agricultural Estate, embracing food processors and wholesale and retail traders as well as farmers, to assist in making the peasantry conscious of its new mission and to co-ordinate and control the agricultural life of the country. It is subdivided into regional and local districts, each having a leader. The smallest and remotest farms do not escape its propaganda and supervision. It regulates the whole process of production and distribution. For example, it may prescribe the amount of milk that a dairy farmer is to produce, the time and place of delivery, and the price that he is to get.

Under the Resettlement Act, inaugurated by the Weimar Republic in 1919, the state was authorized to purchase land for settling colonies of peasants. It was aimed primarily at the great Junker estates in the northeast, but the Nazis have not had the courage to do more than nibble at the great estates. In 1939 all entails on property (except hereditary farms) were abolished, but there is yet no evidence that "resettlement" is being vigorously pushed, though many prominent members of the Nazi Party have insisted for years that a large body of small farmers would help the Third Reich to maintain racial purity, would increase agricultural production, and would eliminate unemployment.

Anti-Semitism

The Jews have caught the full fury of Nazi ruthlessness. Anti-Semitism, one of the oldest articles in Hitler's creed, stemmed in great part from the racial doctrine and the need for a scapegoat. In *Mein Kampf* Hitler classed the Jews as "culture destroyers" and "race poisoners." He pinned upon them responsibility for nearly all the fatherland's woes. They caused Germany to lose the First World War; they were responsible for the republic and for the ratification of the Versailles Treaty; they were the leaders of Communism and of international finance; in a word, they wrecked the fatherland. Thus, they served as the enemy that the Nazis needed to keep the fighting character of the movement at a high pitch. They were there when no other enemies could be found. In the front ranks of this attack on the Jews was Julius Streicher. In his newspaper, *Der Stürmer*, he constantly employed such catch phrases as "The Jews commit the most bestial sexual crimes against German women."

By these means the Nazis succeeded in convincing a large element of the German population that their woes sprang from the sins of this helpless group, and that its liquidation was necessary to the rebirth of the fatherland. Eliminated from public office, driven from the liberal and cultural professions, barred from economic life, robbed entirely of their rights and largely of their property, in many instances beaten or thrown into concentration camps, the Jews in the Third Reich are in a pitiful condition. Moreover, in all the lands occupied by Germany since 1938, the Jews, in one way or another, have felt the wrath of the Nazis.

Education

The leaders of the Third Reich have fitted the whole educational system into the Nazi pattern. The new curricula give primary attention to physical training and the inculcation of party dogmas. In 1938 Dr. Goebbels asserted that Germany was marching "with *Mein Kampf* in one hand and the sword in the other, for her advance as the new world power." Freedom of teaching has disappeared, and many of the ablest teachers have been forced into exile. Though the social and cultural studies are hardest hit, the natural and technical sciences have

to a surprising degree become the handmaidens of the new regime. The idea of subjectivity in science has been pushed to the limit. While addressing a group of German professors in 1932, the youthful Schirach declared: "Gentlemen, in your professorial chairs, let be your famous objectivity.... No one has ever died for that." Nazi philosophy holds that science is very largely determined by racial and spiritual factors, and that there can be no such thing as a universally valid science. It is "conditioned by the blood." If taken literally, this means that physics and chemistry must differ in France and Germany because Frenchmen and Germans differ. However that may be, the German physicist, no less than the German historian, knows that his general "truths" must accord with the articles of Nazi faith.

Higher education has suffered more than secondary or primary. The universities are controlled by the Nazi Party, and it appears that faculty members are nearly always chosen on the basis of party reliability. Enrollment in the universities dropped sharply with the advent of the Nazis to power, and admission has come more and more to depend on a good record in the Hitler Youth. The effectiveness of the elementary schools has been greatly reduced, and the doors have been almost completely barred to Jewish pupils.

Religion and Churches

Notwithstanding the basic conflict between the philosophy of Christ and that of Hitler, a great many German Protestants accepted National Socialism from the first. This is to be explained, in part at least, by the fact that German Protestantism has lived in close alliance with the state from the days of Martin Luther. When it became clear that the Nazis were trying to de-Christianize religion, a little band of Protestants, under the leadership of Martin Niemoeller, did muster the courage to resist. But they were ruthlessly struck down, and Niemoeller, although tried and freed by a court, was thrown into a concentration camp along with many of his aids.

But the attitude of the Catholics was a different story. When the Nazis began to violate the concordat which Hitler had negotiated with the Papacy in July, 1933, by suppressing the Catholic youth organizations and monopolizing education, the Catholic forces began a desperate resistance which, except for a few moments of lull, has

gone on to the present day. In a Christmas sermon at Munich in 1934, Cardinal Faulhaber asserted that "all people have the right to their individuality" and that men are not "redeemed by German blood but by the blood of Christ." Though the Nazis have frequently unleashed the full fury of their propaganda upon the Catholics and made an inventory of the Church's property, they have refrained from a real showdown. The Catholic churches have not been co-ordinated into the totalitarian system. At the close of the conference of Roman Catholic bishops in the autumn of 1940, the bishops' pastoral statement was not made public. In 1941 the bishops of Greater Germany met at Fulda and warned the German people that they would have to choose between "Christ and the Fatherland."

The more extreme Nazis have launched a neopagan movement which rejects Christianity as Jewish and foreign in origin and ethically incompatible with the German spirit. The leaders of this movement advocate a return to the religious ideals of the primitive German tribes —to Thor and Woden. Here, they say, is the true religion of the Nordic soul. To them the Christian doctrines of humility and the brotherhood of all men are insults to Nordic manliness and the Nazi concept of the German master race. This new cult, which has been raised to the level of a substitute religion, is a sort of worship of the German spirit and of National Socialism as the living embodiment of its highest and purest elements.

Germanism Abroad and "Fifth Column" Activity

Nazi racial theory holds that all peoples of German blood throughout the world owe the nation and fatherland undivided allegiance and must in some way be united with it. Much has been done in an effort to give substance to this doctrine. German nationals abroad are included in the Foreign Organization of the Nazi Party. Those possessing German blood who are not German citizens are included in the People's Union for Germanism Abroad. This organization is under the direction of Karl Haushofer, the leading expounder of the "living space" idea. It has millions of members in local bunds in all parts of the world. Thousands of agents from these foreign bunds gather each autumn in Stuttgart, where the German Foreign Institute has its headquarters. This organization is a sort of propaganda dynamo

for the whole effort in the foreign field. Before the outbreak of war its library service handled more than a thousand foreign papers, carefully clipping all articles bearing on Germans abroad that might be of immediate or future use to organizations inside and outside Germany. Moreover, a special institute has been founded for training young Germans to work effectively in German business firms and diplomatic posts in foreign countries.

These organizations have been of inestimable value in connection with "fifth column" activity. They have kept the Nazi leaders accurately informed on all sorts of foreign problems, and have played the decisive role in the mighty propaganda campaign that has been waged in foreign lands. In countries such as Norway and Holland they were able to materially weaken resistance to the German war machine. And they have done effective work in many countries, including most of the nations of South America.*

Bases of Foreign Policy

It is in the realm of foreign policy that Hitler has had his deepest and most abiding interest and has been most nearly his own master. It was here that the Nazi movement had its deepest meaning and was to reach its crowning success. The policy of power politics came as no surprise. Not only is it the central theme of *Mein Kampf*, but it is, in the main, a continuation of the policy pursued by Germany before the First World War. Its vague and unlimited aims, pursued by surprise moves, have their counterpart in the foreign policy of Kaiser William II. In the Nazi view war is a more or less normal concomitant of all life, a manifestation of the highest and manliest virtues. Hitler has expressed it thus: "Humanity grew great in eternal strife—in eternal peace it will perish."

Much of the driving power of Nazi foreign policy has stemmed from the mystical concepts of race and "living space." Hitler has many times said that the German people is a superior people, and that it has the right to all the "land that might be necessary for it." Karl Haushofer, a close adviser to Hitler, has insisted that Germany's territorial problem cannot be solved in Europe but involves a redistribution of the world's surface. He has proclaimed repeatedly that

* For further discussion of Nazi activities in South America, see Chapter X.

the decadent and spineless democratic peoples are on the verge of falling under the domination of the Germans and the Japanese, whom he rates as the most dynamic and virile of peoples.

As the German army and air force grew in strength, Nazi diplomacy became more dynamic and violent. The appeasement program pursued so hard by Chamberlain and Daladier was doomed from the first. For extremism was the very soul of National Socialism, and it could not adopt a policy of moderation and normalcy without denying itself.

The Impact of the War

When war broke out in September, 1939, as we have already indicated, the Nazis were prepared for it economically and psychologically as well as militarily. Göring hastened to assure the people that they would not suffer the devastation of war because Allied airplanes could never penetrate the Reich's defenses.* The transition to a war footing was comparatively easy and simple for a nation that for years had strained every nerve to develop an economy to meet the demands of total war. A Supreme Defense Council was set up with Göring as chairman. It quickly created regional machinery to coordinate all activities essential to the prosecution of the war. Rationing became more comprehensive and strict; the state commandeered the supplies of nearly all vital goods; taxes were increased so as to ease the pressure on the treasury; working hours were extended; and boys and girls in the Hitler youth organizations were mobilized for emergency work.

Early in 1940 Hitler and his advisers decided that control should be concentrated still more. A General Council, a sort of economic general staff with Göring as chief, was created. This council has correlated to the limit all central agencies and has endeavored to keep the whole economy adjusted to the changing demands of war. The powers of the labor trustees have been increased, and state control over the leaders of industrial plants and over the placing of workers has been sharpened.

In 1940 and 1941 the spoils gathered from the conquered countries went far to relieve strains on the domestic economy. A well-informed

* For well over a century German armies had in every war overrun the lands of other people, devastating towns and homes. It was to be the same in this war.

writer estimates that by the summer of 1941 the Nazis had got about $36,000,000,000 in tribute from the subjugated peoples by way of military and civilian occupation expenses, confiscations of gold and public and private properties, and fines of various kinds.* This estimate does not include the vast stocks of foodstuffs, oil, and other materials moved into Germany. This looting has gone far to keep the supply of foodstuffs and raw materials from falling to dangerous levels. At the same time, the labor situation has been eased by the importation of countless able-bodied men from the conquered countries.

Though Nazi Party functionaries have apparently lost influence and power to the military leaders since the war started, there are yet no sure signs that the war is curbing the Nazi revolution. Recent utterances of Nazi leaders indicate that the *Herrenvolk* concept is as strong as ever. And it is likely to remain so unless the Nazis are definitely deprived of the prospect of victory.

Suggested Readings

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Dodd, W. E., Jr., and Martha Dodd (editors), *Ambassador Dodd's Diary* (New York, Harcourt, 1941)

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Loewenstein, Karl, *Hitler's Germany* (New York, Macmillan, 1939)

Pollock, J. K., *The Government of Greater Germany* (New York, Van Nostrand, 1938)

Roberts, S. H., *The House that Hitler Built* (New York, Harper, 1938)

Schuman, F. L., *The Nazi Dictatorship,* second edition revised (New York, Knopf, 1939)

Schuman, F. L., *Germany since 1918* (New York, Holt, 1937)

Shirer, W. L., *Berlin Diary* (New York, Knopf, 1941)

Shotwell, J. T., *What Germany Forgot* (New York, Macmillan, 1940)

Stolper, Gustav, *German Economy, 1870–1940* (New York, Reynal & Hitchcock, 1940)

Strasser, Otto, *Hitler and I* (Boston, Houghton Mifflin, 1940)

* Thomas Reveille, *The Spoil of Europe* (New York, Norton, 1941), p. 114.

Chapter VI

THE FRENCH REPUBLIC

The Aftermath of the War

For more than four years, from August, 1914, to November, 1918, there had been war, but now peace had come and with it the victory that France had more than once placed almost beyond the realm of the possible. The nation felt exalted! The enemy from across the Rhine had been vanquished, and France could now forget the humiliating defeat of 1870–1871; perhaps, if only the peace were made along realistic lines, France could be protected in the future against invasion from Germany, and the coming generations could be spared the necessity of another tragic outpouring of blood and wealth. It all depended upon the treaty—and surely so many sacrifices had made France worthy of a treaty that would have for its principal objective the security of France. The war had been won by the soldiers: it must not be lost by the diplomats.

By the early summer of 1919, the exultation of the victory had passed. From the French point of view the Treaty of Versailles seemed almost a mockery of the blood and sacrifice that had purchased it. Bitterness, wrangling, and compromise had poisoned the atmosphere of the peace conference, and to those who were realistic in their calculations of international politics it seemed that, weakened though Germany was by defeat and the treaty, she still possessed potentials of war greater than those of France. French security, then, could not be based entirely upon the treaty. It would be necessary for France to remain armed and to seek outside the treaty the means of preventing a rebirth of German strength. The coming generations would have to live under the haunting fear that some day the Germans would come again. In the meantime, France must rebuild herself, for the war had severely sapped the physical and spiritual resources of the country.

Many of the damages of war cannot be repaired, but in those that

could Germany must be made to assist. In the matter of reparations France felt that she had a moral as well as a legal claim against Germany, since in the mind of France there was no doubt that much of the damage done had been of a wanton nature—the natural accompaniment of a war forced upon France by German aggression. Even without this claim, there existed a historic one based on the fact that losers in a war are frequently assessed an indemnity. The dead men of France could not be recalled from their graves, but the homes, factories, livestock, and transportation of northeastern France could be restored. France had fought the war with the expectation that, if the Allies won, Germany would be forced to pay at least for physical damages, and largely with this expectation in mind had promised her own citizens that the French government would stand financially responsible for the reconstruction of private property destroyed as a consequence of war operations. This damage was almost beyond belief. More than 300,000 dwellings, public buildings, and factories had been completely destroyed, and more than 450,000 had been seriously damaged. The railroads of France were confronted with the problem of reconstructing more than 2,500 kilometers of their lines, and more than 1,000 kilometers of navigable waterways and 52,000 kilometers of highways needed rebuilding before they could be restored to use. During the war France also lost the wealth-producing resources of the northeastern departments, which contained her greatest concentration of the iron, coal, and textile industries and some of her most productive farmlands. Without the belief that Germany would pay for the reconstruction necessary, confidence in the soundness of the French financial structure, suffering as it inevitably did from the strain of war expenditures, might have dropped so low that complete national bankruptcy would have resulted. Even though some were optimistic enough to hope, the French franc lost much of its purchasing power as a result of war financing. The peace conference gave France the illusion of future financial stability by incorporating into the Versailles Treaty the provision that Germany should be financially responsible for all damages done "to the civilian population of the Allied and Associated Powers and to their property . . . by land, sea and from the air" as well as to other categories set out in an annex to the treaty. The total of the damages was to be calculated by a special commission set up for the purpose, and, although certain economic experts pointed out the im-

possibility of any large payments, there was generally a feeling of optimism based on an unwarranted belief in German industrial efficiency and ability to pay. Since France had been disappointed in other provisions of the treaty, the reparations arrangements became doubly important: not only would their fulfillment weaken Germany economically, but, should Germany drop behind in her payments, an opportunity would be given for intervention in Germany by France and such of her former allies as chose to support her.

The Financial Problem

It could easily be seen that, despite the victorious conclusion of the war, the government of France would be confronted in the postwar years with many difficult problems involving a determination of national policy and an adjustment to new conditions.

French government under the republic had always been noted for a high degree of cabinet instability. The twenties and thirties brought no exception to this former practice, but, as ministers were shuffled from cabinet to cabinet, it became increasingly apparent that the two most stubborn and difficult of the French problems were those of finance and relations with Germany. In postwar France these two difficulties stand out like colored threads on a white cloth.

The conservative parties received most of the political benefits that came from the victorious conclusion of the war. The "national bloc" government formed by these parties foundered, however, on the rocks of budgetary deficits and the Ruhr policy of Poincaré. By 1921 the government had spent more than 20,000,000,000 francs in the work of repairing war damages, but was confronted with a constantly increasing realization that in Germany there was neither the ability nor the will to meet the schedule for reparations payments. In an effort to secure substantial assets which might guarantee future payments, French troops in 1922 occupied the highly industrialized Ruhr valley. Passive resistance in Germany, strengthened by the knowledge that England opposed the French policy, resulted in the failure of this action. In 1924 the impasse between France and Germany was broken by the Dawes plan, which provided a new organization for reparations payments, and the French troops were withdrawn. In the same year elections in France had overturned the majority of the conservatives and placed the government in the hands of a Left bloc.

It was revealed that the national debt amounted to 414,000,000,000 francs, and of this 160,000,000,000 had been contracted since the conclusion of the war. The budget for that year (1924) was 10,000,000,000 out of balance, and the franc was rapidly losing its purchasing power. An increase in the difficulty of borrowing seemed certain, yet either to reduce expenses or to increase taxes seemed equally difficult. By the middle of 1926 the franc, which before the war exchanged at a ratio of approximately five to the dollar, was exchanging at forty-eight to the dollar. National bankruptcy seemed a near possibility when the severity of the crisis forced the formation of a government under Poincaré, who managed to reduce party differences long enough to balance the budget through the twin expedients of increased taxation and reduced expenditures. "The battle of the franc" had been temporarily won, and at the end of 1926 the franc stood at approximately twenty-five to the dollar. Public confidence was restored, interest rates on the public debt were reduced, and the expenditures for reconstruction, which by this time was almost completed, were absorbed into the national budget.

Political Shifts

This same period was marked by a change in tactics toward Germany, as evidenced by the Locarno Pact of 1925, and by the beginning of a religious quarrel between the anticlerical radical parties of the nation and the deeply Catholic population of the recovered provinces of Alsace and Lorraine, whose reintegration into French national life was not being accomplished too harmoniously. The success of Poincaré, who became known as "the savior of the franc," reacted advantageously for the conservative parties, and the election of 1928 went in their favor.

The ensuing four years had no definite character of their own. They largely represented the end of a period. By 1932 the depression, coming later to France than to most other countries, had brought into the forefront the problems of unemployment, public works, financial policy, and the budget. Growing dissatisfaction resulted in a victory for the Left parties in the elections of that year.

Between 1932 and 1936 the parliamentary history of France was largely a continuation of the dreary financial struggle: the fight between inflation and deflation, between increased taxes and decreased

expenditures. In 1934, after the Stavisky scandal, a serious crisis in republican government was bridged when Gaston Doumergue became premier after the Paris street riots of early February. The liberal groups feared the establishment of a French fascist regime, and there was no doubt that the public temper of France was becoming increasingly sharp. The well-to-do, in turn, professed to see danger of communism, and the continued tendency of the franc to decrease in value was a matter for some alarm. There were decided evidences of fear for the political and economic stability of the country when the elections of 1936 were held.

THE POPULAR FRONT

This election was a momentous one in the history of France. The parties of the Left—Radical Socialist, Socialist, and Communist—decided that a united front must be presented in an effort to capture the government for the friends of the democratic system. They must forget party differences in order to combat the forces of fascism which they believed to be working in France. This combination of parties, known as the Popular Front, effectively expressed the fears and desires of the country and gained a great electoral victory. For the first time in the history of France the Socialist Party became the largest in the Chamber, and its leader, Léon Blum, was entrusted with the task of forming the new government.

The government of the Popular Front entered office with a most comprehensive political program, touching both the internal and the external life of France, and emphasizing the role of the state as a social agency. Although best known for its legislation in the field of labor, where it passed the famous but unwise law for the forty-hour week, the program extended into agriculture, banking, nationalization of the munitions industry, the relationship of France to other states, and the formulation of an aggressive fight against the internal evidences of fascism—all of which will be considered under the appropriate headings.

The Blum ministry in the Popular Front government lasted only a year. In this period the forces of the Left in France exhausted themselves by many legislative acts without convincing their opponents and the political moderates that they possessed a cure for the ailments of France. The civil war in Spain and obvious preparations for inter-

national adventure on the other side of the Rhine made it a bad time for wide social reforms. This tragic division of public opinion in France was accompanied by an accentuation of the financial crisis as the franc rapidly lost value. In 1937, under a new premier, Camille Chautemps, a nibbling process began which was gradually to swing France in the direction of more conservative policies.

TOWARD A MORE CONSERVATIVE POLICY

The years 1938 and 1939 in France, largely under the leadership of Daladier, who had recovered from the political odium heaped upon him during the riots of 1934, were devoted to rather cautious preparations for a war that now seemed inevitable. The Munich crisis of September, 1938, although bringing France to a most humiliating diplomatic position, had revealed on the part of the people a quiet determination to meet whatever sacrifices might be demanded of them. Already the composition of the ministry had shown a swing to the Right, and large defense loans, increases in taxes, and a breach in the forty-hour law had been made. Government by decree was authorized, and many of the important acts of the state were determined during the absence of the legislative bodies. By the fall of 1938 the Popular Front had split, and the political initiative definitely resided with the conservative parties of the Center and Right. Attempts on the part of labor to protect gains it had made were defeated when the government used force to break protest strikes. Until September, 1939, a steady flow of decrees attempted to prepare the country for the shock that was to come, and to the observer it appeared that France, after exhibiting many signs of internal disruption, was welding herself for another act of the supreme national unity with which she had before this, upon occasion, surprised the world.

But a nation does not live by politics alone. The vitality or lack of vitality of a country, while usually reflected in its political life, springs from the character of its citizens and is reflected in what they do, how they act, and what they think.

Industry

The general character of industry in France had been undergoing a change. Before the First World War French industry was charac-

terized by the persistence of the small shop, craft traditions, and the production of quality articles closely associated with the luxury trade. Although the country maintained much of its former reputation and habits, the period since the First World War had been characterized by a pronounced trend toward the large rationalized plant, industrial labor, and machine-made products. To a large extent this change in the basic character of French production was caused by the destruction of factories in the northeast of France during the war. As the factories were rebuilt, there was a natural tendency to install the newest machinery and to obtain any economic benefits that might be found in mass production. But to the new physical equipment of France were added the actual experience with the demands of the war for mass production and the realization on the part of the industrial capitalist that in the postwar world the international competition for the sale of goods would be keener than ever. The large firm, depending upon mechanized output and mass marketing, would have advantages too attractive to be ignored.

It was only natural, also, that the owners of competing factories should follow the practice of setting up trade associations, or of strengthening those that already existed, in order to enjoy the benefits to the capitalist of possessing a clearing house for information within the industry and an organization for dealing with quantities, prices, and labor. It was also becoming apparent that the problems of industry were becoming increasingly political in their nature and that associations were necessary if the industrialist, in the competition of pressure groups, was to secure from the government the advantages of favorable legislation and subsidies, in various guises, such as the tariff. The political activities of the radical parties and their ideological sympathies with the laboring classes led many industrialists to consider government a prize to be captured in political war and then to be exploited just as any other advantage was exploited. Then, too, the increasing strength of union labor accentuated the bitterness of the relationship between employer and employee, the former resisting stubbornly what he considered an unwarranted interference with his personal liberty in the management of his business. Of these industrial organizations the two outstanding were the Comité des Forges, the oldest of the employers' associations, formed in 1864 and made up of about 250 iron and steel companies, and the Confédération Générale

de la Production Française, founded in 1919 and with a membership of about 2,500 affiliated groups covering the entire field of large French production. Associations such as these act as powerful economic, political, and social forces in the solution of the conflicts that are produced by the internal strains of modern society.

The Bank of France

Outside the field of industry proper, the capitalist possessed another vantage point for the protection of his interests. In France, just as in other countries, there was considerable overlapping between financial and industrial activities through the interlocking directorates and ownership of banking and industrial establishments. In this interconnection the Bank of France, established by the great Napoleon, possessed a position which intimately touched the activities of finance, industry, and politics. This bank, standing at the center of the French banking structure and having the power to influence greatly the credit of the government, was dominated by private interests which possessed fifteen of the twenty-one votes on its governing board of regents. It had the reputation of assuming an intransigent position in the matter of government finance when the radical parties were in control of the government, and, since so much of this period was a time of uncertain public credit, a position of opposition by the bank would seriously hamper the political efforts of the radical parties. It was in general the same attitude which prevailed in the House of Lords in England when the House of Commons was under control of the Liberal Party and which culminated in the great loss of power by the House of Lords in 1911. The obstructionism of the Bank of France became a bitter political issue, and in January, 1936, the political program of the Popular Front contained as one of its political objectives the conversion of the Bank of France from a private to a public institution. By the law of July 24, 1936, the old board of regents of the bank was changed in such a manner that the government's interest would predominate over the private interest in the votes which determined policy. Of the twenty councilors, only two were to be elected by the stockholders. The radicals, however, were to reap little benefit from the change, for from 1936 on the trend of government in France was toward the Right as the danger of war was intensified.

Tariffs and Quotas

The French manufacturer had long looked toward the state for the advantages that come to domestic production through a tariff system designed to encourage home industries. In 1931, however, conditions in the international market made it necessary to devise some expedient other than the straight rate on the importation of goods if French industries were to enjoy a degree of immunity from competition that was becoming ruinous. Because a long list of commercial treaties with various countries had stipulated definite tariff rates that would have to be maintained, the tariff system had become rigid. At the same time prices, in terms of gold, were falling in other countries because of inflationary movements there, and France was finding it increasingly difficult to export as her commodities became dearer in terms of foreign money. The normal trade-balance deficit became greater, and pressure was put upon the government to devise some method that would reduce the volume of French imports so that the relation between exports and imports would be more nearly balanced. The answer to this problem was the quota system, which left the rates in the commercial treaties unchanged but defeated the purpose of the treaties by placing a limit on the volume of certain categories of goods to be imported. During the last half of 1931 the quota system was applied to raw materials and food products, since the producers of these commodities were the first to make their voices heard by the government, but during the first half of 1932 the list was extended to include many manufactured articles. By July 16, 1932, the quota system included 1,131 items. By restricting the volume of imports of these commodities the French government regained a measure of tariff freedom for itself and removed from French products a degree of the competitive disadvantage that world financial and commercial trends had thrown upon them.

The Failure to Respond

Despite these attempts to preserve the domestic market, French industry did not respond as had been hoped. Many of the disadvantages of the French manufacturer were associated with internal conditions which had a tendency to raise the cost of production in

France without the necessary accompaniment of an equivalent rise in purchasing power. The legislation of the Popular Front government in 1936 is estimated to have increased production costs by approximately 35 per cent through concessions in hours, wages, and holidays to workers without any equivalent increase in the number employed or in the wages paid out. In 1937 a parliamentary committee of inquiry reported on the disabilities of French industry and recommended certain modifications intended to increase the supply of skilled labor and to give employers in certain industries more elasticity in the number of hours constituting the work week. It was apparent that the difficulty with French industry was the low level of industrial activity, but nothing was done really to change the situation.

By the end of the 1930's it was obvious that the continuation of this difficult industrial situation was beginning to have its effect upon the intellectual outlook of the owning classes. There was the tendency on the part of the owners to see in the government merely an agency of the lower classes through which unsound economic concessions might be forced from the wealthy. The government very largely ceased its proper democratic function of a bridge between the social poles and became an instrumentality to be captured in political warfare. In the resulting chaos the higher interests of the country as a whole were frequently lost from view, and the contestants used the power of the state merely to destroy each other. Two influential bases of power were already established outside the country: the Communists looked to the Soviet Union for a program and for leadership, and some of the wealthier thought that their personal salvation and that of their class was to be found in co-operation with Hitler's Germany. The result was a deterioration of the national spirit, the growth of internal suspicion, and an atrophy of the national will.

Labor

The war of 1914–1918 had an important influence upon the history of organized French labor. Before the war began, the labor movement in France was largely syndicalist in outlook and the professed enemy of the political government, which it intended to destroy. The patriotism engendered by the conflict, however, changed the larger part of organized labor into supporters of co-operation with the govern-

ment, and the movement lost most of its syndicalist complexion, becoming very much like the movement of organized labor in the United States and England. This was in general true of the great national association of labor unions known as the Confédération Générale du Travail (C.G.T.). In the postwar years this labor group, always the largest and most powerful of the several associations, advocated the general amelioration of the condition of the working class through higher wages and shorter hours, the intellectual advancement of the workers, and the gradual reorganization of industrial society in the direction of the social control and ownership of the industrial process. The C.G.T. has concentrated most of its political efforts on the promotion of social legislation.

A minority of the movement, however, was unwilling to reach any compromise with the existing system, and in 1921 a schism occurred in the C.G.T. Those promoting the schism were intellectual and emotional adherents of syndicalism, anarchism, and communism, the last group, under the influence of the Bolshevik revolution, constituting the dominant section. A rival national organization called the Confédération Générale du Travail Unitaire (C.G.T.U.) was perfected, and a very close association formed and maintained with the Third International at Moscow. The C.G.T.U. was a revolutionary movement, advocating violence and condemning compromise. Ideologically it looked forward to the establishment of the "dictatorship of the proletariat."

A third movement, based upon the outlook and ethics of the Catholic Church and known as the Confédération Française des Travailleurs Chrétiens was of some importance. The work of these unions was confined to such things as employment agencies, mutual-benefit societies, study groups, and consumers' co-operatives. With such a range of opinion from which to select, the French worker, despite his predilection for personal independence, was well organized during the postwar years.

CONCESSIONS TO LABOR

Despite internecine quarrels of a bitter character, the confederations were instrumental in securing many advantages and much favorable legislation for the French worker. In 1919 the government by legislation recognized the principle of the eight-hour day and the forty-

eight-hour week, and granted a legal status to trade agreements, which set the conditions of work agreed to by the employer on the one hand and the employee on the other. The French worker also had the usual protection of workmen's compensation, which was instituted in 1898 and had been subject to many amendments. In certain instances an adjustment of the wage to the size of the worker's family was introduced, although this boon to the worker seems to have come not from union demands but from employers who were seeking by special treatment to destroy for their workers the appeal of the unions. In addition, certain categories of workers, such as miners, government employees, railway workers, and sailors, had insurance laws, many of which were of long standing.

Undoubtedly one of the most important acts conferring benefits upon French labor was the Social Insurance Act of 1930. This provided compulsory insurance for all wage earners whose wages did not exceed 15,000 francs a year (18,000 in the larger cities), with certain increases in the maximum allowed for children. The financial assets of the system came from equal contributions by worker and employer, with the state making other contributions. The insured person was entitled upon his fulfillment of certain conditions to old-age pensions, sick benefits, and invalidity insurance, and women workers received maternity benefits. There was also a death benefit that came to the heirs of a deceased insured person. The French worker had a comprehensive system of social security several years before the American worker, through federal legislation, received similar protection.

THE FORTY-HOUR WEEK

It was not until the Popular Front government came to power, and a series of sit-down strikes took place, that the real peak was reached in governmental legislation for the worker. During June, 1936, the legal hours of labor were restricted, with no reduction in wages, to forty a week, which usually meant a five-day working week. Provision was also made for paid vacations, and special tickets at little more than half price were made available to the worker to promote holiday travel. The new laws also contained provisions for the negotiation of collective labor contracts which strengthened the position of labor by legal guarantees. By 1937 many observers of the French scene were

coming to the conclusion that the Popular Front concessions to labor were crippling the French industrial effort by its steep increase in the cost of production, and from this year on the concessions were whittled down under the necessities of the national defense program.

The French worker, then, was well organized, militantly led, and successful in securing many concessions from the government. There persisted in France, however, a strong tradition of craftsmanship which left many workers reluctant to enter any organized movement that might interfere with their own conservative individualism. On the other hand, many employers saw in the unions a threat not so much to profits as to the right of the employer to conduct his business as he pleased. The unions, though firmly based in law, had not captured many strong sections of public opinion. Their position became very vulnerable when it was believed that union restrictions were reducing the productivity of France at a time of national danger.

Agriculture: POPULATION SHIFTS TO THE CITIES

France has maintained a better balance between agriculture and industry than any other modern industrial nation. Even as late as 1914 the majority of the French population of approximately 40,000,000 was classified as rural. After the First World War, however, there was a rapid shift of population, especially young men, from the country to what they considered the greater security and higher standard of living of the cities. Since 1930 the urban population has surpassed that of the rural areas.

This shift in population was important for two reasons. The peasantry of France had long been the most stable basis for the policies of the government: so long as it remained numerous and content, the political parties occupying the middle positions were assured of solid support in the country. The shift disturbed the political pattern of France by increasing the political importance of the cities, which were inclined toward a Leftist program. In addition, the shift in population was in itself an indication of dissatisfaction in the rural districts—an indication that the rural youth of France no longer had confidence in agriculture as a way of life, no longer felt that the hardships and sacrifices of the farm carried their necessary compensation of security and well being. So this vast region of French life also had its dissatisfactions, its problems to be solved.

THE OWNERSHIP OF LAND

The French farm problem presented a familiar pattern. At the bottom a large group of agricultural workers, some 2,700,000, depended for their livelihood upon their earnings as day laborers. Above these was a group of about. 1,300,000 who were landless in a proprietary sense but who had access to land through renting it from the large owners. Then there was a group of about 4,000,000 who owned some land, but only half of them worked exclusively on their own land, the other half renting additional land for their efforts. In the holding of land two opposite tendencies were at work. The tendency toward smaller holdings through the law of inheritance, which demanded that land left in an estate be divided equally among all heirs, continued. At the opposite extreme there was a pronounced tendency to increase the size of the large holdings through purchase. As a consequence, among approximately 5,500,000 holdings, about 2,000,000 of the small owners held less than 2.5 acres each, and about half of the land in France was owned by some 100,000 owners who held more than 100 acres each. This inequality of ownership meant that over half of the agricultural classes had either no land or so little land that they were dependent for their livelihood upon wages secured in a work that had but few safeguards against long hours, low pay, seasonal unemployment, and the usual hazards of sickness and old age.

Yet it cannot be said that the large owner found economic existence too easy. The French farmer was faced with the critical economic problem of overproduction, which brought on low prices and a corresponding loss of purchasing power. The difficulties were particularly great in wheat and wine products.

THE PROBLEM OF WHEAT

Increased yields per acre reduced the amount of wheat land under cultivation, yet in good crop years production tended to outrun consumption. In 1933, for instance, the yield in France was 98,000,000 quintals (one quintal is approximately 220 pounds) although the normal consumption of France was only 88,000,000 quintals. As an additional weight on prices, there was a carry-over from the preceding years of 15,000,000 quintals and an importation of 3,000,000 quintals from North Africa. This surplus of 28,000,000 quintals forced government intervention to prevent an absolute collapse of prices. On July

15, 1933, a minimum legal price was fixed at 115 francs a quintal, but widespread evasion prevented the farmer from receiving the full protection of the act. Later acts (1933 and 1934) attempted to restrict production and to store surpluses. Other expedients were resorted to on the basis of government subsidies for wheat fed to livestock and for wheat shipped on the export market. A small crop in 1934 led to the withdrawal of part of the government program; this was followed by further demoralization of the market, and at the end of 1934 the state took over 20,000,000 quintals of wheat at a price of 70 francs a quintal. In 1936 the Popular Front, as a part of its legislative program, established a National Wheat Office to guarantee the farmer a profitable price and to reduce the spread in price from producer to consumer by restrictions on speculations in wheat and on the activities of the middlemen. The essential part of the plan encompassed a forecast of the extent of the harvest in June of each year and the establishment of a fixed price in August. Farmers producing over fifty quintals, however, could sell only a quota of wheat assigned to them at this price; any surplus had to be disposed of at a lower price to the co-operatives or to the National Wheat Office. The French found, just as the New Deal did in this country, that the maintenance of price must be based on control of production.

THE PROBLEM OF WINE

The same story could be repeated for wine. Overproduction brought an even sharper fall in prices. Again there was government intervention to encourage the destruction of vines and to divert wines of low alcoholic content into commercial alcohol through a process of distillation. The dilemma of the French grower was made even more difficult by a tendency to develop large and cheaply operated commercial vineyards in Algeria. All in all, French farmers seemed to suffer from an unfavorable ratio between production and consumption, with its attendant demoralizing effect upon prices, and, like other groups, they looked to the government for preservation.

Intellectual Currents

To the economic and social divisions in France must be added the division in public opinion that so sadly dominated the public life of that country. Though the French government was a republic, not all

Frenchmen subscribed to republican theories of political organization. Since the days of the great French Revolution, France had been a country of a mixed intellectual climate. In 1870 the establishment of the provisional government was designed merely to tide France over a difficult period, after which the government would revert to the monarchical type. As the government solidified in a republican form, it left many discontented Frenchmen who could find no basis of allegiance to a republic that maintained itself largely through concessions to the lower classes and opposition to the Catholic Church. This feeling had lessened by the turn of the century, but during the trying decade of the 1930's the force of the antirepublicans began to grow rapidly. Frequent cabinet crises, party politics, political greed, and the influence upon government by pressure groups convinced many that the republican government was unworthy to be trusted with the security and dignity of France.

AUTHORITARIAN MOVEMENTS

Many of the discontented found a means of expression in a movement known as the Action Française, which had continued the agitation for the conversion of the French government into a monarchy. Some of the most bitter polemics that have been associated with modern political action have characterized this movement. Defamation of character, incitement to riot, and a consistent policy of irresponsible misrepresentation constantly gnawed at the vitality of the republican government. Young men banded themselves into an organization known as the camelots du Roi to support the movement by street action, and two of the most brilliant of France's many able writers, Léon Daudet and Charles Maurras, deluged the country with abusive charges. It was a campaign with no redeeming features, for under normal political expectancy it had no chance of wide support: its only contribution to French political life was to sow dissension and distrust.

A new group appearing near the end of the 1920's might well have overthrown the republic had it possessed more resolute leadership. In 1929 a French colonel, Count Casimir de la Rocque, became a member of the administration of an organization known as the Croix de Feu (Cross of Fire). This organization had as its fundamental political program the revitalization of the national life of France through the introduction of fascist principles. It was on good evidence that the movement could point to the venality, corruption, and inefficiencies of

the republican government. All this must be abolished and France re-energized by the introduction of the spirit of discipline and self-sacrifice. There was a strong condemnation of the all-pervading materialistic conception of public service, and the demand was advanced that Frenchmen unite themselves for the preservation of French traditions, and the re-establishment of the proper relationships between the new advances in science and the old verities of "Work, the Family, and the Fatherland."

The Croix de Feu, having a semimilitaristic basis, exerted an appreciable appeal upon the ex-soldiers of France and upon that part of the youth of the nation who were in search of excitement or who found themselves sympathetic with the rather mystical program of nationalism. Several times Rocque announced that the hour of reckoning was rapidly approaching when the movement would take over the government of the country. On only one occasion, however, was there any likelihood of the physical conquest of power, and even then it is doubtful if a real *coup d'état* was intended.

THE FEBRUARY RIOTS

In early February, 1934, serious street riots in Paris produced a crisis for the republican government. The impulsion of the riots came from the antirepublican groups, but the intellectual and moral excuse for a resort to violence was furnished by a scandal that shocked French society from top to bottom.

Alexandre-Serge Stavisky, of Russian origin, had become a financial operator in France and a member of the French equivalent of American upper gangster society. He had been involved in several swindles, but through protection in influential circles he had managed to retain his liberty while he became involved in progressively larger deals. Finally, in November and December of 1933, his part in a bond swindle involving the municipal pawnshop of Bayonne, a semiofficial institution, could no longer be concealed and gradually through the influence of antirepublican newspapers received the full light of publicity. When the scandal became public, Stavisky had fled, and later he was alleged to have committed suicide, leaving no tales behind him, just as the police were breaking into his retreat at Chamonix. In the meantime, Frenchmen from all ranks of life, under the influence of frenzied journalism, were demanding to know the names of Stavisky's accomplices, suspecting that many of them occupied respectable positions in

the government. Where proof was lacking, a bad state of national psychology took its place, and charges were fabricated upon mere assumption. To increase the embarrassment of the government, these new and sensational charges came just at a time when its authority and prestige were at a low point. Financial difficulties, reduction in salaries, a troublesome international situation, and a general parliamentary inability to transact business had left the French people restive. The charge of corruption seemed to extinguish the moral authority of the republican government, and, when the people began to suspect that an attempt would be made to conceal the accomplices, the revolutionary spirit of France flamed anew. On the afternoon of February 6, after a month of periodic displays of violence in Paris, a concerted move was made against the Daladier government by the fascist groups, led by the Croix de Feu, the Action Française, and an association of World War soldiers. During the remainder of that evening the Place de la Concorde and the neighboring streets witnessed a bloody conflict between the government guards and the rioters. Calm was not restored until midnight, and, although the protectors of the government had succeeded in preventing an invasion of the Chamber of Deputies, the authority of the government was badly shaken. On February 7 the Daladier government resigned, and Doumergue, a former president of the republic, was called from retirement to repair the damage that had been done to republican prestige. The selection of Doumergue was welcomed by the fascist groups, for it was believed that his conservatism would lead him to political reforms that would be acceptable to those on the Right.

THE COUNTERWEIGHT

The victories of the day, however, were not allowed to go unchallenged. On February 9 the Communists and Socialists combined in a great demonstration to give public evidence of the power that resided on the Left and to furnish a warning to the nation that the republic was not without its friends. This counterdemonstration undoubtedly had some effect in preventing a full exploitation of the initial advantages gained by the enemies of the republic. Gradually the tense situation subsided, but France retained a keen recollection of this threat to law and order.

The victory of the Popular Front in 1936 and its outlawing of the Croix de Feu re-established republican ascendancy. The authority of

the government was restored beyond question, but the breach that had been so dramatically disclosed in the intellectual life of the nation was not repaired. France remained two nations—one eager to push even further the social benefits of the republican government, the other acquiescing with bad grace in the acts of the government and finding it impossible in its own mind to accept without mental reservations the moral authority of the existing state.

The Paralysis of Will

This internal division of France grew rapidly deeper during the 1930's. The world depression and the advent of Hitler in 1933 ushered European politics into a new period of development. France recognized the dangers of the situation but seemed powerless to make the internal effort and sacrifices to meet the challenges which quickly developed. The fatal defect in the unity of France was displayed on March 16, 1935, when Germany abrogated the military clauses of the Versailles Treaty by resorting to conscription—the first of many unilateral breaches of treaty obligations, all undertaken in the belief that France had no will to fight for the preservation of her legal and national interests.

The following year, 1936, saw threatening action on both the eastern and the western boundary of France: Germany reoccupied the Rhineland as a move preparatory to the construction of fortifications facing France, and in Spain a fascist revolt, stimulated by Germany and Italy, got under way against the Spanish republican government. The remilitarization of the Rhineland destroyed the efficiency of the French system of alliances in the eastern and central parts of Europe, for in case of German aggression in those regions the French army could no longer march into Germany to the assistance of her allies. More than ever France was forced to rely upon Great Britain, and Britain would approve no action against fascism in Spain, for the British government favored a Franco victory there. As French power declined at home, French influence declined on the continent. The French government had very largely lost the power of choice in forming its policy, as the French people, disillusioned and cynical, dissipated their strength in attacks upon one another. Where unity is impaired, the force of a nation is dissipated.

The Tragic Aftermath

Munich was only a breathing space between periods of tragic importance for the civilization of western Europe. The German attack upon Poland brought into play the diplomatic promises that France had given for the continued territorial integrity of her eastern ally. The declaration of war, however, failed to bring the unity of purpose and determination of will that had been characteristic of earlier periods of French history. The doubts and hesitations, the divisions and despair of the prewar period continued; and throughout the shock of the actual invasion and disaster of May and June, 1940, the French continued to display the apathy and placidness that even before the war had so seriously weakened the national vigor of the people.

The defeat left France divided intellectually and geographically. Germany, occupying a large part of the country, was in a position to exert well-nigh irresistible pressure; France, on the other hand, could influence Germany only by her colonies, which maintained a certain freedom of action, and by a threat to dispose of the remaining units of the French fleet in such a manner that Great Britain might be aided. But very few have doubted that in the final analysis France must bow to the will of Germany so long as the latter is dominant in Europe.

Suggested Readings

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Chapter VII

GREAT BRITAIN AND HER EMPIRE

The Economic Situation

So engrossed is the world of today in the heroic struggle of Great Britain against the might of Nazi Germany that it is easy to forget the earlier Britain. But an appraisal of the Britain of those years is essential to an understanding both of the present European crisis and of the great difficulties of reconstruction that will confront the world even if Britain emerges totally victorious—a contingency whose probability is by no means yet established.

The position of Britain and the empire after the First World War is difficult to appraise objectively. It is easy to listen to left-wing Americans who point to the decline in exports, the increase in unemployment, and the unfavorable trade balance as proof that "Britain is done" and that the only possible course for the British governments of the period 1918–1939 was to reduce the population. When listening to critics of Great Britain, one should remember that Lenin once pointed to that country as the greatest obstacle to the triumph of world communism, and that those who anticipate the downfall of the empire may not be wholly disinterested. On the other hand, it is easy sometimes to listen to Englishmen who are confident that "England will muddle through" and that "there will always be an England" despite the many errors of the past. England always has come through, according to these optimists, and therefore England will do so in the future. This optimistic forecast is not so convincing when one remembers that the success of Britain in the nineteenth century was rather in spite of, than because of, the muddling tendency. Unfortunately, it is easier to muddle when the tide is running in one's favor than when the reverse is true.

THE BASES OF BRITISH PROSPERITY

British supremacy during the nineteenth century was based on her quasi monopoly of coal and on her head start in capitalizing the invention of the steam engine. Throughout the century British prosperity depended largely on precisely those industries in which Britain had obtained an initial advantage.

During this period British economic policy was one of free trade or *laissez faire*, a policy strongly supported by British industrialists, who wanted cheap raw materials for their machines and cheap food for their workers (in order to keep wage costs as low as possible) and who were confident of their ability to win in free competition in manufactured goods.

It is the theory of free trade that different countries will specialize in the production of those articles that they are best equipped, by natural advantages or head start, to produce. Under free trade, Great Britain specialized; and the result was to make her the most highly industrialized large country in the world (with seven individuals employed in industry for every one in agriculture), while British agriculture steadily declined. Britain thus became more and more dependent on overseas markets, overseas raw materials, and overseas foods. Even within British industry a lopsided development occurred. The industries in which Britain enjoyed an early lead expanded steadily (with the exception of silk). But Britain failed under free trade to develop correspondingly such new industries as chemicals and electrical goods, in which Germany excelled.

The result of Britain's overindustrialization and excessive dependence on a very few industries was to make her increasingly vulnerable. From the military point of view: She could be starved by blockade, and she had not developed some of the key industries that were most important in time of war. From the economic point of view: Her markets could be attacked by tariffs, by the competition of other powerful industrialized nations, and possibly by annexation of her markets by rival imperialist powers. Furthermore, with the rising excess of imports over exports, Britain became increasingly dependent on the income from overseas investments to even up her "balance of payments."

It was the British people's misfortune that they attributed their prosperity to free trade rather than to their coal monopoly and head start, and that they failed to recognize the importance of the empire market

and of the navy as a means of keeping open those foreign markets in which Britain could win in open competition. A third illusion was the belief of the workingman that, in so far as militarism and imperialism were profitable, they profited only the capitalist and not the laborer. Few workmen were aware of the extent to which their livelihood and their employment depended on their empire and their navy.

These unfortunate but natural mistakes made readjustment to the conditions of 1919 more difficult for Great Britain. The decline in the importance of coal, the breaking of the British quasi monopoly of coal, the development by rival nations of highly developed industry, the growth of protective and, later, of prohibitive tariffs, and the adoption of social legislation, were all factors which, quite independent of the First World War, contributed much to the undermining of the British advantage. The war merely hastened them, especially by cutting Great Britain off from some of her customary markets and thereby furnishing an additional stimulus to home industry. It was natural, though once more unreasonable, for the British to blame their troubles on the war, just as they had mistakenly credited their prosperity to free trade and the superiority of British character and institutions.

NEW ECONOMIC DIFFICULTIES

During the First World War three economic developments occurred: (1) prices and wages moved much higher as a result of inflation, which was a consequence of government borrowing to meet war expenses; (2) the government, recognizing the importance of curbing nonessential imports and encouraging the development of agriculture and key industries at home, weakened the free-trade policy by imposing the McKenna duties of 1915—a change of policy which was to be further developed in the Safeguarding of Industries Act of 1921; (3) Britain abandoned the gold standard. It remained to be seen what effect these tendencies and policies would have on postwar Britain, and whether they would be temporary or permanent.

The war was followed by a brief boom in Britain. This in turn was followed by a severe depression, which reached its height in the winter of 1921–1922. To the laboring man the depression appeared primarily as the unemployment problem. To the businessman it appeared primarily as the loss of foreign markets. To the financier it appeared as the displacement of London by New York as the lending center of

the world. The fact that different interests interpreted the crisis and its possible remedies in different terms indicates the difference from the nineteenth-century situation in which Britain was "too prosperous to require a policy" and in which prosperity was so great that conflicts between different interested groups were not so apparent.

The depression was most severe in the exporting industries and in the coal industry, which, in turn, depended largely on the exporting industries. This led to the belief in Great Britain that the depression was the result of the impoverishment of the nation's customers by the war, a fact which partly explains British eagerness for an economic recovery in Germany. By 1924 the falsity of this explanation became obvious. To use the cotton industry as an example, world demand by this time regained its prewar volume, but British production was reduced from 8,000,000,000 yards before the war to 5,600,000,000 yards afterward. Internal consumption was at the prewar figure of 1,100,000,000 yards; but exports had fallen to 4,500,000,000 yards, a drop of 2,400,000,000 yards from the 6,900,000,000 yards exported before the war. For several years, however, the British public fondly believed that prewar conditions could be restored. This belief was fatal to the Conservative government of Stanley Baldwin, which fought the election of 1923 frankly on the issue of the desirability of stimulating home industry by the imposition of a protective tariff. The loss of nearly ninety seats by the Conservatives in this election showed to what extent the electorate was wedded to free-trade slogans. Thus any positive policy of adjustment to the changed postwar situation was prevented, although the Unemployment Insurance Act of 1920 (itself a modification of an earlier act of 1911) was changed in such a way as to give greater relief to the unemployed at the expense of the government, which was required to contribute considerable sums in "doles."

In one respect a serious effort was made to restore prewar conditions. In 1925 Great Britain, with Winston Churchill as chancellor of the exchequer in the Baldwin government which returned to power in 1924, restored the gold standard at the prewar parity with the dollar. This step was in accordance with the interests of creditors and of financiers who wished to restore London to its old position as the financial center of the world. But it greatly handicapped the competitive position of British manufactured goods in foreign markets by raising their prices in terms of foreign currencies, and it accordingly had a depressing effect on British economic life. Most authorities are

agreed that only by a substantial lowering of production costs could Britain have recovered her position in world markets. The return to the gold standard, by raising her costs even more in terms of world prices, simply added to the handicap.

After January, 1921, British unemployment varied from a minimum of just under 1,000,000 men to a maximum of about 2,500,000. As we have seen, unemployment was most severe in the exporting industries. The result was that wages declined in these "unsheltered" industries much more than they did in the public services and in private industries which produced primarily for the home market and which were accordingly of a more sheltered character. The fact that the more sheltered industries were in the south and the unsheltered ones in the north added sectional feeling to the quite natural but unreasonable feeling on the part of the workers in the exporting industries that they were being mistreated.

In no industry was the situation worse than in the coal industry. The decline in foreign markets for coal led to efforts on the part of mine owners to lengthen hours and reduce wages. This in turn led the labor unions to threaten a strike. Parliament, in August, 1925, voted to grant the mining industry a subsidy for nine months in order to prevent wages from being reduced. Meanwhile a royal commission was set up under Sir Herbert Samuel to investigate conditions in the industry and make recommendations for dealing with them. The commission reported in March, 1926, recommending both a drastic reorganization of the industry, to which the mine owners were opposed, and wage reductions, to which the unions were opposed. The end of the subsidy led the owners to announce wage reductions for May 1. The miners walked out on strike, and on May 3 a "sympathetic" general strike of all transport workers was called. Large numbers of volunteers gave their services to keep trains and industries going, the government proclaimed a state of emergency, and the general strike ended after nine days. But the coal strike lasted until November 19, when the miners finally acknowledged defeat. The main result of the general strike was, at long last, a certain amount of reaction on the part of public opinion against the trade unions. This reaction was expressed in the Trade Disputes Act of 1927, which (1) forbade a general strike, (2) made various indirect provisions to prevent intimidation of strikebreakers, and (3) forbade continuation of the trade unions' practice of collecting

a certain percentage of their members' wages as dues (these collections going into the Labor Party's treasury) except from such individual members as made a positive declaration of their willingness to have such collection made.

ECONOMIC RECOVERY

In comparison with the years immediately after the First World War the period 1924–1929 was one of comparative economic stability. The restoration of the gold standard prevented Great Britain from sharing as much as other great countries in the prosperity of the boom period, and the general strike furnished a reminder of labor unrest. But, in general, unemployment remained at a nearly constant level. "Throughout this period," says J. Harry Jones in *Britain in Depression*, "there was a rapid growth of industry in the south and a steady migration of unemployed workers from the north in search of employment in the new industries." During this period such new industries as those making motorcars and electrical equipment flourished, as did breweries, distilleries, artificial-silk mills, and the building trades. The period was likewise one of political stability. After going through general elections in 1922, 1923, and 1924, Britain enjoyed five years of Conservative rule under Stanley Baldwin from the election of October, 1924, until June 5, 1929. Throughout the entire postwar period until the crisis of 1931 successive British governments pursued policies of spending more and more and of undertaking more and more responsibilities in the way of social insurance and social legislation. Each expenditure, each new piece of legislation, added to the heavy burden of overhead costs which British industry had to bear. This in turn rendered older British industries more and more incapable of competing in world markets and made it more and more necessary for the government to subsidize them. Furthermore, successive British governments expressed pious hopes for a "return to sanity," meaning by that a reversal of policies of economic nationalism, a revival of world trade, and a restoration of the prewar position of Britain. No government could safely tell the British people the truth. Neither the exporting industrialists nor the trade unions were prepared to face it.

It was the misfortune of the Labor Party to come into office in 1929 just in time to bear the brunt of the economic collapse. But it was

almost good fortune for the British people that the crisis of 1929–1931 was so severe, with steadily mounting unemployment, steadily declining export trade, and a steadily increasing "unfavorable" trade balance; that the "National Government" (predominantly Conservative) which Ramsay MacDonald formed in August, 1931, to defend the gold standard, was forced off gold on September 21, was then enabled to win a crisis election in November, and immediately thereafter embarked on a definite departure from the policies of the earlier period. Thus it took British democracy from 1919 to 1931 to make the adjustments in thinking which were necessary before a democratic government could shift its policies into line with new conditions. Such is the handicap which a democracy suffers as a result of the "time lag" in public opinion.

TARIFFS, QUOTAS, AND PREFERENCE

Pessimists who had seen the inflations which accompanied devaluation in Germany and France had predicted that the abandonment of the gold standard by Great Britain would be but the prelude to an upward spiral of prices. However, since the government did not pursue an inflationary policy, as had the governments of Germany and France, there was no conspicuous rise in general prices. The net effect of Britain's going off gold was to lower the price of British exports and thereby improve their competitive position in world markets. What this really amounted to was a lowering of British costs through a general reduction in the standard of living—a comparatively painless way of achieving a very desirable end.

After the victory of the National Government in November, 1931, a second major shift in British policy occurred: the abandonment of free trade. Tariff legislation was passed in February, 1932. The tariffs adopted were in the main on industrial goods and were frankly designed to stimulate the building up of new industries in which to re-employ the unemployed.

For agricultural products the quota system was in the main used instead of the tariff method. This meant that imports of a commodity were fixed at a given quantity for a year and that a certain percentage was assigned to each exporting country. One reason for not adopting agricultural tariffs was the political power of the liberal slogan "free food." Another reason was the government's desire to adjust British purchases of foreign foods in proportion to foreign purchases of British-made products. Discriminatory tariffs were forbidden by the most-

favored-nation clauses * in British commercial treaties. Hence some method of discrimination which was not forbidden by these treaties had to be adopted. British agricultural quotas both furnished a stimulus to British agriculture and enabled Britain to agree to buy from those countries that bought from Britain. In one respect they backfired slightly: since the quota was fixed in terms of quantity and not of money value, and since the price of the imported article was not fixed, it was possible for British purchasers to pay a higher price for a smaller quantity of the goods than had been previously imported from the country concerned. This did happen in some instances.

The quota system enabled the British government to violate the most-favored-nation principle in fact though not in principle. The same purpose was realized by the adoption of the principle of imperial preference in the Ottawa Agreements of August, 1932. The main principle of the Ottawa Agreements was the granting of protection in the British market to agricultural producers in the British dominions and the granting in return of less substantial preference in the dominion markets for British manufacturers. There is little question that the dominions obtained considerable advantages from the Ottawa Agreements, but it is doubtful how much economic benefit British industry obtained in return. It is true that there was some relative expansion in British exports within the empire after Ottawa, but this seems to have been due less to the agreements than to the competitive advantage in overseas markets which Great Britain obtained by abandoning the gold standard.

Certain of the above-mentioned quota preferences were granted to other parts of the British Empire, and some to certain foreign countries which were particularly dependent on the British market or were actually or prospectively good customers of Britain. When Britain went off the gold standard in 1931, not only Australia and New Zealand within the empire but most of the Scandinavian and Baltic states as well went off the gold standard likewise in order not to lose their competitive position in the British market. They linked their countries with the pound sterling, and there came into being what was to be known as the "sterling bloc" of countries, as distinguished from the "gold bloc" and the later "dollar bloc" and the countries having

* A major reason for faithful British adherence to the most-favored-nation principle was that this principle was dear to the heart of Secretary Hull, and Britain did not wish at this time to give offense to the United States.

controlled exchanges. After 1933 British financial policy was directed to strengthening this bloc through loans, and British commercial policy was directed to stimulating trade within the "bloc" through preferential agreements by which mutual quota concessions were made. Later, between 1934 and 1936, Britain and countries outside the "sterling bloc" concluded agreements which provided by indirect means for the striking of a more even balance of trade between Britain and each of the countries concerned.

The abandonment of the gold standard by France in 1936 was followed by a tripartite monetary agreement between the United States, Great Britain, and France, which E. H. Carr has described as constituting "a sort of sterling-dollar alliance, the now weakened franc being taken under the wing of both." This was followed in November, 1938, by the Anglo-American Reciprocal Trade Agreement (in which Canada joined) providing for mutual tariff reductions and circumventing (while paying lip service to) the most-favored-nation principle. The sterling-dollar alliance and the Anglo-American Trade Agreement considerably enlarged the area of moderately free trade. Unfortunately, the latter agreement came when war clouds were already gathering on the European horizon, and in 1938 and 1939 British financial and commercial policy had to be directed more and more by military than by economic considerations. Loans were made to Britain's prospective military allies for the purchase of armaments. After war began, Britain began purchasing the produce of various countries, not because she needed it, but because she wanted to keep it from Germany. Thus at long last was overcome the fatalistic and fatal nineteenth-century illusion of the separation of economics from politics. It was unlikely that Britons would ever again believe in a set of "economic laws" operating independently of a political system, though there was some evidence that Americans were still suffering from this illusion.

BRITAIN AND GERMANY: A COMPARISON

The subject of Britain's economic organization should not be left without a brief comparison of Britain and Germany. The tendency to refer to Britain and France as "have" nations and to Germany and Italy as "have-nots" obscured the essential similarity of the positions of Britain and Germany in contrast with the real poverty of Italy and the relatively balanced economy of France. During the nineteenth century both Britain and Germany developed lopsided, overindustrialized

systems that were increasingly dependent on imports of food and raw materials. Both were caught in the momentum of the systems they had created. Both needed ever-expanding markets to keep their systems going. Britain had the head start, but this in turn gave Germany the advantage of specializing in the newer industries. In 1913 Britain was ahead of Germany in coal production, Germany ahead of Britain in pig iron and in steel.

After the First World War both countries suffered from the loss of many of their overseas markets and from the unemployment which resulted. Both had much to lose in the development of economic nationalism all over the world. Both had economic systems which could only with great difficulty be readjusted in the direction of balanced economies. The two countries reacted differently to these difficulties. In Britain the situation was grasped by the public only very slowly. The remedies which they applied were partly forced on them. The standard of living was reduced by the abandonment of the gold standard. Protective tariffs were the prelude both to efforts to develop a more balanced economy in Britain (in accordance with the precepts of economic nationalism) and to the defense of Britain's position in such empire and world markets as she still retained. Her policy was a mixture of retreat, readjustment, retrenchment, and rear-guard defense. Germany, on the other hand, concentrated on a supreme effort to reassert the control of the old continent over the rest of the world.

Government and Politics

The realities of British politics are almost as effectively obscured by verbiage as are those of economics. It is difficult to find a theorist who does not regard the two-party system as a "normal" feature of the British parliamentary system. Yet the Irish Nationalists (not to mention the Labor Party) constituted an important third party before 1914, and more than once held the balance of power between Conservatives and Liberals. Furthermore, the necessity of maintaining the support of more than one party often makes a government more responsible than it would be if it could rely on a compact majority of its own followers.

It is misleading to attribute the internal political difficulties of England to the fact that there were, after the First World War, three rather than two parties. It is true that on two occasions there was no

majority for any one party in the House of Commons; but it is not apparent that the governments of 1924 and 1929–1931 were conspicuously more inept than the Conservative governments which enjoyed compact majorities in the House of Commons. Sweden has found it quite easy to work the parliamentary system successfully with more than two parties. As a matter of fact, the classic interpretation of the British Constitution, that of Walter Bagehot, was written during and with reference to the period 1846–1868, when there was *no* fixed party majority in the House of Commons, and when, for just that reason, the government could be turned out of office by the House of Commons without too much difficulty. But, as D. W. Brogan says, "no government with a regular party majority has been defeated since 1886, and even that is not a true parallel since, with the Irish added, the Conservatives tied with the Liberals." * The first thing to remember about the British parliamentary system is that the prime minister and his cabinet are members of either the House of Commons or the House of Lords. But the second thing to remember about the working of the system before 1914 is not the cabinet's responsibility to the House of Commons, but rather the cabinet's dominance over the House of Commons. Unlike the American Congress, the British Parliament has supreme lawmaking power. For practical purposes that supreme lawmaking power is exercised by the cabinet. The distinction between the British system and the dictatorships of Germany and the Soviet Union is not that governmental power is greater in the dictatorship, but rather that (1) governmental power is concentrated in one man's hands in the dictatorship and shared by a body of men under the parliamentary system, and (2) governmental power can be taken away in the dictatorship only by revolution, whereas under the parliamentary system it is exercised only for a limited time. Even should dictatorial power be concentrated in the hands of the prime minister of Great Britain, the electorate reserves the right to turn him out and place such power in another man's hands. But only in times of crisis will Parliament show any tendency to revolt between elections.

Since the First World War special circumstances have combined to make the right of the electorate to decide which of two parties shall exercise governmental power more apparent than real. The second largest party, Labor, professed a utopian socialist policy which made it almost impossible for the party to obtain a majority before 1931, and

* D. W. Brogan in *Fortnightly Review*, Vol. 145, p. 402.

wholly impossible in the period 1931–1939. The third party, the Liberals, temporarily broke up because of rivalry between the Asquith and Lloyd George factions; but the low representation of this party in Parliament was due, later on, not so much to this break-up as to certain features of the British electoral system. In France, when there were more than two candidates for a seat in the parliament and no candidate received a majority of the votes cast, there was a second electoral contest between the two candidates that were highest on the first ballot. Election by majority rather than by plurality was thus assured. There is no provision for a second ballot in England. In the postwar period there were often three-cornered elections in which Conservatives were sent to the House of Commons on a small plurality while Labor and Liberal candidates split the opposition vote. And, however much the Conservative and Labor parties might disagree on all other matters, the two were in agreement as to the desirability of not making any such concessions to the Liberals as the introduction of a second ballot. This was especially true after the Labor Party, in the election of 1929, itself profited by the vagaries of the system. In that year Labor, with 8,400,000 votes, obtained 288 seats in the House of Commons. The Conservatives, with 8,800,000 votes, obtained only 260. And the Liberals, with 5,300,000 votes, obtained only 59 seats. In the election of 1931, after the formation of the National Government, the Labor representation shrank to 52; in the election of 1935 it recovered only to 154.

The situation after 1931 was notable, then, not so much for the existence of three parties as for the dominance of one party—the Conservative—over the whole governmental machinery. The helplessness of the electorate was clearly indicated in by-elections, both after the Ethiopian fiasco and after Munich. The only way to demonstrate one's dissatisfaction with the policy of the Baldwin and Chamberlain governments was, in many instances, to vote for a Socialist. This many electors were unwilling to do. The result was that the number of voters participating in by-elections fell remarkably. When a candidate of the National Government was re-elected, the vote, as D. W. Brogan has said, was "less one of confidence in the Government, than of complete no-confidence in the Opposition."

With the government dominated by one party, there was only one possible source of effective opposition: this was *within* the Conservative Party. Men like Eden, Churchill, and Duff Cooper expressed their dis-

agreement with the policy pursued by the government. But there were two factors which made such opposition difficult, if not hopeless, in peacetime. There is in Great Britain no equivalent of the American direct primary, which enables the voters to choose between different candidates as prospective nominees of the party. This is especially useful in those sections of the country where one party dominates and where, accordingly, the only opportunity the voter has to exercise effective influence is in the selection, at the primary, of the party candidate. In Britain candidates are selected by the local party organization, often with the consent and advice of the central office. The severity of party discipline makes it dangerous, if not futile, to buck the machine.

The other factor which made opposition within the party so difficult was the British press. British newspapers follow party lines far more rigidly than do American. Hence, an opposition within the Conservative Party could become effective only with the help of Conservative newspapers. And, although there is no official censorship in England in time of peace, party control over the press by means of contacts with shareholders was so effective that only in the *Yorkshire Post*, owned largely by the family of Mrs. Anthony Eden, was there vigorous Conservative opposition to the Conservative government.

Many books have been written explaining "Munich" to Americans in terms of the British internal situation. Some attribute it to the Briton's overconfidence in things British. Some attribute it to his oversatisfaction with things as they are. The corruption which accompanies one-party dominance should not be omitted from an explanation of how a government which came into office over a year before Hitler could allow the nation's defenses to get into a disgraceful state and then blame the whole business on the opposition.

The Empire

The British Empire is usually said to include at least three main categories of political units: (1) those which are subject to the direct control of the British government, including the colonies, the protectorates, and the mandates of the League of Nations; (2) those like India and Burma to whose central and local governments many functions have been surrendered by Britain, but which do not yet have complete control of such vital matters as defense and foreign affairs; (3) the

dominions, which have had for a long time in fact and now (since the passage of the Statute of Westminster in 1931) have in law the right to virtually complete political independence. It is also fair to point out that by virtue of British sea power many neutral nations touched by the sea are available in time of war as sources of supplies and as stations along lines of communications. Albert Viton correctly asserts that British influence has often been strong enough to make Turkey, Greece, and Portugal "as much part of the British political structure as Canada and perhaps more so." But a description of the British Empire which includes such small nations along the "empire life line" (of which we have heard so much) and which fails to recognize the importance of the Atlantic life line to the United States gives an incomplete picture of what might be called the British "strategic empire." Finally there is the financial and economic empire, composed of the nations that are dependent on Britain as a market, as a controller of certain strategic raw materials, and as a supplier of capital. The last factor has perhaps been overemphasized. It is true that a nation with capital to lend has considerable power over a prospective borrower *before* the loan is made. After the loan is made, it is a different matter. The British experience with oil in Mexico is a case in point. The British position in Iraq would have been as precarious as that in Mexico had it not been for the availability of British military power when needed.

THE DOMINIONS

The first three British colonies to attain self-government (now called "dominion status") were Canada, Australia, and New Zealand. In all three of these there has, fortunately, been no "native" problem to cope with. As in the United States, the natives were dealt with so severely from the first that they shrank to insignificance. In Canada there is the problem of relations between the English-speaking and the French-speaking populations. After suppressing a rebellion in Canada in 1837, Great Britain, in accordance with the report of Lord Durham, attempted to amalgamate the English-speaking colony of Ontario with the French-speaking colony of Quebec, in addition to granting responsible government. But in the British North America Act of 1867 (which constitutes, with subsequent amendments, the Canadian constitution of today) a federal system was adopted as the basis of a union which ultimately grew to include all British territory north of the

United States except Newfoundland (with Labrador). French-speaking Quebec thus enjoys considerable autonomy along with the other provinces. The French inhabitants of Quebec, being conservative Catholics, have not been sympathetic with republican France and its anti-clerical policies. But this lack of sympathy may be modified now that the republic has been replaced by the Catholic regime of Vichy.

Australia became a federal self-governing colony in 1901 and New Zealand a self-governing colony in 1907. New Zealand is especially notable for its equitable distribution of income and its experiments in state socialism. It is also worth noting that strikes are forbidden in New Zealand, and that arbitration is compulsory.

The fourth dominion, the Union of South Africa, was organized after the Boer War of 1899–1902. After defeating the Boers (whose language is Afrikaans, a modified Dutch), the British granted to the vanquished a generous treaty of peace which included the grant of both amnesty and a considerable sum of money for rebuilding the farms which had been devastated by the war. In 1910 the Union of South Africa became a self-governing dominion. But the South African problem is a complex one. It includes not only the question of relations between the largely rural Boers and the largely urban English-speaking inhabitants, but that of the native population as well. The grant of self-government was a grant to the white inhabitants of the right to treat the natives as they saw fit. In general, the attitude of the Boers toward the Negroes is similar to that of Southerners toward Negroes in America: refusal of political equality coupled with a certain degree of paternalistic benevolence. The English-speaking inhabitants are more willing to accord political rights but also perhaps more inclined to ruthless economic exploitation.

In South Africa the British method of dealing with the Boers was to defeat them in battle and then to grant them a generous settlement. Since the First World War Great Britain has had elsewhere a similar problem which illustrates a certain change of method. This is the problem of Ireland. The Irish question has its roots in economic difficulties and involves the relations between Irish tenants and absentee English landlords. But the problem has been much complicated by two further factors. The first is the relations between Protestants and Catholics in Ireland. Six counties in the north of Ireland have Protestant majorities. These resisted the demands of the Catholics for self-government

for all Ireland. The second factor is the strategic importance of Ireland in connection with the defense of Great Britain and the maintenance of its sea lines of communication.

The setting-up of the fifth dominion, the Irish Free State (consisting of all Ireland except the six Protestant counties), in 1922 differed from the South African settlement in that the Irish were not defeated before the settlement was made. No military decision was reached. The Irish settlement is therefore regarded by some as a "negotiated" settlement, in contrast to the South African settlement, in which there was no question as to who was the victor and who was the vanquished. This difference, along with other factors, may not be wholly unconnected with the fact that the Irish settlement has been less successful than the South African. By the original terms of the settlement the Free State undertook to make specified annual monetary payments to Great Britain and to grant to Great Britain the use of specified naval bases. The monetary payments have been defaulted, and the naval bases were surrendered by Great Britain in 1938 over the protests of Winston Churchill. The results have not been altogether happy. Southern Ireland did not enter the war in 1939, as did the other dominions. There are some who might even object to calling the Free State a dominion at all. However, when King Edward VIII abdicated in 1936, the Free State parliament passed an act confirming the succession of George VI. Under the new constitution of 1937 the Irish Free State became officially known as Eire (Gaelic for "Ireland"). The six counties of Northern Ireland have their own legislature and the rights of home rule. But they still constitute part of the United Kingdom, and they still send representatives to Parliament at Westminster.

The dominions have a number of features in common. All are located in "middle latitudes" and accordingly have climates suitable for white habitation. All are largely dependent, as producers of foodstuffs and raw materials, on the United Kingdom market. So accustomed are Americans to putting economic considerations before everything else in explaining political phenomena that it is normal to hear Americans assert that trade holds the British commonwealth together. But this explanation seems to ignore (1) the economic importance in British trade of extraimperial countries like Argentina; (2) the fact that until 1932, when the Ottawa Agreements gave the dominions a preference in the British market, it was of little economic advantage to the do-

minions to be in the empire rather than outside it; (3) the fact that Canada economically gravitates toward the United States rather than toward Great Britain.

Two factors are more important than the economic in explaining the loyalty of the dominions: one is the sense of community based on common language, culture, traditions, and political presuppositions; the other is the British navy. So long as Great Britain takes most of the responsibility for defending Australia and New Zealand from Japan, it is likely that they will remain loyal. It is not difficult to understand why these two dominions are more conspicuously and enthusiastically loyal than, for instance, Canada. Their precarious position makes it probable that, if they were cut off from British naval protection, they would gravitate toward the United States. The German threat to Southwest Africa assisted General Smuts in bringing the Union of South Africa into the Second World War, although he succeeded in obtaining a declaration of war by only a small majority. It is not difficult to understand why the contribution of Australia and New Zealand to the British army has been greater than the South African or Canadian contribution.

THE NEAR EAST

In some other regions the British have been more fortunate than in Eire in disentangling strategic considerations from colonial imperialism. The Near East is of tremendous importance to British defense not only because of the Suez Canal but because of the importance of Iran and Iraq as sources of oil for British industry and, even more important, for the British navy. When this is borne in mind, it is perhaps occasion for congratulation that Britain maintains its hold on strategic points in Egypt while allowing Egypt to remain neutral in the war—a situation conspicuously different from that in Eire. Britain attempted to pursue a similar policy toward Iraq, but without equal success. And in Palestine it has been necessary to retain as rigid a control as possible.

INDIA

India furnished another major imperial problem during the period between wars. India is of great strategic importance to Great Britain, and, unlike some other parts of the empire, is of great economic value as a market for British manufactured goods. India aspires to dominion

status, but many complications have to date prevented the fulfillment of this aspiration. In the first place, there are the relations between the "native states" of India and the states ruled directly by the British. In the second place, there are the relations between Hindus and Mohammedans. And, in the third place, there is a great procedural difficulty. When Canada sought self-government, it was not difficult to effect gradually the replacement of the British army and civil service in Canada by a dominion army and civil service. The process of gradual replacement in individual positions was not difficult. But in India the "color question" introduces a further complication. And there is little evidence that the British army has any intention of modifying its position on the question whether or not to allow nonwhites to attain to the highest positions in the service. Here is a difficult practical question which no paper concessions can obscure. There is little reason to expect that British officers of high rank will soon allow Indians to attain positions in which they would give orders to white officers.

The Government of India Act of 1935 gave India a new constitution. This constitution was proved workable in some respects as a result of the Indian Congress Party's decision to permit members of that party to hold office in the new governmental system. The Indian Congress Party includes elements both of middle-class nationalism and of socialist revolution. Great Britain has elected to make terms with the former. This means, in practice, co-operation with Indian capitalists who wish to utilize nationalist sentiment to exclude foreign (including British) goods by high tariffs and thereby to exploit Indian consumers. The Soviet Union has conducted propaganda among the more revolutionary elements in India. This has contributed another obstacle to good relations between Great Britain and the U.S.S.R.

THE COLONIAL EMPIRE

Great Britain's colonial empire, still governed in large part from London, includes possessions in the Mediterranean, in West Africa, in South Africa, in East Africa, in the Far East, in the West Indies, and in the western Pacific Ocean. Some of these, like Ceylon, have been obtained for economic reasons; some, like Gibraltar, for strategic reasons; some for both. Some have been taken over mainly to prevent some other great power from taking them and thus obtaining a foothold from which British interests might later be menaced.

The British colonial empire in Africa furnishes some instructive con-

trasts in imperial problems. In Nigeria and Uganda, where the population is almost entirely Negro except for governmental officers and traders, it has been possible for the British to maintain adequate control by means of "indirect rule," the device of ruling through tribal chieftains to whom British administrators tender "advice." On the other hand, in colonies like Kenya, where there is a white population which aspires to permanent residence and to an opportunity of exploiting Negro labor, the problem has been much more complicated. Kenya is under "direct rule" and is one of the least-successfully governed of British colonies. Southern Rhodesia, on the borderline between the middle-latitude climate (suitable for white settlement) of the Union of South Africa and the low latitude climate (unsuitable for colonization) of most of the colonies farther north, has obtained self-government and may become the next dominion. Finally, two British South African protectorates, Bechuanaland and Swaziland, are native reserves on which the white inhabitants of the Union of South Africa cast greedy eyes. For the British government to refuse to turn them over to the Union is to refuse "autonomous government" to South Africa and to retain "imperial control." But to turn them over is to surrender the Negroes to white exploitation. Here is a difficult problem. It remains to be seen how long the British government can retain the confidence of both the natives of the protectorates and the white inhabitants of the Union.

PROTECTION OF THE EMPIRE

The wide extent of Britain's empire and its vulnerable *exterior* lines of communication, combined with its political decentralization, introduce two mutually contradictory elements into British foreign policy: a greater need for British action in almost every international crisis, and a greater difficulty in making that action effective. Britain may be called on to defend as remote a spot as Hong Kong against Japan; but she must first obtain assurances of support from the autonomous dominions. The reaction of the dominion factor on Britain in Europe accounts for much of the paralysis of British policy in that area in the years before the outbreak of the Second World War. The failure of Britain to take a firm stand behind Czechoslovakia at the time of the Munich crisis is partly accounted for by the lack of assurances of dominion support at that time. What some regard as a salutary restraint is considered by others to be a millstone round the British Lion's neck.

The Bases of Foreign Policy

The major distinction between the imperial power of the English-speaking nations and that of other empires, past and present, has been the former's complete dependence on sea power. Sea power has enabled Britain and the United States to dwell secure until fairly recent times without resorting either to conscription or to the maintenance of a large standing army. Insular position and sea power largely account for the early development of constitutional government in England and for Britain's being able to afford the luxury of democratic control of foreign policy in more recent years. The difference between the situation of Britain and the situation of the European continental nations has led to a mutual misunderstanding. The British, like many Americans, regard the absence of "militarism" in their own country as evidence of a certain type of superiority. As E. H. Carr has said, "The very word 'militarism' conveys to most English readers the same connotation of the peculiar wickedness of armies. It was left to an American historian, Dr. W. L. Langer, to coin the counterpart 'navalism,' which has won significantly little acceptance." * The failure to recognize the realities of sea power because sea power is less conspicuous than military power has led both British and Americans to a dangerous degree of self-deception as to the realities of their own positions. It has led them to place dangerous faith in slogans like "collective security," as if such slogans had a power of their own to obtain their objectives. It has drawn much public opinion in Britain and the United States toward support of the ideal of disarmament or armament limitation. Few of the well-intentioned members of peace societies seem to be aware that any peace settlement is maintained only by the *margin of superiority* of the armaments of the victors over the armaments of the vanquished. Few realize that total disarmament would simply transfer military power to the most populous nations, and that armaments are the means by which comparatively underpopulated civilized nations maintain their superiority over populous uncivilized nations. Many specialists in international organization continue to trace the development of the present European crisis to the failure of the Disarmament Conference in general and to the failure of France to disarm in par-

* *The Twenty Years' Crisis*, p. 95, footnote.

ticular. They apparently fail to see (what was perfectly obvious to the Germans) that a reduction in French armaments would have been equivalent to an equal amount of German rearmament. Armaments are relative, and a reduction in the arms of one side has precisely the same effect as an increase in the armaments of the other side. A Nazi newspaper once said: "We can accept general disarmament; then we could strangle the French with our naked hands."

There is an equally unfortunate continental misconception of British foreign policy, a misconception which some Americans share. This misconception results from failure to recognize the importance of internal politics in Great Britain in influencing foreign policy. Often the policy of a British government is directed, particularly when an election is imminent, not so much toward promoting the national interests of Great Britain as toward getting itself re-elected. Yet a failure to recognize this led many continental Europeans and some Americans to think of British opposition to the Ethiopian venture of Mussolini in terms of British imperialism, and to ignore the fact that the imperialists of Great Britain were the most in favor of giving Mussolini Ethiopia, and that the socialists were the most in favor of stopping him. Government policy was determined by the need for the pro-League and anti-Mussolini vote in the November election. As soon as the election was over, government policy veered toward the Hoare-Laval plan. This is not a new phenomenon. When British governments in the nineteenth century sought to abolish the slave trade by international agreement, they were acting very often with an eye to important pressure groups within the country. But continental Europeans assumed that it was all a humanitarian cloak for the promotion of some imperial interest. This double misconception of British foreign policy—the external myth of "perfidious Albion" pursuing a Machiavellian policy and the internal myth that foreign policy is or should be based on principle divorced from a recognition of armaments and power—has led to tremendous confusion in the world.

The traditional objectives of British foreign policy are: (1) naval predominance sufficient to ensure control of supply lines providing essential war materials and to protect Britain from invasion by sea; (2) the balance of power in Europe. The balance-of-power policy of Britain is not always to oppose the domination of the continent by any European power, but rather to oppose such domination when it gives evidence of a potential threat to her safety. Such evidence of a poten-

tial threat to her safety was provided by the French invasion of Belgium during the French Revolution, by Germany's building of a large navy before 1914, and by Hitler's construction of a great air fleet after 1933.

After 1918 the objectives of British policy did not change. What did change was Britain's ability to carry out her policy. We have already mentioned the decline in her *relative* economic position. Two other factors are pointed out by E. H. Carr as contributing to make Britain's position after 1918 more precarious: the replacement of coal by oil (on which we have already touched in its economic aspect) and the development of aviation. The fact that Britain has no sources of oil herself has made her direct her policy toward control of sources of oil supply. This policy, of vital military importance, has been much misunderstood. Many Leftists have opposed it on the ground that the British government was engaged solely in promoting the narrow interests of a small group of British capitalists. Understanding has been dimmed, as so often before, by overemphasizing economic motives and ignoring the strategic factor.

Failure to understand Britain's increased vulnerability has led to much unjust criticism of the British government for not pursuing a stronger policy in certain situations. But, admitting Britain's weakness, admitting that the rise of Japanese and American naval power necessitated the substitution of European naval predominance for world naval predominance as the keystone of British policy, it remains true that there were two possible (and actual) reactions to this changed position: there was the reaction of retreat, typified in the "appeasement" policy; and there was the reaction of recognizing the need for greater sacrifice, greater courage, greater armaments, and greater dependence on alliances than ever before. This latter attitude was typified by Winston Churchill and, in the somewhat newer form of League of Nations internationalism, by Anthony Eden. It was Britain's misfortune that she did not turn to these men until her situation had grown desperate.

The actual events leading up to the outbreak of the Second World War are dealt with in another chapter of this book. But the tortuous course of British diplomacy cannot be understood without a knowledge of Britain's internal politics, her weakened economic position, and the necessity of waiting for dominion support before pursuing an active policy. If these factors are borne in mind, it may not be so difficult to understand why Britain attempted Munich before finally facing the

challenge of Nazi Germany, and why, even after the outbreak of war, her war effort was very feeble until the Nazi invasion of Norway finally overthrew the intrenched Conservative clique and compelled Britain to face her destiny under the leadership of Winston Churchill.

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Chapter VIII

SCANDINAVIA: Economic and Social Democracy

Introduction

During the last two decades there has been a growing interest throughout a large part of the world in the social, economic, and political institutions of the Scandinavian countries—Norway, Denmark, and Sweden. Writer after writer has insisted that these little states were evolving a way of life in which the forces of individualism and collectivism were being brought into a sort of wholesome balance. Here, they said, was conclusive proof that democracy could cope vigorously and constructively with the problems of our dynamic age; here was hope for a confused and bewildered world. It is obvious that many of these writers have drawn pictures of Scandinavian life that are too perfect; nevertheless, it is a fact that these little nations on the rim of northern Europe have some remarkable achievements to their credit.

Though the lightning conquest of Denmark and Norway by the German war machine in the spring of 1940 gravely menaced, on the surface at least, the institutions of those countries, it did not render less vital a study of them. Whatever the future may hold for these nations, even if they are made over in the Nazi image, their accomplishments are worthy of study. Moreover, it is not improbable that the chord which they have struck will vibrate with meaning for other peoples, including the German people, in the years that lie ahead.

The Scandinavian nations, although separate and sovereign political entities, form a markedly homogeneous unit. Racially and linguistically they are close kin; geographically they are contiguous; and their historical backgrounds, while presenting some marked differences, are closely interwoven at many points. Out of these common basic features a rather high degree of cultural unity has developed. Their political, economic, and social institutions are patterned on similar lines, and

their philosophies of life and ways of doing things are, on the whole, quite similar. In the two decades prior to the outbreak of war in 1939, there was a rapidly growing co-operation among these peoples in the field of international politics as well as on the domestic front.

In no field is the similarity among these nations more striking than in government. For many decades each has been a democratic monarchy with a parliamentary, multiparty system. Democratic processes have become solidly established, and democracy has become a way of life in a real and deep sense. Many factors, in addition to racial and cultural homogeneity, have contributed to this growth of common democratic ideals. These peoples are intelligent, well educated, and industrious, and the extremes of wealth and poverty are not great. Moreover, a century and more of freedom from European wars, except for brief moments in Danish history, has in all probability strengthened democratic processes. In any case, it has enabled these peoples to keep down military expenditures and concentrate their energies on domestic problems.

During the past seventy-five years, as the agrarian economies of the Scandinavian states were slowly transformed by the forces of modern industrialism, a fairly satisfactory balance was maintained between agriculture and industry. Monopoly capitalism, with its tendency toward an unwholesome concentration of economic power, was held in check, and no important branch of the economy suffered serious damage. This balanced development is to be explained in part by the fact that the industrial transformation was to a considerable extent conditioned and guided by state ownership and operation plus a powerful co-operative movement. Industry in Scandinavia, as compared with industry in the United States, is small-scale and decentralized and has much more of a public character because of state and co-operative activity.

Since Sweden is the largest and the most highly industrialized of the Scandinavian states, and since those aspects of national life in which we are particularly interested in this chapter are very similar in all the countries, we shall give special attention to Sweden.

Producers' and Consumers' Co-operatives

Perhaps no feature of Scandinavian life has attracted wider attention in the world at large than the co-operative movement. Co-operative societies began to grow up in these northern countries in the latter half

of the nineteenth century. Though the ideas of Robert Owen and the principles of the Rochdale experiments were studied and discussed, the farmers and workers of Denmark, Norway, and Sweden had no great interest in co-operative enterprise as a means of remaking human society. They organized co-operative societies to produce goods at a minimum price, to eliminate the middleman and bring the producer and consumer in direct contact with each other. It is hard to say why the spirit of co-operation should have grown so strong among these predominantly rural peoples. Perhaps homogeneity and education are the two most significant factors. They are nations of readers. Norway, the most rural of them, has only 700,000 families, but a newspaper circulation of about 1,200,000. Nearly every little village, however isolated, has its "folk school" (see below), its study circle in adult education, and its bookstore and library. There are also libraries that travel, both by ship and by bus. Moreover, the governments of the Scandinavian states, with strong farm and labor representation, have been friendly to the co-operative societies and have aided them in many ways.

SWEDEN

In 1899 the co-operative societies of Sweden formed the Kooperativa Forbundet (K.F.). As the business of this national Co-operative Union grew, it was challenged by private traders. It accepted the challenge and gradually struck down several of the most powerful monopolies in the field of consumers' goods. In 1909 the Union bought a margarine factory and came to grips with the margarine monopoly. The price war that followed might have been disastrous for K.F. had it not succeeded in convincing thousands of consumers that its efforts were responsible for lower prices. By 1911 the margarine monopolists were in retreat, and K.F. had a brilliant victory to its credit. During the years of the First World War, 1914–1918, K.F. doubled its membership and played a leading part in the creation of the Scandinavian Co-operative Wholesale Society with headquarters at Copenhagen. This international organization is a central purchasing agency that buys goods in the foreign market for the consumers' co-operatives of all Scandinavia. It has eliminated the middleman and materially reduced the costs of imports. Shortly after its establishment it was handling tons of imports such as fruits, sugar, coffee, and cattle fodder.

Encouraged and strengthened by these successes, K.F. bought a large

flour mill in 1923, and soon the fight was on with the milling monopoly. Again the Union was saved by the fact that the retail co-operatives and their members stood solidly behind it. In a few months the flour monopolists were abandoning the struggle and trying to get their prices in line with co-operative prices. Soon K.F. owned and operated the largest grain elevator in Europe. In 1926 the directors of K.F. decided to buy a galoshes factory. The mere announcement of this decision caused the galoshes trust to lower prices, but K.F. proceeded with its plans, and in less than two years the price of galoshes dropped more than a dollar a pair and sales were greatly increased. Shortly thereafter the galoshes factory extended its productive activities to include automobile and bicycle tires, with wholesome results for consumers throughout the country.

Of all the victories that K.F. has scored the most dramatic was in the electric-lamp industry. Here it came face to face with the giant international electric-light combine Phoebus. Backed by the wholesale societies of all the Scandinavian states and Finland, K.F. built an electric-bulb factory and in 1931 formed the North European Luma Co-operative Society. The new plant produced about 3,000,000 bulbs the first year, and prices tumbled all over Scandinavia. But while Phoebus was losing its grip on the northern lands, K.F. made another bold move. In 1932 a plant was set up for the production of cash registers, and the Co-operative Union for the first time in its history entered the capital-goods field. Success attended this venture, too, and soon cash registers were being sold to co-operative organizations in foreign countries such as England and Switzerland.

K.F. engages in many activities which we cannot describe for want of space. It owns and operates the second-largest department store in Stockholm, publishes books and papers, owns insurance societies, and operates a savings bank.

The Co-operative Union is made up of more than seven hundred retail co-operatives with memberships ranging from 28 to 80,000. These societies purchase a great part of their goods from K.F., and many are linked with agricultural co-operatives and buy directly from them. There are several hundred co-operative stores scattered throughout Sweden that serve as distributing outlets. K.F. assists retail societies in planning and building stores and making them into going concerns. Comparatively low operating expenses plus a low dividend policy keep prices at a minimum. Membership in a retail society is not necessary

in order to make purchases in the stores, but, unless the nonmember joins the society within a specified time after he begins buying, his accumulated dividend is transferred to the society's reserve fund. More than a half million Swedish households belong to one or more of the co-operative societies. The great majority of the members are workers and farmers, but all professions and occupations are represented. Every member, of course, owns stock and has the right to participate in the determination of policy.

DENMARK

In Denmark farmers dominate the co-operative movement, and in no other country in the world, with the possible exception of Norway, have farmers carried co-operation so far. More than nine tenths of all the farmers in Denmark belong to one or more of the co-operative societies. Since this remarkable development has been greatly aided by the Danish folk high school, and since the folk high school has spread to the other Scandinavian states and Finland, it will be well to discuss it briefly at this point.

The folk high school arose out of the teachings of the great Danish bishop Nicolaj Grundtvig. After Prussia defeated Denmark in 1864 and took Schleswig, Grundtvig toiled hard to save his country from national disintegration. He said to his countrymen: "What we have lost on the outside we must make up for on the inside." Grounded in Danish history and possessed of deep spiritual convictions, he taught his people how to rebuild their country through education and co-operation, and gave them a stronger faith for which to live and work. He insisted that there should be schools for the sons of farmers and workers who would in turn be farmers and workers. These schools should give the Danish citizens a thorough knowledge of the history of their country, and of its literature, institutions, and ideals. Moreover, each school should have a well-managed farm as well as workshops of all kinds. He believed that boys who attended such schools would go back to the workshops and farms with a keener interest in their work and a deeper appreciation of life and the duties of citizenship. Grundtvig did not found folk high schools, but his influence was so great that the men who did found them followed his views rather closely.

Folk high schools now exist in all the Scandinavian states as well as in Finland. They differ considerably from one another in spirit, as the peoples differ in spirit, but it is evident that in all these countries they

have aided the development of the co-operative movements, especially in the rural areas. They romanticized rural life, and, together with the agricultural colleges, gave farmers sufficient knowledge to enable them to organize and manage co-operatives efficiently. Moreover, they played a part in leveling the inequalities of society and in making co-operative effort easier.

By 1940 more than 90 per cent of all Danish farmers were members of co-operative dairies, and these dairies handled more than 90 per cent of the milk and produced about 94 per cent of the butter. At the same time the co-operatives handled the greater part of the meat and eggs for the export market and more than a third of all the fertilizers purchased. Moreover, the farmer could get loans from co-operative credit societies, place his savings in co-operative banks, and insure himself against sickness through co-operative insurance societies. The urban co-operatives, though overshadowed by the rural societies, are fairly active in such fields as housing, insurance, baking, and brewing.

NORWAY

Co-operative enterprise in Norway is just as far advanced as it is in Sweden and Denmark, although less has been written about it. The co-operative societies in Norway, as in Denmark, are composed largely of farmers. The producers' co-operatives revolve primarily around dairy products, meat, and eggs. The co-operative milk centrals (pools) operate nearly all the creameries and handle about 90 per cent of all the milk sold. About 75 per cent of all farmers who raise cattle belong to the pork and meat central; and approximately 25 per cent of the egg production is distributed by the various egg centrals, despite the fact that many of the farmers barter their eggs in the local stores. But producers' co-operation among the farmers extends far beyond the milk, meat, and egg centrals. There are fruit centrals, vegetable centrals, timber centrals, fur centrals, and a wool central.

The National Co-operative Union, founded in 1906, is the most important of the consumers' organizations. At the present time it embraces more than 550 local consumers' societies, whose stores serve about a fifth of the country's population. In addition there are approximately 400 local societies scattered throughout Norway which are not affiliated with the Union. There are also six purchasing unions which assist farmers in obtaining machinery, seeds, fertilizers, fodder, and the like, at minimum prices. The government maintains a very

friendly attitude toward the whole co-operative movement, and encourages state-supported schools to give special training in co-operative principles.

The influence of the co-operative societies on the economies of the Scandinavian states is much more decisive than is indicated by the amount of goods produced and sold. Their factories produce enough of several articles to determine the national price. The power to do this is, of course, what they desire. They are extremely cautious about establishing factories until the need for them is clear. Nothing in Scandinavian life demonstrates more convincingly than the co-operative movement the gift that the people possess for effective organization. It shows also that they are not theorists and dreamers, but practical people interested in making their institutions work.

State Ownership and Operation

In the Scandinavian countries the area of state ownership and control is wide. State ownership together with co-operative activity has given the governments pretty effective control over all industry and has gone a long way toward preventing the ruthless exploitation and waste of natural resources. Sweden is the most highly industrialized of these nations, and her system of state operation is the oldest and most impressive. The state began its guardianship of the forests in the seventeenth century, and about the middle of the eighteenth century it took over more than 10,000,000 acres of timber land. From this beginning it has gradually come to control the telephone and telegraph system, the most important railways, and the bulk of electric power, and has gained direct or indirect control over the manufacturing of tobacco, the wholesaling of liquor, air transportation, and radio.

The state railway system is fairly typical of the most important type of state control. The state owns only about 45 per cent of the railway system, but it owns the best part, which carries more than 60 per cent of the traffic. The railways are administered by a body appointed by the Ministry of Communications, and the revenue derived from the state railways goes into the national budget. Most of the lines earn about enough to pay the interest on their capital, and a few, maintained as services for rather isolated areas, are subsidized. The state has electrified a considerable part of its system, and plans have been worked out for the electrification of nearly all important lines in the near fu-

ture. It seems that state operation has left little to be desired from the standpoint of efficiency.

But the state's power system is in many ways more impressive than its railway system. Sweden's rapid, tumbling rivers, with their numerous waterfalls, offer enormous possibilities for the development of hydroelectric power. The government has been in the power field ever since the beginning of large-scale activity in the first years of the century, and in 1910 it completed the powerful Trollhatten plant. Municipalities soon entered the field, and at present nearly all municipalities produce their own electricity and own some of the power companies. For years there has been mild, and apparently wholesome, competition between state, municipal, and private lines. Today, if we exclude industrial concerns producing power for their own use, the state and municipal output is about 70 per cent of the total supply.

State and municipal activity goes a long way to explain why Sweden's sparsely populated rural areas are more completely electrified than the rural areas of any other country. The state's output has served as a yardstick, and the price of power has been kept low. Many rural co-operative associations have been set up so that electrical energy might be purchased in bulk from the power companies. Frequently financial and technical experts from the state power companies aid these associations in their work. Many of them are already out of debt and in a position to distribute power to their members at a very low rate.

Sweden has also established state monopolies of tobacco, liquor, air transport, and radio. This type of state action has been justified in great part by the need for revenue for social services and by the demands of social policy. The primary aim behind the tobacco monopoly, formed in 1915, was to get revenue for old-age pensions. A monopoly company was created in which the stocks were held by the state and by private individuals. Dividends were limited to 5 per cent, and the state retained the right of general supervision. This monopoly, which attempts to preserve private initiative on the one hand and safeguard the public interest on the other, has provided consumers with reasonably good tobaccos at moderate prices, and has made profits for old-age pensions. The liquor monopoly, established in 1919, is very similar to the tobacco monopoly, but it justifies itself primarily on social grounds. The monopoly company, which controls all wines and spirits, is dominated by the state, but private individuals own part of

the stock and share the limited profits. The radio monopoly is a partnership between radio manufacturers, newspapers, and the government. An annual fee of about $2.50 is collected from each radio owner, and the money thus collected pays for all programs and provides a small profit to the company. Advertising is barred. In recent years the question of extending the system of state monopolies to include munitions, coffee, and gasoline has been much debated.

Agricultural Policy

For several decades the governments of the Scandinavian states have been giving aid in various ways to the farmer. They have worked actively and successfully to reduce tenancy and increase home ownership, and at present more than 90 per cent of all Scandinavian farmers own the land which they till. In Sweden the state, in co-operation with the home-ownership movement, has maintained a loan fund to enable those who wished to buy land and build homes to get money on a long-term basis at a low rate of interest. For certain types of improvements, such as reclamation work, the state makes loans to farmers which are canceled when the improvements are completed. In Norway, where more than 95 per cent of the land is uncultivated, the government makes grants and loans to farmers to enable them to bring new land under cultivation and to construct homes on it. Farmers are often paid to clear or reclaim land, and they can get money to erect buildings on the new land for five years without interest.

State aid to agriculture was increased during the depression years in all the Scandinavian countries. In many instances, for example, indebted farmers were able to get loans free of interest for a period of years. The support given to agricultural co-operative societies is, of course, of real assistance to agriculture. Thus the farmers, for better or worse, have come to rely more and more on government assistance.

Government Aid to Housing

For many years the Scandinavian governments have assisted the co-operative associations and the municipalities in the field of housing. In the main, government activity has been restricted to the financing of loans and the acquisition of building sites. The actual work of building has been left largely to private and co-operative enterprise.

In Sweden the Own Homes Fund was set up at the very beginning of the century to assist farmers in building homes, and very soon it had active local boards in every commune in the nation. The Co-operative Housing Society, set up in Stockholm in 1923, has spread to nearly every important town in the country. Its carefully planned and well-constructed apartments dot the skylines of such cities as Stockholm and Göteborg and house tens of thousands of families. They are quite modern and have such features as central heating, rubbish shoots with incinerators, children's playgrounds, and nursery rooms where parents may leave their children under the care of a nurse. But even Stockholm is surpassed by Oslo, capital of Norway, in the housing field. Approximately 90 per cent of all the people of Oslo live in apartments and houses constructed by co-operative societies and the municipality.

The "garden cities" constitute another interesting feature of housing in Scandinavia. The municipalities buy land, in suburban areas mainly, and assist in the construction of flats and cottages with gardens. The cottages are for families with low incomes. The city furnishes all materials and does the plumbing; the owner, with the assistance of his neighbors, is supposed to do the actual building. An expert carpenter inspects the work frequently and gives instruction to those who need it, and a garden architect assists with landscaping and gardening. These cottages have from three to five rooms; they are made of excellent material and have all modern conveniences, including a stainless steel kitchen. They may be paid for over a period of years.

The student must not interpret the foregoing to mean that housing facilities are adequate in Scandinavia. They are not. But it is true that housing costs have been materially reduced and that slum areas have largely disappeared.

Social Services

The Scandinavian countries have won general admiration for their social-welfare programs. Social or civic consciousness has been developed to a high point, and the principle that society is obligated to help the unfortunate has been widely accepted. In each of the Scandinavian states there are workmen's compensation, old-age pensions, health insurance and protection, child-welfare legislation, and unemployment assistance.

Workmen's compensation is well established in all the countries. It has been compulsory in Sweden since 1901. Everyone working for pay is covered, including apprentices and domestic servants. Benefits include medical aid, sick payments approximately equivalent to normal earnings, and cash benefits in the event of permanent disability equal to about two thirds of the annual earnings.

Old-age and disability insurance has been compulsory in Sweden since 1913. It will be remembered that the establishment of the tobacco monopoly in 1915 was designed primarily to produce revenue for the old-age pension system. At present all able-bodied persons from sixteen to sixty-five years of age are required to contribute roughly in proportion to their incomes to the National Pensions Fund. The local communities make contributions for those unable to pay themselves. At the age of sixty-seven every person is entitled to a pension. Those who are disabled before reaching the age of sixty-seven, as well as widows with minor children, are given pensions by the state. These pensions are rather small, but, of course, the great majority of persons are not solely dependent upon them for a living.

Health insurance is compulsory in Norway and Denmark, but voluntary in Sweden. In the last country state aid takes the form of subsidies to sick-benefit societies. When hospitalization is necessary, the full cost of medical treatment is paid; in ordinary cases two thirds of the cost is paid. The cash allowance ranges from one to six kronor * a day, depending on the size of the premium that the sick member has paid. About one million persons have sickness insurance. Only persons in good health under fifty years of age whose taxable incomes are comparatively small are eligible for admission. The state aids fairly generously in maternity cases. Not only is most of the cost of hospitalization paid, but there is a cash maternity benefit.

In all three countries unemployment assistance takes the form of state subsidies to unemployment-benefit societies. Since employers contribute only a small amount to these societies, the funds are derived primarily from members and state and municipal grants. The scheme is oldest and most widespread in Denmark, where about one eighth of the population is enrolled in the benefit societies. Benefits vary considerably. In Sweden the range is from two to six kronor a day for a minimum of 90 and a maximum of 156 days a year.

Unemployment insurance is supplemented by public-works pro-

* The par value of the krona is 26.8 cents.

grams aimed at relieving unemployment. The Scandinavian peoples, to a much greater extent than most other peoples, have accepted the principle that society is obligated to help those who through no fault of their own are unable to find work. Work relief is preferred to direct relief because it does not undermine self-respect and initiative and because it is productive of many good and useful things. Perhaps Sweden has tested the principle of public work relief more thoroughly than any other country. In 1914 the National Employment Commission was set up to collaborate with the municipalities in the supervision of public-works projects to aid the unemployed. Some of the projects sponsored by this organization are wholly national, some are wholly municipal, and others are undertaken jointly by the state and the municipalities. Labor camps were set up to give work and vocational training to unemployed youths. The C.C.C. camps in our own country resemble these Swedish labor camps in many ways.

All the Scandinavian states have developed fairly comprehensive programs of child welfare. In great part these programs are supervised and financed by the municipalities. With a few exceptions boys and girls under fourteen years of age in Denmark and Sweden (the age is fifteen in Norway) are prohibited from working in industrial plants. Youths from fifteen to eighteen are generally barred from work that is judged strenuous, unsafe, or dangerous to health.

Medical service is on the whole excellent in Scandinavia. Public health is looked upon as an important state function. Most of the hospitals are controlled by public agencies, and good service is provided at about fifty cents a day in wards and $2.50 a day in private rooms. Special institutions are maintained by the state for disabled and abnormal people. A great many of the doctors and nurses are in the employ of the state and the municipalities. In Sweden, for example, the general practitioners in the rural districts, where more than half of the people live, receive about $3,000 a year from the state. The maximum fee that they may charge a patient for a visit is slightly more than one dollar. The great majority of the people get medical aid at a very low cost or entirely free from the public medical services.

Foreign Trade and International Relations

The Scandinavian nations play a role in world trade out of all proportion to their size and wealth. Before the outbreak of war in 1939

the merchant ships of these states plied the waters of every ocean, and their schools for the training of seamen were among the finest to be found anywhere. Little Norway's merchant fleet ranked fourth in size in the world, and it enabled her to meet charges for foreign capital and offset her unfavorable trade balance. Sweden's huge trade suffered very little during the depression years because the demand for fine steel and forest products, her chief exports, remained strong. Before the outbreak of the Second World War, Norway and Sweden's chief customers, in order of importance, were Great Britain, Germany, and the United States; Denmark's list was the same except that Sweden took third place from the United States.

The fact that the life of the Scandinavian nations is so deeply tied into the fabric of world trade helps to explain why they have worked hard for law and order in the domain of international politics. During the first great war of the century they suffered acutely from the German submarine and the British blockade, and they welcomed the League of Nations and co-operated with it in a constructive manner from first to last. They supported wholeheartedly its humanitarian activities and its efforts to establish compulsory arbitration and to limit armaments. As was to be expected, they fought for the rights of small states to live, and used their influence to bring all nations into the League and make it as nearly universal as possible.

After the outbreak of war in 1939 they strove for neutrality. But the German invasion of Denmark and Norway threw all Scandinavia into the blockaded area, and virtually paralyzed foreign trade. In 1941 it appeared that Denmark had been forced to slaughter about half of her cattle, hogs, and chickens for lack of feed, and that Norway was being rather systematically deprived of foodstuffs and other materials.

Moreover, the effects of Nazi domination extend far beyond the realm of economics. In the occupied states the Gestapo has firmly planted itself and the press and the radio have been Nazified. Norway's trade unions, for years among the best-organized in the world, were destroyed in the autumn of 1940, and some of her ablest trade-union leaders were shot in the autumn of 1941. At the same time thousands of her people have been transferred to Germany to work. But, in spite of the stern policy of the Gestapo, the tough-fibered, liberty-loving Norwegians are still giving their Nazi conquerors trouble. Many are serving in the British army and air corps, and Norway's vast merchant

navy, manned by her own seamen, continues to play a vital part in the battle of the Atlantic.

Though these little nations are hard-pressed, and no one can know what the future has in store for them, it is clear that they have written a brilliant chapter in the social and political evolution of modern times. Above all, they have put content into democracy.

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Chapter IX

THE FAR EAST

The Impact of the West

This chapter will assume that the reader is already familiar with the main features of European imperialism in Africa and Asia and will attempt to set forth the underlying historical and cultural conditions now making trouble in the Far East. The central difficulty lies in the fact that both China and Japan have been trying for a century to adjust themselves and maintain their independence in the face of a disturbed situation brought on by the sudden arrival there of a whole group of Occidental powers which, because of the Industrial Revolution, were much stronger in economic competition and fighting ability than the Oriental nations. Both countries have been forced to compete with powerful nations, but neither was fitted to become readily a competitor on equal terms. These countries suffered under the impact of Western culture, with its rampant nationalism, its efficient and aggressive capitalism, its stubborn individualism, and its militarism. And they suffered also, some would say, from the activity of the militant Occidental Christian movement, which, despite the great amount of constructive work it accomplished, tended to destroy the Chinese and Japanese peoples' faith in their own cultures. China was too large, diverse, and conservative to meet this problem well. To unify her and make her an effective nation was as difficult as to accomplish these things for the whole of Europe. Japan, on the other hand, was too small. She had the energy and the organization, but her lack of natural resources made it extremely difficult for her to play the role of an independent nation under modern conditions.

In the early decades of the last century the British in their search for markets for machine-made products began to exert pressure on the Far Eastern peoples. Forcing her way into these closed areas, Britain easily humiliated China in the opium war of a century ago and forced her to surrender the island of Victoria with its harbor of Hong Kong, to

open a number of her most promising ports to settlement and trade by foreigners, and to admit British manufactures at low duties. In 1858 the Chinese were required to admit Christian missionaries and to legalize the importation of opium. Within two decades more Britain had set up her own crown government over India and had been joined by the United States, France, and Russia in forcing similar one-sided treaties on Japan as well as on China. The Far Eastern problem thus grew out of and has always been directly affected by Occidental pressure and competition.

Japanese and Chinese Reactions

Japan and China reacted to this aggression very differently. China's ruling dynasty was in decline, and her leaders were unable to meet this onslaught. Chinese loyalty through the centuries had been to family rather than to state, and, partly because of lethargy and selfishness, but also because of the great difficulty of organizing so large and diverse a country against such odds, the country's leaders failed utterly for nearly a century.

Japan's reaction was very different. The Japanese had lived in close contact and had developed a common language and a highly unified culture. They had in the samurai class a well-recognized group of hereditary leaders whose first principle of life was loyalty. Previously loyal to their feudal lords, they rapidly transferred their allegiance to the ancient royal family. Though realizing that their only course was to submit to the pressure of the Occident, they bowed with a difference. Essentially a military class, they grimly determined that, by building a modern army and navy, fortifying their country, and modernizing their economy, they would meet the aggressors on their own ground. Japan has made continuous progress toward this goal, but until the past two decades China remained as weak and disordered as ever.

The sixty years following the opening of Japan (1854 to 1914) greatly magnified the difficulties for these countries. While Japan began the adoption of western technologies, a whole group of new Occidental nations joined in the rush for colonies, concessions, markets, investments, and imperialistic glory; and through the perfecting of the steel industry, of steam transport by land and sea, of marketing

and finance, and especially of land and sea fighting equipment, they left the Far Eastern countries much further behind than before.

The chief nations involved in this struggle were Great Britain, Russia, France, Germany, and the United States; lesser countries like Spain, Holland, Italy, and Belgium were ever ready to share in the plunder. Frequently, however, they opposed one another, and the only chance which China or Japan had was to play one off against another.

Britain came by sea with her great naval power and was the spearhead of the drive. Long ago Russia had reached across Siberia, and she readily extended her rivalry against Britain in the Near East and India to the Far East. Her land approach gave her marked advantage in China, and Japan feared her as the great bear at her own back door. France joined in the melee and took Indo-China and certain residential settlements. Spain and Holland held territories acquired long before, and the United States joined because it was the fashion and because she had certain fishing, trading, and cultural (missionary) interests in the region. In 1898 she took the Hawaiian Islands and stumbled into the Philippines. In the same year Germany took a ninety-nine-year lease of the great coastal province of Shantung from China in payment for the murder of two German emissaries of an alien gospel. All these countries now felt the necessity of keeping fighting forces within China and at the door of both China and Japan. If the powers had not been jealous of one another, they would probably have divided China and Japan among themselves. That they did not do this was in no small degree due to Japan's active diplomacy and to the American demand under Secretary of State John Hay for the "open door" and equality of opportunity for the commerce of America and all other nations, especially in China. In Japan exclusive residential settlements with extraterritorial government and courts were set up, and it was not until 1894 that they were removed.

Nevertheless, Japan made great progress toward independent national strength. She created a small but effective army and navy, modernized her financial system, and made headway toward modern industry and commerce. In this she clashed with some Occidental interests and with China. Korea became a center of rivalry, especially between China, Russia, and Japan. A prominent Japanese leader likened Korea to "a dagger aimed at the heart of Japan" and said that it must not fall into the hands of a foreign power.

In 1894 and 1895 Japan came into conflict with China over Korea. In the treaty of peace she received Kwantung, a section of South Manchuria, but the rulers of Russia, Germany, and France soon advised her to return this territory to China, and she had no choice but to accede. Then Russia occupied both Kwantung and much more of Manchuria and built the South Manchurian Railway connecting the Peking area with her own Trans-Siberian Railway. As already mentioned, within a short time Germany had seized Shantung.

By energetic diplomacy Japan in 1902 effected an alliance with Great Britain. It was aimed against Russia, which had already occupied Manchuria (the home preserve of the dynasty then ruling China) and was making rapid inroads into Korea and China. Ten years after her war with China, Japan fought Russia and drove her out of southern Manchuria and Korea. In 1910 Japan annexed Korea. The samurai leadership was asserting itself.

Both China and Japan attempted to adopt the parliamentary form of government. In 1889 Japan adopted a constitution and a half-hearted parliamentary system. In 1925 she instituted universal manhood suffrage, though her government was not wholly responsible to the parliament. In 1911, after several years of discussion about reforms, China staged a republican revolution which disposed of the old Manchu dynasty. However, the newly elected president soon tried to become emperor, and the war lords came into control. Under the situation which then developed, each separate province was "governed" by a local military chieftain (*tuchun*), who preyed on the country like a brigand, so that neither the ownership of wealth nor the conduct of business was safe except within the foreign settlements, under foreign protection. This situation remained with variations until 1927, when General Chiang Kai-shek, with military and propaganda aid from Moscow, rose to power over a goodly share of the country.

The First World War

The years of the First World War gave these countries their first respite from a long period of pressure by the European nations. Japan immediately took steps to give herself the lead in the Far East, and within the next decade certain elements in China also began vigorous action to oust Occidental interests. Japan joined the Allies early in the

war and in the autumn of 1914, aided by Great Britain (not by China), captured the German-dominated Chinese province of Shantung. In 1915 she presented to China the so-called Twenty-one Demands, which, if accepted, would have substituted Japanese for Occidental influence over Chinese economic and political life.

The war also gave these countries some chance to improve their economic positions. The Chinese accomplished little, but Japanese manufacturing and shipping made rapid strides because of the great demand for shipping space and for manufactured goods in the markets normally supplied by Britain, Germany, and other European countries. Before the war's end it began to appear that, because of her marked economic gains from both industrialization and war profits, and because of her naval and military advance, especially by the defeat of Russia and Germany, Japan was to become a much more important factor in world affairs and especially in Far Eastern affairs.

Japan and China in the League of Nations

Japan fell in with the postwar international politics of the Allies and continued to co-operate with them until 1932. She joined the League of Nations and furnished some of its loyal and enthusiastic officials. This was doubtless due in part to the thought that the League offered the best opportunity to attain the national ends, but it was also in response to the demand of a large number of Japanese who saw in such co-operation the only promise of satisfactory international relations. This attitude was endorsed by influential business groups who still believed that their country's prosperity depended on peaceful trade. During several years of this period, Baron Shidehara, who was closely related to one of the most powerful business families, served as foreign minister and followed a policy of marked friendship toward China. In 1927 this was changed to a more aggressive policy when the army clique placed one of its generals, Tanaka, in the premiership.

China, too, enthusiastically associated herself with the League, and her spokesmen found in it a great platform from which to agitate for the removal of restrictions on her independence. It is certain that the insistence with which they presented these claims for a chance at independent development did much to prepare the way for the almost universal sympathy which China has won in recent years.

Yet, even before the Paris Peace Conference, Japan had taken steps to guarantee that her power would be increased. As early as 1917 she had secured by the Treaty of London assurance from her European allies that she would succeed to Germany's rights and interests in the Chinese province of Shantung. When the United States came into the war and the peace conference, this settlement appeared out of harmony with Wilson's stated principles. Because of his opposition, Japan finally returned the province to China, but not until 1922; and then she reserved the right to establish a settlement at the chief port, Tsingtao.

The Washington Conference (1922)

Great Britain and the United States attempted to secure a further solution of Far Eastern problems, and the Washington Conference of 1921–1922 was called partly for this purpose. It was composed of representatives of Great Britain, France, Italy, Japan, China, Belgium, Holland, Portugal, and the United States. The United States and Great Britain were especially powerful and were working together well. Britain and Japan had been bound in the British-Japanese alliance since before the Russo-Japanese war, but there had developed an uncomfortable difference between the United States and Japan, principally over Japanese immigration and the American opposition to Japanese expansion in Asia. There was jealousy regarding Great Britain's ultimate friendship, and to allay this suspicion in the United States, and also possibly because she saw in Japan a dangerous rival, Britain changed the alliance to a four-power pact including the United States and France.

The conference agreed to the *status quo* regarding naval bases and fortifications in the Pacific, with the exception, in favor of the United States, of Hawaii. It scrapped some tonnage, already built or projected, and agreed to a capital-ship ratio of 5–5–3 for the United States, Great Britain, and Japan respectively. In view of the British-American friendship and the discontinuance of the British-Japanese alliance, this ratio seemed to Japan like 10–3 against her. The First World War had brought her within sight of much greater independence; but her prewar ally had left her to join forces with her most powerful opponent, and she must still bow to outside suggestions. In some respects she felt thrust back not merely to 1914 or 1900 but to 1860.

Also of great significance was another product of Anglo-Saxon influence at the conference—the Nine-Power Treaty, aimed to further the traditional American doctrine of the "open door" to all in China and to maintain China's "independence and territorial integrity." Since Japan was proclaiming a "Monroe Doctrine" for herself in the Far East, this applied mainly to her. This outside support was very much needed by China, for she was still in chaos. Two "governments" had been set up, the one a "republic" under Sun Yat-sen in Canton and the other a military government at Peking. Besides these, there were several independent provincial regimes. Despite China's helplessness, the conference was extremely friendly (in its statements) toward her. However, although several of these powers, by such privileges as extraterritoriality and the right to maintain troops and naval vessels in Chinese territory, were the chief violators of China's integrity, none of them then surrendered any of these unfair privileges. Finally, in 1929 and 1930, China was allowed tariff autonomy, but extraterritoriality was scarcely touched. Foreign forces, both military and naval, remain in various parts of the country at the present time.

Together with various cultural and international developments, these checks administered by Great Britain and the United States weakened Japan's position and probably helped determine her own independent action in 1931, when she took over and reorganized Manchuria, and in 1937, when she moved against China proper.* Finally, she has joined the Axis powers. In this way she hopes to set up Japanese hegemony over the entire Far East.

Grave Economic Problems

Besides these political difficulties, both China and Japan have labored under economic problems so difficult as to be almost beyond the comprehension of Occidental readers. When opened to the West, both countries were mainly agricultural. But the population was far more dense than that of Europe, and farming was and has perforce remained entirely different. The average farm in Japan is about two and a half acres of poor land. Chinese farms are somewhat larger, but, since there is a larger percentage of very poor land, the situation of the farmer is worse. Half of the Japanese families, and probably three

* Additional material on the Far Eastern policy of the United States appears in Chapter XVII.

fourths of the Chinese, still live directly on and from the land. These farms are generally too small to support animals except (in China) either those which live on refuse, like the pig and a few chickens, or the water buffalo, which lives on small amounts of the coarsest fodder and is useful for the heaviest work in the muddy rice fields. In general, human beings can provide more farming power on a given amount of food than can animals. So nearly all of the work is done by the simplest of heavy hand labor. In order to provide sufficient food, about half of the land is planted to rice, which grows in mud varying from ankle- to knee-deep. Of course, machinery can have no place in these tiny "wallows."

Japan has done much to improve her ancient hand agriculture by the use of scientific methods. She is almost self-sufficient in food, and through applied science she has built up the world's greatest raw-silk industry. This has been possible largely because of the efficiency with which the government has organized both teaching and research and has pushed reform.

China has accomplished much less in agricultural reform, partly because her interior people were further removed from outside contacts, but also because the country was so lacking in aggressive and intelligent political leadership. Oriental farmers have remarkable ways of producing large crops, but, at very best, life on such tiny farms is possible only when a great amount of hard physical labor is performed and when the standard of comfort is brutally close to a bare subsistence. In fact, tens of thousands starve every year in China, and there are regions in which many families expose to death any children beyond one or two because they cannot rear them. It is difficult to prosper on an American farm, but the average farm with us is about fifty times larger and much better in quality than the average Japanese farm. Only by multiple cropping and the careful use of human waste as fertilizer is either nation able to live from its agriculture.

Both countries have rapidly increasing populations. China has no adequate census on which to base a report, but Japan's people have doubled during seventy years, and the annual increase of one million is alone equal to the total population on comparable resources in many parts of the United States. In China the elemental opportunity is much less. The farms are so small that, if a son is to marry, he must bring his bride to live with his parents. The brothers must also remain at home, for the openings outside are nearly nil. To separate oneself

from the little ancestral plot is to run the greatest risk of beggary, for every other neighborhood already has more than it can feed.

Both nations have also tried to modernize their industry, commerce, and finance. Japan, whose area is about equal to that of Montana, has moderate resources in coal, a goodly amount of copper, but nearly no iron ore or oil. In minerals generally she is very poor. China has much greater mineral resources, but they are not comparable to those of the United States, and are still mainly undeveloped.

The Japanese, again led by the government, have made great progress, but partly because laborers have had no better alternative than to work on the little farms. China has been very backward in industrial development, much of which has been under the control of outsiders, first of Europeans but more recently of Japanese. Japan has some fifteen thousand miles of railway, for which she manufactures the equipment. She is the most efficient manufacturer of cotton goods in the world and ranks with the United States at the top in the production of rayon. She also builds and services a great navy and a great merchant fleet, besides manufacturing a large amount of machinery for her own industries and for export to various parts of the Far Eastern area. Though almost wholly dependent upon imported ore, her iron and steel industry has recently become formidable, and its annual product is as large as that of Great Britain was in 1900.

China has made much less progress. With the encouragement of the American silk manufacturers her raw-silk industry has recently been improved, but it is still organized on medieval lines. Though China was the original home of the queen of fibers, both the agricultural and the industrial branches of this industry are hopelessly backward. The ancient home also of cotton goods, whence Europe once purchased its "nankeens," China still consumes enormous quantities of this product but has been very backward in its manufacture. In 1927, though yarn was being imported or spun in power mills in China, 75 per cent of the cloth used in the country was made on hand looms. The more efficient and progressive mills were in the hands of the Japanese. Most, even of the Chinese mills, are built under foreign protection in the European settlements, such as Shanghai.

The Chinese have built only a few railways, and thus far those have been subject to frequent destruction and commandeering by the war lords. China has a considerable tobacco-manufacturing industry, largely in the hands of Occidentals. The more complex and capital-using in-

dustries, as well as those requiring highly skilled labor, have had very little development.

Social and Economic Ferment

The reverberations from the First World War wrought very great changes in both these Far Eastern countries. As an earthquake shatters an old building, that war shook down the old social and economic structure and made way for the fuller application of Occidental ways. High prices and needy markets made it possible for relatively unskilled workers with the new machinery to sell their goods and thus gain valuable experience as well as profits. And, perhaps most of all, the constant battering upon Oriental ears, especially the younger ears, of the Western doctrines of nationalism, democracy, freedom, and comfortable living meant that the old ways would never rule again in either China or Japan. Already these doctrines have had much to do with creating the Far Eastern war that began in 1937, and they are destined to bring still further difficulties. The core of the matter is that, while the young people of both countries have set their faces and their hearts toward achieving something of the freedom and the standards of living which they know to be enjoyed by Occidental young people, especially by those of the United States, the natural resources of neither country are sufficient to allow the great numbers who are there to reach this goal. It is not a demand for "food," which is most serious, but the desire for educational opportunity, for more attractive work than wallowing in a rice field, and for a share in the comforts and luxuries of Occidental culture. This fierce determination is more widespread in Japan than in China because Japan has now had more than a generation of effective universal education, and knowledge of the world has been much more widely dispersed. But it is equally fierce in the bosoms of many Chinese youth, especially that small proportion who live in the eastern cities or have had a gulp of Western education. This is the more true of these few Chinese because their educational system is in one sense closer to the West and its dynamic ideas than is that of Japan. Japan's educational organization is now based essentially on modern science and the Occidental point of view, but these have been cast in an Oriental mold by home-trained Japanese. China, on the contrary, has not recast this material to the same extent. Like the Japanese in the earlier stages of

their modernization, Chinese higher institutions more commonly give the new medicine in its undiluted form direct from foreign books, and frequently from foreign teachers. This new intellectual atmosphere, associated with the very real advance in the use of the new economic techniques and the new nationalism flowing from European doctrines and emphasized by their own realization that their nations must organize to meet world problems, has had much to do with events of the past two decades in both China and Japan.

China's Nationalist Government

In China there has been, since 1925, for the first time a government which, though grafted onto the old war-lord stock, has envisioned China as a nation and has planned and worked to raise her to an economic and cultural level compatible with the demands of the modern world. This government has also aroused in China for the first time a national spirit which would share in its national program and which, as the China-Japan war since 1937 has shown, was patriotic enough to make sacrifices in order to forward that program.

The national government's program has been more encouraging than any other in China for a century and has created enthusiasm among the people. Yet it has not been easy to know just what it stood for or expected finally to accomplish. It grew out of the "radical" teachings of Sun Yat-sen, who vaguely suggested something akin to socialism. His famed "three principles" are usually translated as nationalism, democracy, and livelihood. The first and the last of these were matters of first-rate importance for China, and the last was suggestive of Marx and communism. The second was in fashion just after the World War, and was especially appealing to the powerful Anglo-American interests. Translated into a program by spokesmen of the party, however, the plan became extremely vague and uncertain, as have been many of the political proposals made by the diversely educated "returned students" of China.

One of the early statements of the program was published by Wu Chao-chu, minister from China to the United States and formerly minister of foreign affairs of the Nationalist Government. He asserts that the program was not communistic (though the campaign by which the government came to power was definitely planned as communistic and was led by Chiang Kai-shek with the aid of the Bolshevik Russian

Borodin and a staff of helpers). It was only after the victory was largely won that Chiang repudiated and dismissed Borodin and his staff. Wu says with some reason that, although China was long a monarchy, the spirit of China is really democratic. The Chiang program aims therefore to be democratic, even though perhaps three fourths of the country's adults are illiterate and the government is still essentially a dictatorship. The program would institute universal suffrage for both sexes, the initiative, the referendum, and the recall. Railways and other public utilities would be state-owned.

If this is somewhat visionary, a better idea of the program lies in what the government has actually tried to do. There is no doubt that in matters of order, education, military training and equipment, and transportation (especially roads and air lines), this government has done much more than any other modern Chinese government has done. In foreign affairs also it worked valiantly for the freeing of the country from the unequal treaties, and, though unable to gain much, it did get many promises and some action, especially in the matter of tariff autonomy. The government has also proved to be less communistic than might have been expected from its origin. The Nationalist Government under Chiang Kai-shek has taken a middle ground and, until the outbreak of war with Japan in 1937, engaged in constant warfare against the armies of several generals who still demanded communism. Democracy and universal suffrage were not being adopted very rapidly, and the old system of military governments dependent upon opium collections remained all too common. Yet, considering the difficulty of its task, the government of Chiang Kai-shek was the best government which had appeared in China for a century —and a larger number of Chinese than ever before had been imbued with a desire for progress. Yet China was beset by difficulties perhaps as great as any she had ever met.

One of the most effective features of the nationalist group's program has been the emphasis upon nationalism. The visible sign of China's humiliation in this regard was the presence of many foreigners in the country who, because of China's political and military weakness, were both privileged and arrogant. They lived and governed themselves in foreign settlements, were protected by both military and naval forces in various parts of China, and conducted much of the most profitable business. The leading group had long been the British, who were deeply intrenched, especially in southern and central China. Through finan-

cial domination, one of their nationals was in charge of the principal source of income of the national government, the customs service. Young China was easily aroused to a boycott of these British interests. In Chiang Kai-shek's march on Hankow and Nanking the British lost much and were deeply humiliated, as were also the French. It was only by courageous diplomacy and a strong show of force that the great foreign city of Shanghai averted attack.

Japan was a newer arrival in China, but her interests had greatly increased, and her nationals formed the largest foreign group in the country. Indeed, they possessed such advantages that their competition was already making Occidental business difficult. Though their goods had less prestige than the British and they were weaker in capital, their proximity, lower standards of living, and knowledge of the Chinese language, culture, and character, together with their mastery of modern business, gave them a strong position. As in India and other Asiatic markets, so also in China, Japanese business tended to crowd British and others out. As the Chinese boycotters moved against the British, they discovered that the Japanese penetration was even more formidable; so they also attacked it. Since they already possessed an empire, even recently enlarged by the German colonies, the British withdrew as gracefully as possible, but the Japanese were not in a retiring mood. As we shall see presently, the interpretation which they placed upon current world development made them determine to expand at all costs on the Asiatic mainland rather than to withdraw from it.

It was therefore the irony of China's fate that, after a century of humiliation and exploitation at the hands of several faraway countries, and when she had at long last entered upon some progress toward national organization and independence, her small near-by neighbor should have become both so intrenched in her territory and economic life and so enmeshed in international economics and politics that she proved a more determined opponent of Chinese independence than all the Occidental nations had ever been. For centuries the entire Far East had been a loose community under the aegis of China: but in a century of chaos all this had been changed. The tables were turned and China's gloomy prospect now was that with the new economic and military technique the area might be organized in a much closer interdependence under the aegis of the once despised and dependent borrower of the celestial culture, Japan.

Japan's Progress Qualified: Economic and Military Complications

During the 1920's Japan carried on the successful business development which had marked her prewar years. Though set back by the earthquake which destroyed Yokohama and a large part of Tokyo in 1923, her economy soon recovered. Her industry and trade profited by the war experience and continued to expand, especially into the Eastern markets. Indeed, it pushed vigorously into Occidental preserves in the Near East, Africa, Europe, and America. By 1930 Japan had become proficient in most of the techniques of the modern economy. She possessed a powerful army and the world's third-ranking navy and had influence in international councils. Indeed, it appeared that her long struggles toward political independence and the better economic levels of her Occidental contemporaries were working out successfully. Yet there were painful uncertainties in all these matters. Resources were still as meager as before, and, as we have already mentioned, there were certain developments and tendencies in world affairs which left grave question as to the political and economic independence of the nation.

As the third decade of the century drew to a close and the fourth decade began, these darker shadows deepened. This was due partly to old and fundamental factors which made both China and Japan ill fitted for modern nationhood and partly to a series of developments, economic, military, and political, which changed, or threatened to change, the *status quo* in numerous aspects of international affairs. In both countries there was a renaissance of Oriental points of view. Though both countries changed, Japan was far more alert to the world situation and far more active in bringing about further change. Indeed, it appears to have been the interpretation by Japan's leaders of the seriousness of these changes for their country's national future which impelled them to undertake to make Japan the dominant power in the whole Far East.

One of these influences was the feeling by many Japanese leaders that the new economic position which they had finally attained was outmoded and futile in the presence of current international developments. Since the opening of the country, Japan had followed more or less consciously England's nineteenth-century pattern (followed also

by the Kaiser's Germany) of building an economy based upon the manufacturing of imported raw materials and the export of finished products. But, just when she had achieved success in this direction, a change in the international economic policies of other countries was rendering it futile. Because of the nationalist desire for self-sufficiency in wartime and for a well-integrated economy in peacetime, especially as the great depression settled down, restrictions and even prohibitions were placed on the importation of Japanese manufactures into various foreign markets. Japan's minister of commerce and industry stated in 1935: "The features of the new world economy are the development of economic materialism and the creation of bloc economy. For the protection of home industries, each country is ever elevating its tariff walls, increasing the rigidity of exchange control, and taking other measures to prevent imports."

Closely related to this was the conviction that, because of the fruition of technological developments in industry and trade, there is a definite tendency toward the organization of the world into larger and more nearly self-sufficient nations. This the Japanese leaders see in the influence wielded by such countries as the United States, the Soviet Union, and Great Britain, and in the totalitarian movement. Modern communication, mass production, and business organization require that business be on a large scale, and such business is secure only when it has raw materials and a secure market within its own political boundaries. National economic planning dooms free international trade. The Japanese leaders professed to see a related aspect in the new methods of warfare. The submarine, and especially the airplane, give the possibility of sudden attack from much greater distances. The recent experience of the European peoples reinforces this argument. Japan is nearly as vulnerable to attack from the Asiatic continent as England is to attack from the European.

There had long been disillusionment regarding Christian or Occidental civilization in general. The long struggle of the Japanese against the West and the further establishment in their own country of the scientific point of view strengthened the belief that national feelings were unmoral. The conviction was widely held that the old selfish forces which had overrun Asia during the past four hundred years were still at work and that any nation which was to remain independent must depend upon its own strength. Japan undertook to extend her sphere of control to the Asiatic mainland, especially to the

whole of Manchuria and northern China and possibly to central and southern China and the East Indies. Behind this move was a cluster of varying motives. Aggressive and security-seeking militarists were backed by the demand of leaders for the economic basis of a successful modern state and by the demand of the rising generation for improved economic opportunity for a growing population. The Japanese could lead China, they argued, to modernization such as they had themselves already achieved; and, in so far as economic exploitation was involved, it would be replacing the bloodsucking Occidentals, already much richer, by more efficient Orientals with a fuller appreciation of Oriental values.

In the beginning of this movement, about 1930, the policies of the Soviet Union seem to have had much influence on Japan. Russia's defeat in the First World War had removed her from the Far East, but she now returned in a particularly fearsome form. The very active and successful Communist propaganda in China and Japan made leaders of Japanese opinion especially fearful for the future of their own culture, based as it was upon the leadership of the imperial house. Orientals, accustomed to what is much less than a subsistence standard for Occidentals, were easily appealed to with the Bolshevik doctrine. This fear of the Soviet ideology was heightened in Japan by the growth of the new Red Army, especially of the much advertised Red Air Force, the rapid increase in Soviet heavy industries to provide equipment, and, most of all, the concentration of Soviet forces in the Far East. These things made it seem probable that the "Russian menace" which had dogged the Meiji statesmen and finally culminated in the costly Russo-Japanese War would appear again in more terrifying form. China's still chaotic state added to this nervousness in Japan. Already many Chinese people and several of the dominant war lords had responded enthusiastically to the Communist appeal (and aid). As already stated, even Chiang Kai-shek himself was for several years openly allied with the Bolsheviks and rose to power by their aid.

As the Japanese saw it, and not the military men alone, Manchuria was an area in which for self-preservation the Japanese had already been forced to fight Russia, and they must continue to keep her out of that territory. They had gained at the cost of "blood and treasure" certain rights and interests. The Chinese had been unable to exert effective government in this area or to exclude from it elements dan-

gerous to Japan's security. The union of Manchuria and parts of China with Japan might, under Japanese leadership, provide the basis for a prosperous modern economy. At the same time, with the continental supplies of coal and iron, these combined areas might become the basis for a thoroughly modern political and economic state. The attempt to reach this solution has led to the current China-Japan war, the outcome of which is now wholly uncertain.

The difficulties of modern Japan and China provide an excellent example of the nature of the problems which beset a growing world. Two nations which were fairly prosperous and stable according to their knowledge and historical backgrounds were, over a century ago, brought by the processes of discovery, invention, and diffusion into a new world. Under the new conditions both were very poorly fitted to play the parts of independent nations. Both have tried to make the needed adjustments in their cultures, but neither has succeeded. China had sufficient resources, but her ancient civilization differed so from the new aggressive and efficient ways of the West that centralization and effective leadership were not attained. Ancient China had depended upon loyalty to the family, but in national affairs that became destructive nepotism. What China needed was patriotic leadership, sufficiently trained in Western ways but also sufficiently close to old China to lead the nation against the interlopers. Unfortunately, it required a century to develop such leaders, and it is not yet certain that their number is sufficiently large.

Japan, as we have seen, was in a quite different situation and mood. Her leaders quickly recognized the seriousness of their position. They took advantage of every opportunity to advance their national interest. The introduction of universal education and the quick reaction to the new world of science, politics, and economics offered a sharp contrast to the response of China in this situation. The whole Japanese nation became dynamic. It is probable that for the good of either themselves or their neighbors the Japanese have been too eager to be in the van of all modern progress. Especially to those who profit by the *status quo* the Japanese are much too insistent on change and too ready to adopt the most ruthless means which the times afford.

Both these countries are passing through many-sided revolutions, and both are still the victims of both the friendship and the selfishness of outside powers. Though both are desperately in need of peace in

which to achieve economic and social progress, they are beset by differences now marked by bloody war. Occidental culture has come to the "heathen world": and it has brought "not peace but a sword."

As this chapter goes to press, the Japanese have joined battle against the Anglo-Saxon nations and their allies to determine whether or not a Japan-dominated new order in East Asia shall be set up. Since she is inferior in resources and technical development, Japan's only hope of success depends upon superior strategy and efficiency and fanatical loyalty on the part of her fighting forces.

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Chapter X

LATIN AMERICA

SINCE THE First World War Latin America's place in world affairs has increased measurably. Economically and culturally the nations of Latin America are closely connected with Europe as well as with the United States. During the last two decades many of the major developments of this region have reflected trends prevalent in Europe. Statesmen, writers, and teachers of the United States have emphasized for a long time the common interests of the peoples of the western hemisphere, and the rapidly mounting interest of our people in recent years in these "other Americas" is in part a product of the dynamic foreign policy of Nazi Germany and the worldwide development of fascism.

Resources and People

Stretching more than six thousand miles south and east of Texas, the greater bulk of Latin America and especially of South America lies in longitudes east of Philadelphia. As in the northern part of the hemisphere, the Pacific shore is pinned to the sky by mountain ranges stretching from southern Chile to northern Mexico and reaching their summits in the snow-capped equatorial peaks of the Andes twenty thousand feet above sea level. To the east of these, as in North America, are the level valleys of the great river systems, valleys which in tropical Brazil are impenetrable jungles and which farther south form the great grass and agricultural plains of Argentina. Here and there, farther east along the Atlantic shore, in Brazil, are highlands comparable to the North American Appalachians. Latin America offers an almost inclusive variety of geographical conditions.

The climate is as varied as the topography. Although a great portion of the continent is within the tropical and subtropical zones, it is not all, contrary to popular conception, a land of steaming jungle, blazing heat, and tropical fevers. Most of Argentina, Chile, and Paraguay, and all of Uruguay, lie within the temperate zone. In the more tropical countries of Latin America large areas, because of their high

altitude, have an extremely salubrious climate. Lima, in Peru, and Mexico City are noted for their all-year-round spring weather. And the summers of the other national capitals, with few exceptions, are not so unpleasant as those of Washington, D. C.

Latin America abounds in natural resources. In fact, along with China and the U.S.S.R., it remains one of the great unexploited treasure troves of the world. At various points are to be found rich deposits of coal, iron, copper, tin, nickel, platinum, chromium, manganese, tungsten, mica, gold, silver, and diamonds. Brazil has the largest undeveloped iron deposits in the world. Even in its present relatively backward state Bolivia exports one third of the world's tin; Mexico is the second silver producer, Chile the second copper producer, and Venezuela the third oil producer in the world. The forests of Latin America, with their prized tropical and subtropical woods, are as yet scarcely touched. From the fertile soil comes almost every conceivable crop. Rubber, cotton, coffee, cacao, sugar, tobacco, tea, rice, and tropical fruits are produced in profusion along with wheat, corn, and oats. Argentina for some years has been the largest exporter of corn, beef, and hides, the second largest wool exporter, and the fourth wheat producer in the world.

The people of South America are a complex blend of European, Negroid, and indigenous Indian races. The early Spanish and Portuguese settlers of the continent, unlike the English to the north, conquered the more numerous and submissive Indians instead of pushing them as a body westward, enserfing instead of expelling or annihilating them. Coming to the New World without wives, many of these Latins married the more comely Indian girls and produced the predominant element of Latin American population, the mestizo, technically a term designating the offspring of an Indian mother and a Spanish father, but now applied to any mixture of Indian and European blood. With the precedent for such admixture set, miscegenation became common even among the millions of Negro slaves imported from Africa. A typical product of the lack of race consciousness is the present dictator of Cuba, Fulgencio Batista, who is part Indian, part Spanish, part Negro. Today in all Latin America there are approximately 25,000,000 whites, 38,000,000 mestizos, 17,000,000 Indians, 25,000,000 mulattoes, and 14,000,000 Negroes. The whites, predominantly Spanish, Portuguese, and Italian, are located principally in Argentina, Uruguay, Chile, southern Brazil, and Costa Rica. The

mestizos and Indians largely inhabit all the tropical highlands. Northern Brazil, Colombia, Venezuela, most of Central America, and the Caribbean are heavily populated with Negroes and mulattoes.

However willing the early Spanish and Portuguese were to mix biologically with the Indian and the Negro, they were extremely unwilling to grant these races economic and social equality. Instead, they observed the feudal traditions of the Iberian peninsula with its rigid caste system. Most of the good land and the higher offices of church and state were held by the few Europeans; the mestizo, Indian, and Negro were simply laborers, serfs, and slaves to be exploited at will. To this day Latin America, still overwhelmingly an agricultural region, has kept the spirit, if not all the forms, of its early feudalism. Outside the cities there are by and large, only two economic classes, the landed few and the landless millions. In Brazil, for example, only 800,000 of the country's 45,000,000 people own land, and 80,000 of these own 77 per cent of all privately held land. The situation in Cuba is even more extreme. There absentee United States citizens and corporations are estimated to own 90 per cent of the arable soil.

On the great estates, some of them larger than North Carolina, the feudal landlord's word is law even to the life and death of his peons. Surrounded sometimes with armed retainers, he disdains all manual labor, as gentlemen south of the Rio Grande properly should. Most of his time, however, is not spent upon his estate but rather in the capital of his country or in the great play spots of Europe, where he freely spends the money his peons arduously dig from the soil. The peons often receive no money wage but get the use of a little land to grow their scanty sustenance. When they are paid a wage, the sums run from $20 a month in progressive Argentina to $5 and $7 a month in Cuba and Brazil. Everywhere millions of peons are illiterate. In some spots, as in Peru, they are subject to military service of two years and to annual periods of labor on the roads. The disparity between the natural riches of Latin America and the extreme poverty of most of its people prompted the phrase that most Latin Americans are "beggars seated upon a bench of gold."

Government and Culture

Racial heterogeneity, social stratification, and economic disparity constitute tremendous obstructions to the attainment of democratic

ideals. When President Roosevelt spoke at Buenos Aires in 1936 in praise of this hemisphere's unanimous devotion to the cause of liberty and democracy, he was speaking of something that does not exist today and never has existed in Latin America. For, although Latin American statesmen have reiterated their faith in American democracy, and although their governments on paper are reproductions of the constitution of the United States, in reality at the head of most governments today is a dictator backed by a small oligarchy of the large landholders or by the bayonets of an army. The dictators may be from either the army or the landed class, but common to most of them is a lack of devotion to democratic ideals. The action of the President of Peru, when the government's candidate was clearly beaten in 1936, in calling off the election and extending his own term for three years was just as typical as that of Getulio Vargas, who, once elected President of Brazil, announced a new constitution which made him an absolute dictator for as long as the army approves. When elections are held, few of the great illiterate masses ever see the ballot, and those who do are usually strictly controlled by the party in power. Mass shootings, campaigns of terror, and more exquisite "persuaders" take the place of campaign propaganda and oratory.

Despite this authoritarian government, the rulers of Latin America, with few exceptions, have never been able to keep the public peace for long. The large personal spoils of office and the tradition of violence sooner or later prompt some ambitious army officer or landholder to gather a sufficient force of disappointed "outs" to revolt against the "ins." Bolivia's seventy-two-year history of sixty-one military revolts, ten constitutions, and six assassinated presidents is the worst in Latin America, but the pattern is almost ubiquitous. These revolts, however, have very rarely been social revolutions supported and engineered by the millions of underprivileged mestizos, Indians, and Negroes. Rather they have usually been squabbles and fights among the ruling classes. And so the policy of Latin American governments has scarcely changed in any profound sense. One dictator after another protects the landholding classes, pampers the officers of the army, procures money to embellish his capital, fills his own pockets by leasing out concessions of natural resources to foreign corporations, and does little to educate or elevate the disinherited masses. As one authority has said of Latin America, "the leaders have changed often; the governments never."

Characteristic of dictatorial states, the inter-American relations of these governments have been almost as stormy as their internal affairs. Would-be conquerors have appeared among the dictators regularly to stir up and feed the flames of nationalism and eventually to lead their countries into costly and bloody wars. In the recent three-year Chaco war between Bolivia and Paraguay, both countries lost as many men in ratio to population as France and Germany did in the First World War. Today all the Latin American nations are responding to the supernationalistic tide spreading over the world. To Guatemalans the Mexicans are "Red terrorists and imperialists," and to the Colombians the Venezuelans are "a semislave race." Thus the stage is being set for more bloody struggles in the future. But perhaps the most serious, though latent, threat to the internal peace of Latin America is the imperialistic spirit of Argentina. She is a youthful, strong, progressive nation, and her desire to annex Uruguay, Paraguay, Bolivia, and perhaps southern Brazil, and her will to dominate all of South America, have resulted in a precarious balance of power on the continent. Against the combination of Argentina, Peru, Uruguay, and Paraguay, Brazil has come to a counterunderstanding with Chile, Ecuador, and Colombia. Latin America may present a common face to a foreign imperialism holding her in colonial bondage or to a would-be foreign aggressor, but essential continental unity is yet to be achieved.

The culture of Latin America has little in common with the culture of this country. Superficially her four great cities of more than a million population may look like American cities, but the life within is set not by currents from New York, but rather by currents from Madrid, Lisbon, Rome, and Paris. Until recently tourists from Latin America were rarely seen in the United States, while European cities were familiar with their ways. Latin American literature, music, and art, with origins in southern Europe, have been little influenced by North American culture. And, as in Latin Europe, the one great dominating institution next to the state is the church. To its adherents in the United States Catholicism is a religion; in Latin America it is a way of life. The mother church took a part in the first military conquests; it has been a major factor ever since in social and political control. Today it exists as one of the great feudal landowners, as the chief controller of education, as an ally of the ruling political regimes, and as the arbiter of moral life among the masses. It has been equally responsible for the foundation of most of the universi-

ties, including San Marcos in Lima, Peru, eighty-five years older than Harvard, and for the lamentable inadequacies of education.

Save in Brazil, the church used the Inquisition for two centuries to check the development of liberal education throughout Latin America. It has encouraged letters and arts to the exclusion of sorely needed technical and scientific training. Above all, it has strongly opposed public education. As a result, most of the engineers in Latin America are foreigners, and medicine, as practiced outside urban communities, has an element of black magic about it. Compared with an illiteracy rate of 15 per cent in certain states of the United States, illiteracy in Argentina runs up to 25 per cent, in Colombia to 50 per cent, in Haiti to 85 per cent, and in Puerto Rico to 40 per cent.

The Latin tradition has been partially responsible for the backward position of women. With little education, the Latin American woman by many standards is still the chattel of her husband. When she marries, the title to her property goes to him. Except in Argentina, Mexico, and Cuba, it is difficult for her to secure a divorce on any grounds. In Peru she is barred from being a legal witness, and, if she travels, she must carry the written permission of her husband. And, of course, with such restrictions on the married woman, her unmarried sister is even more closely confined. Completing the double standard, it is still a good Latin American custom to have a mistress or two along with a wife. In fact, the upper-class husband is more likely to appear in a public place with his mistress than with his wife, his personal prestige waxing instead of waning with his fellows because of such behavior.

This short and necessarily fragmentary account of Latin American culture may seem like a leaf from the distant past to the average student of this country. Viewed from the vantage point of New York, Latin America, with its feudal hang-overs and its millions of illiterate half-breeds and semisavages, appears to be an anachronism in this modern industrial age. The Inca, the Aztec, the black man from the Congo, and the conquistador have left an ineradicable mark upon the countries to the south which will forever set them apart from their northern neighbors. But in no wise is it safe to predict that Latin America will remain the relatively colonial area that she has been in the past. For during the last three decades great forces, portentous in their implications for the future, have been sweeping the two continents, forces which threaten to overturn the basic institutions of the transplanted Hispanic world.

New Forces

Most important of these new movements to Latin America is the Industrial Revolution. Although Latin America was almost totally agrarian and largely dependent upon the outside world for manufactured goods in 1900, many countries throughout the region have made amazing industrial advances during the last twenty years. From 1930 to 1936 the number of cotton spindles rose by 300 per cent in Argentina. Brazil, Mexico, and Argentina today are individually self-sufficient in a long list of fabricated products, including cotton and woolen goods, paints, cements, furniture, glassware, explosives, freight cars, cigarettes, soap, paper, drugs, automobiles, tires, phonograph records, and shoes. Argentina is even exporting textiles and electric refrigerators. Most of this new industry was originally introduced and controlled by foreign capital. In recent years, however, a surprising amount has been built by Latin American nationals. And, if the trend of the last five years continues into the future, much of the once favored foreign industry either will be driven out by discriminatory laws or will be nationalized by seizure.

The leadership in this new native industrialism has been largely recruited not from the landed gentry but from the mestizo class and recent immigrants. And already the resulting middle class has begun to voice its historic demands for more democracy, popular education, tariffs, redivision of the land, and a drastic curtailment of the feudal privileges of the church. Politics in Argentina is now pretty largely a pull and haul between the owners of the great landed estates and the rising middle class in Buenos Aires. The Indian and the Negro also stand to benefit from industrialism. Scattered and illiterate while living in the interior, in the cities they form compact groups and are surrounded with more opportunity for education. Labor unions in varying stages of evolution are springing up everywhere. Significantly, the governments of most Latin American states have been much more solicitous about the welfare of the town laborers than they have been about the welfare of the country peons. Assuredly many of the laborers work for foreign corporations which Latin Americans are very willing to see harassed, but the trend in urban social legislation is not solely due to an antiforeign bias. Urban life has been responsible, too, for the changing status of the sexes. Women who work and earn

a salary are not likely to remain the contented chattels of their husbands. Spanish American law and custom are also changing under the impact of the radio and especially of the Hollywood motion picture.

Another movement significant for the future of Latin America is the establishment and growth of the American Popular Revolutionary Alliance, known in short as the Apra. Led by the brilliant Haya de la Torre, a university graduate and an intellect of the first rank, Apra constitutes the first real threat in South American history to the dominant landholding aristocracy. An interconnected movement throughout Central and South America, it is a call to the underprivileged Indian, Negro, and half-breed to take up the struggle for social and economic opportunity. Neither fascist nor communist, it is a radical movement directed against Spanish feudalism and European and American imperialism. Its program calls for the freeing of the Indian from semiserfdom, a more equitable division of the land, the repatriation of foreign-held industry, a war upon aristocracy and the excessive powers of the church, rapid popular education, and labor codes and other social-service legislation. The response to the Apra campaign has been phenomenal. Strongest in Peru, it has won two elections in that country, but its victories have been annulled and its leaders have been violently repressed by President Benavides. But the spirit of Apra marches on in the inarticulate yearnings of the masses. The past of other countries bears full witness that its demands at some future date will have to be met and satisfied in some measure.

Contributing to these forces and in part a result of them is the Mexican revolution in which Lázaro Cárdenas, son of a poor peasant and in part Indian, crammed "fifty years' worth of reform" into the space of six short years. Attacking the church, the landholding class, and foreign imperialism, Cárdenas gave Mexico at last a government for the people, if not by the people. His achievements understandably fell short of his goal, but the new railroad and highway construction, the development of water power, sanitary water systems, and cooperative factories and sugar mills, the establishment of thousands of new rural schools, the construction of 54,000 tenement houses in one year, the nationalization of foreign-owned industries, and the distribution of millions of acres of land to the downtrodden Mexican peon, are achievements worthy of any reformer.

Seemingly the spirit of reform is churning throughout the length of Latin America. There are evidences that perhaps at last Colombia,

Venezuela, Chile, Argentina, and Uruguay have joined liberal Costa Rica in starting the difficult climb to a more democratic way of life. Even some of the dictators have reacted to the pulse of the times. Whimsically thinking of himself as the Roosevelt of South America, Getulio Vargas has inaugurated a very weak "New Deal" for Brazil, and Colonel Fulgencio Batista, the tough little Cuban dictator, has announced at least his intention to distribute state lands to the peasants, construct rural schools, and set minimum wages in the sugar industry.

In summary, Latin America seems to be pursuing the same course traveled by northern European cultures a century or more ago. The superficial student might expect the growth of a close parallel between the two societies of the western hemisphere. But that is sheer romancing, for Latin America is today, and indubitably will remain for some time, Iberian in class structure, government, education, morals, language, and philosophic outlook. An industrial revolution and a developing middle class will only modify and not destroy that heritage of history. The only marked similarity between the two cultures today and perhaps the only major one destined to exist in the future is the result of the geographical accident which placed a common ocean between this hemisphere and the Old World.

Latin America and World Politics

Throughout most of the nineteenth century the United States, busy with internal development, had few relations with Latin America. Our statesmen occasionally with measured pride spoke of the Monroe Doctrine as the protecting sword of the western hemisphere, and our people, glowing with paternal satisfaction, felt a vague sympathy for these "other Americans." Their knowledge of Latin America, however, was about as precise as their knowledge of internal affairs in the middle of Siberia. And for the most part Latin Americans reciprocated in kind. With their interests mainly centered in Europe, they beheld us with a hazy, friendly attitude, without fear, without much interest.

However, the combination of forces culminating in the 1890's to produce an explosive United States imperialism quickly changed all this. When the United States seized Puerto Rico, the Philippines, and, indirectly, Cuba (through the Platt amendment), Latin America awakened to the possibility of a northern peril to her continued independence. The "rape of Panama" in 1903 and the announcement of

Theodore Roosevelt's corollary * to the Monroe Doctrine convinced her that the possibility had become a reality. The rapid invasion of the whole Caribbean area by American capital, the ex post facto pronouncement of "dollar diplomacy" by the Taft administration, and the intervention of marines in Cuba, Nicaragua, Honduras, Haiti, and the Dominican Republic gave ample proof of the correctness of that assumption.

As the policy of the United States became more active in overturning Latin American governments and constantly interfering in their domestic affairs, their mood became one of anger and opposition.† The great American democracy became the hated "Colossus of the North," and any traveler from the United States was suspected of being an agent of the equally hated *imperialismo yanqui.* In Latin American eyes we were the prime hypocrites of the world. Self-designated protectors of Latin America, we regularly used the Monroe Doctrine to menace its independence. Theoretical champions of democracy before the world, we practiced imperialism throughout the Caribbean area with a finesse worthy of older heads at the game. It was not lost upon Spanish American liberals that our interventionism usually supported the most militant antidemocratic and conservative forces wherever it was brought into play. In short, by the end of the first decade of the twentieth century Latin America as a unit probably feared encroachment by the United States as much as she had ever feared such action by Europe.

Woodrow Wilson's declaration of the Mobile doctrine that the United States would never seek another inch of American territory was promptly nullified in Latin American eyes by the unfortunate Veracruz and Villa incidents. To justify Argentina's and Mexico's opposition to the United States during the First World War, it was pointed out that under Wilson the marines were more active in Latin America than under any previous administration.

In the postwar decade the attitude of the literate people of Latin America toward the United States changed very little. The bald return of the Harding and Coolidge administrations to the Taft-Knox policy

* The corollary declared that, since we were the protectors of Latin American countries, of necessity we should have the right to intervene in their affairs to see that they met their honorable international obligations. In reality this policy was pushed to the point of intervention whenever American capital invested in Latin America was threatened or considered itself threatened by the native governments.

† Additional material on relations between the United States and Latin America will be found in Chapter XVII.

of dollar diplomacy was softened somewhat in Latin American official circles by the engaging willingness of the great New York banks and investment houses to sell large sums of worthless bonds to the innocent American public. The banks made their commissions, the Latin American dictators pocketed a share—spending the rest sometimes on such useful purposes as gilding the dome of the Cuban capitol—and the American investors were happy with their ornate paper until payday came. But with *yanqui* gold came *yanqui* industrialists and financiers. Often thinking of themselves as the Lord's anointed, and of the Latin Americans as semisavages, they made little effort to learn Spanish or Portuguese or to understand Latin American culture. The leisurely tempo of the life to the south was simply gross laziness and inefficiency to North American businessmen; the language and customs, since they were strange, were barbarous. But most distressing was the interference of United States corporations with Latin American internal affairs, which, if repulsed, prompted rude threats from the Department of State and occasionally even ruder appearances of the United States marines.

When Franklin D. Roosevelt announced in 1933 his Good Neighbor Policy for Latin America, our friends to the south were interested but cynically skeptical. True, the Clark memorandum of the Department of State, issued in 1930, had pledged that in the future we would not diplomatically or militarily intervene in any domestic question of any Latin American republic. Subsequently President-elect Hoover and other United States dignitaries made good-will visits to Latin America, and our ambassador to Mexico, Dwight Morrow, achieved an unheard-of popularity for an American official in the country to which he was accredited. But Latin America still reserved opinion. She had heard fair talk before.

To the United States, however, the Good Neighbor Policy represented at least a temporary reorientation of our entire policy toward Latin America. One of the major causes of the shift was undoubtedly the basic liberalism and the anticorporation bias of the Roosevelt administration. Another cause of considerable weight was the collapse of United States international trade following the onset of the depression. With our European and Asiatic markets drying up because of the world depression and resultant economic nationalism, we became more conscious of the possibilities of the markets to the south. A third factor which developed later was the increasing economic

and political penetration of Latin America by the dictatorial states of Europe. Fearing that, unless these activities were checked, totalitarian control of Latin America would menace the security of the Panama Canal, if not of the whole hemisphere, the United States soon joined the conflict of trade and propaganda. Obviously, the attitude of Latin Americans and their governments toward this country would play a major part in deciding the outcome of the struggle. Thus the Good Neighbor program has become a part of our world policy to stop the spread of fascism.

Fascism and Latin America

In this race for a dominant position in Latin America, which is still going on, the dictatorial countries have many advantages over the United States. Not the least important of these is the traditional dislike of Latin Americans for their neighbors to the north. Fear of United States economic and territorial imperialism is still very much alive. Secondly, although we like to think otherwise, Latin American society is much more sympathetic to the authoritarian tradition than it is to the democratic way of life. Dictatorships have a long and honored history in Latin America. The strong-arm methods of Hitler and Mussolini have been for a century accepted political techniques south of the Rio Grande. Nazi racial doctrines cannot be very abhorrent to a ruling class which has for years kept millions of Indians and half-breed peons in virtual bondage. And, finally, the anti-intellectualism of the Nazi faith has been anticipated to some extent in the long-established policy of the Latin American Catholic Church.

The character of the population, particularly in South America, has considerably eased the way for European penetration. Whereas there are relatively few people from the United States with permanent residences in Latin America, there are many Germans, Italians, and Spaniards. It has been estimated recently that in Brazil alone there are at least 3,500,000 people of Italian extraction and 500,000 to 1,000,000 Germans. Throughout Latin America the culture and language of a great portion of the people are Spanish in their origin, and, though many of them have intermarried with the natives and have become ardent nationals of the New World, there is still a tendency among them to sympathize with the land of their fathers.

The peculiar economic situation of South America as a large ex-

porter of raw materials and foodstuffs plays into the hands of the European dictators. Producing many of the same things which the United States produces, the Latin American countries must sell these goods elsewhere in order to acquire exchange with which to buy the fabricated goods they need in return. Thus the European countries already dominated by Germany in the Second World War took, before the outbreak of the war, 60 per cent of Argentina's corn, 56 per cent of her hides, 40 per cent of her wool, and 25 per cent of her wheat. At a time when world economic competition is so keen, it is to be expected that countries will buy the things they need from the people to whom they can sell. It is an old axiom of international relations that political influence follows closely the lines of trade.

With these advantages to aid them, the dictatorial countries have been extremely busy in Latin America in recent years. Germany, by far the most active, has sent hundreds of Gestapo agents and propagandists to convert South Americans with German blood to the Nazi cause. By persuasion and by coercive measures, including outright violence, they have seemingly been partially successful. Continual German radio propaganda in Spanish and Portuguese and free daily news service are designed to win over non-Germans. Nazi air lines with Nazi pilots flying German-made airplanes have been established all over South America, even when they have required a subsidy from the Nazi government to meet operating expenses. In Brazil, before the outbreak of the Second World War, the German firm Syndicato Condor, operating five thousand miles of air line, had built thirty-nine landing fields in strategic spots across the country. One could step into a German airplane in Lima, Peru, in 1939, arrive in Rio de Janeiro within forty-eight hours, and three days later be in Berlin. The strategic military value of the air lines was obvious.

Nazi officialdom has exerted itself to win the confidence and friendship of the South American military caste. Army and naval officers by the score have been invited to Berlin, where, wined, dined, and bemedaled, they have been properly impressed with a dress rehearsal of German military might. In return some of the South American countries have bought their entire supply of military equipment from Berlin. And, of course, German military missions accompanied the materials to instruct the Latin American staffs in their correct operation. In the sphere of international trade the Nazis in South America have used all the paraphernalia of blocked and Aski marks, clearing

agreements, and barter schemes that have characterized their policy elsewhere. Most of these devices are intended to depreciate German currency to enable her to export and import on an advantageous basis. Aski marks, for instance, have no value outside Germany. Therefore, when Brazil is paid for a shipment of coffee to Germany in that peculiar currency, she must spend it for German-made goods.

Italy, Spain, and Japan have followed the lead of Germany in this penetration of Latin America. But for a number of reasons none have been so successful as the Germans. The Italian immigrants to South America, unlike the German, have readily intermarried with the native populations, have adopted Spanish or Portuguese as their language, and have become thoroughgoing American nationalists. Moreover, most South Americans of Italian extraction left Italy in the liberal period of that country's history, and as a consequence the strongest supporters of democracy and liberalism in Argentina today are these Italian Americans. South American trade with Italy, Japan, and Spain still remains in volume but a fraction of that with the United States, Great Britain, and Germany.

The Americas Answer Fascism

In the face of this totalitarian economic and political penetration of Latin America, the United States has not been inactive. At stake in Latin America are the eight billion dollars invested there by our citizens and corporations, a very important mutual trade, some of it of vital military character, and the security of the Panama Canal. Fortunately, by the time the dictatorial activities became menacing, the changed policy of this country had overcome some of the distrust and hatred which Latin Americans had held for us in the preceding thirty years. Rapidly translating the high-sounding phrases of the Good Neighbor doctrine into action, the United States during 1935 removed the last remaining marines in Latin America. Shortly afterward the Platt amendment was officially abrogated, and a treaty annulling the right of United States intervention was negotiated with Panama. This treaty, however, has not been ratified by the United States Senate.

The raising of the Colombian, Panamanian, and Venezuelan delegations to ambassadorial status in Washington, the good-will trips of President Roosevelt and Secretary of State Hull, and the cordial invitations, presidential dinners, and diplomatic receptions to visiting Latin

American dignitaries have been studied efforts to acquire Latin America's good will. But perhaps the policy of the Department of State in dealing with the seizure of property of United States nationals in Latin America has most deeply impressed the peoples to the south with the radical change in Washington. In the last five years Mexico and Bolivia have expropriated millions of dollars' worth of land and oil properties belonging to American citizens and corporations. But, instead of relying upon the traditional hard-boiled tactics of inspiring a revolution in the offending country, or sending warships and marines, the United States of late has been using more conciliatory and admittedly less effective means of persuasion. Though costly to the private investor, the new policy has at least won for us a measure of temporary good will even if it has encouraged more seizures.

Direct loans to certain Latin American countries and good-will flights of army and navy fliers have been another part of the United States' efforts to meet the fascist challenge. Pan-American Airways, indirectly subsidized by mail contracts, have effectively met European commercial competition in the air. Flying more miles than any other company in Latin America, it is admittedly superior in safety and efficiency. Propaganda has flowed south from this country in a steady stream. Since 1938 daily broadcasts in Spanish and Portuguese fill the Latin American air from 7:30 A. M. until 11:00 P. M. For the most part this propaganda comes from nonofficial or semiofficial sources. The Pan American Union is aided by scores of other Pan-American societies, subsidized by business interests, universities, foundations, churches, and labor unions. Altogether it is the considered opinion of experts that this country spends more money and energy in propagandizing Latin America than any two or three other countries combined.

Two other weapons forged by the United States to use in this as yet bloodless war for Latin America should be mentioned. In a series of Pan-American conferences this country sought to eliminate the friction existing between American nations and to achieve hemisphere solidarity. This common economic and political front, it was hoped, would prevent any serious fascist penetration from endangering our economic or military stakes throughout the hemisphere. To meet the Nazi trading methods more directly, bilateral reciprocal trade treaties were signed. Sponsored by Secretary of State Cordell Hull, these treaties, negotiated with ten Latin American republics, sought to in-

crease the flow of trade between the contracting countries by a mutual reduction of tariff duties.

The outbreak of the European war in September, 1939, stopped the more intensive efforts of the fascist countries in Latin America. But undoubtedly by that time the efforts of the dictators had achieved some success. Fascist political parties with their many colored shirts were operating in Chile, Brazil, Mexico, Argentina, and elsewhere. In Brazil and Chile they had even attempted revolts against the existing governments. The dictators of Guatemala, Bolivia, and Brazil have not without some reason been charged from time to time with having a fondness for totalitarian doctrines. Perhaps the official anti-Semitic policy of Paraguay and Ecuador also indicates a rising fascist prestige. Certainly there is to be found in South American army and navy circles some actual sympathy with, if not outright devotion to, the European dictatorial ideology.

In the years immediately preceding the outbreak of the Second World War, the Nazis' trading methods seemed, if anything, even more successful than their political penetration. Barter deals with Mexico, Argentina, Chile, Uruguay, and El Salvador, together with the use of the Aski mark elsewhere, helped to push German sales in Latin America up to a new record. For the first time in history Germany ranked first in the world in exports to Brazil. In many places throughout Latin America she was outstripping Great Britain and giving the United States the keenest kind of competition for the superior position. Alarmed voices in London and Washington predicted that, if something were not done quickly, Latin America would be lost.

Actually, although the situation was grave, especially for Great Britain, it was not so serious as the prophets of doom thought. For, beginning in 1938, a reaction to the intensive campaign was evident throughout Latin America. The series of aggressions in Europe kept Latin American statesmen, who painfully realized the impossibility of defending their countries unaided against a major power, from inviting any closer co-operation with expanding totalitarianism. Already the overzealous activities and haughty demeanor of Nazi agents in Latin America had occasioned great resentment. That burning Latin American nationalism which had been evoked by the past aggressions of the United States was now being directed against this other threat to their independence. Within a year German and Italian schools were closed in Argentina, Brazil, and Chile, and laws were enacted requiring all

teachers to be citizens. The Mexican Gold Shirts and the Brazilian Green Shirts were outlawed and their leaders imprisoned. Suspected of carrying on espionage and revolutionary activities, fascist agents, including the German ambassador to Brazil, were asked to leave.

The German nonaggression pact with the Soviet Union, the destructive invasion of Catholic Poland, and the uncovering of the traitorous "fifth column" network in Norway had a profound effect upon the Latin American Catholic mind. Immediately official committees were set up to investigate and stop underground fascist machinations. The discoveries of hidden Nazi radio stations, of organized storm troops, and of secret stores of munitions resulted in mass arrests and further public fear. Significantly, in 1940 for the first time in years, United States warships were met with cheers in South American ports at the same time that angry crowds were demonstrating around the fascist embassies.

The charge that the United States was losing its Latin American markets to Berlin and Rome was supported with little substantial evidence. German competition in Latin America was no new development. Before the First World War both Germany and the United States were seriously undercutting British trade throughout the whole area. While the two European powers were busy with the war, this country gained an unquestionable market supremacy, a position which we have steadily maintained down to the present. In 1938 the United States sold more goods in Latin America than Germany, Italy, Japan, and Great Britain combined. Since that year our relative position has become even more favorable. Whatever advantage the Germans were obtaining before September of 1939 was at the expense of the British Empire and not at that of the United States.

In addition, Latin American countries before the war were discovering certain disadvantages in the fascist trading arrangements. For a while barter schemes and payments in Aski marks were perfectly acceptable, but soon difficulties arose. Because of the Nazi domestic requirements for armaments, complaints were made that German deliveries were always from six to eight months late. It was constantly charged that the German goods which did arrive were hastily made expressly for the export trade and were decidedly inferior to the samples carried by German salesmen. The German need for raw materials was greater than the Latin American need for manufactured goods, and thus Latin American countries were soon left with huge balances of marks which could

be used only for purchases of goods they did not want. After September, 1939, of course, the British blockade made these marks entirely worthless until trade could be resumed with Germany.

The reaction of Latin America to the combined economic and political difficulties with the fascist powers can be readily observed in the recent history of Pan-American conferences. Inspired by the United States for the purpose of preserving Pan-American trade and security, the first meetings at Montevideo, Buenos Aires, and Lima were distinct failures. The age-long suspicion of Latin Americans toward anything emanating from Washington, the necessity of selling a portion of their raw materials in Europe, and the opposition of England, working through Argentina, defeated all the important proposals for Pan-American isolation and solidarity. However, throughout 1938 and 1939 the growing conviction in Latin America that the Good Neighbor Policy was more than a phrase, coupled with the increasing appetites of Germany and Italy, served to modify the Latin American attitude. At the Panama conference in October, 1939, and in Havana in August, 1940, substantial success was achieved. Among the resolutions passed at Havana was one encouraging economic co-operation in the Americas, possibly with a view to the proposed American cartel plan advanced by the United States. This cartel, to be financed by Washington, would have control over all American international marketing with the object of forcing the fascist powers, if they won the war, to do business with the Americas on terms established by the Americas. Another resolution passed in the conference called for inter-American collaboration in the suppression of the underground activities of "fifth columnists" and foreign diplomats. But by far the most important action of the conference was the enactment of the convention of Havana. This convention, requiring ratification by fourteen countries before going into effect, sets up machinery jointly to seize and administer any European possession in the western hemisphere threatened with a transfer of sovereignty. Furthermore, an emergency clause declares that any one of the twenty-one republics can seize such land while awaiting common action. A further declaration states that any attempt on the part of a non-American state to violate the integrity or independence of any American state may be considered an act of aggression and a *casus belli* by the signing states. In other words, if approved, the convention of Havana empowers this country to seize and police any British, French, Dutch, or Danish territory in the

western hemisphere that is threatened by any other European power. It also commits the United States to defend the whole hemisphere against any European or Asiatic attack.

A Prospect

What the future holds for Latin America is problematical. Much, of course, depends upon the outcome of the Second World War. If the fascist powers are unable to destroy the British navy, a military invasion by them of any point of Latin America will be impossible. On the other hand, if Germany and Italy succeed in the destruction of the British fleet, Latin America, with its relatively unexploited wealth of raw materials, may be a tempting place for further totalitarian aggression. Against such an invasion even a completely unified Latin America would be virtually helpless. Argentina, Brazil, and Chile are the only countries possessing even a nominal navy, their total fleet consisting of five battleships, all more than twenty-five years old, eight cruisers, and thirty-six destroyers. The combined standing army and trained reserves in all twenty republics total less than two million men, the total air force probably less than seven hundred airplanes. Moreover, Latin American small arms are lamentably antiquated, artillery is worse, and armament plants are nonexistent.

Any effective defense of Latin America would thus devolve upon the United States, a defense which this country would be forced to make because of our vital military and economic stakes as well as our past commitments. Against a possible combination of Germany, Italy, and Japan, that defense, without the British fleet and in the state of our unpreparedness at the beginning of the European war, would have been extremely difficult. Brazil and Argentina, both of which are six hundred miles closer to Lisbon than they are to New York, would probably have had to be left to their fate. In fact, in such a situation even that key of America's oceanic defense, the Panama Canal, would have been endangered. But with the subsequent preparedness campaign and the acquisition of naval and air bases in the Lesser Antilles, Trinidad, and British Guiana, and possibly at other points farther south, defense of the hemisphere is not now impossible.

The problems of the United States, however, would be much less complex if the only threat to the western hemisphere came from military invasion from abroad. For the first struggle for the control of

Latin America in the event of a fascist victory will probably be fought with the economic tools of trade within the continent rather than on the seas without. Dependent upon Europe for a large share of their foreign markets, Argentina, Brazil, Chile, and other Latin American countries will undoubtedly have to make certain economic and political concessions to fascism in order to survive in the postwar world unless they are offered comparable outlets elsewhere. Unfortunately, the United States, producing in many instances identical raw materials, will not be able to absorb Latin American production. The only alternative advanced has been the Washington-inspired hemisphere cartel plan, by which the United States would virtually guarantee to purchase at the world price all Latin American production with the intention of reselling as much as possible on the world market. This, however, would be extremely expensive to the taxpayers of this country. Moreover, it is doubtful whether Latin America will accept the plan because of its implications of political and economic control by the United States. But one should not forget that the United States itself has for years been the largest market in the world for Latin American products. A loss of this market would cripple Latin America's economy just as severely as the loss of European trade. In the postwar world not all economic bargaining power will be in the hands of the dictators, however successful they are in the present struggle.

Undoubtedly the totalitarian powers in their quest for dominance in Latin America after the war will use their favored technique of "boring from within." And, considering the relative inefficiency of Latin American governments against the large numbers of Italian and German nationals settled there, the results could be extremely dangerous. Even if proselyting German and Italian organizations were stamped out, fascist ideology could still be pumped through Spain and Portugal into the twenty republics. Propaganda from Berlin obnoxious to Latin American nationalism may be fondly received from Madrid. In the Spanish civil war General Franco received the almost united support of the Latin American ruling classes. Already there has appeared in Cuba a sizable branch of the Falangist Party, a Spanish faction of General Franco's supporters who are most ardent in their devotion to the Rome-Berlin ideals.

But once again it must be emphasized that the twenty Latin American republics have no desire to be dominated by any foreign power. Control from Madrid would be just as repugnant to Latin America as

control from Washington. A policy characterized by a respect for Latin American integrity, by a spirit of co-operation instead of domination, will probably be more successful in winning good will than will be the fascist methods. When, on the morning of December 7, 1941, Japanese bombs stormed down upon Pearl Harbor, little Costa Rica was the first country in this hemisphere to answer the Japanese invasion with a formal declaration of war. Following her, Nicaragua, Honduras, Panama, the Dominican Republic, and Cuba joined the United States as belligerents. At the same time most of the remaining Latin American nations announced their intention of considering this country a nonbelligerent, thus offering to us the use of their ports and other facilities. Latin America, by the opening of 1942, was proving itself a good and friendly neighbor.

Suggested Readings

Aikman, Duncan, *The All American Front* (New York, Doubleday, 1940). An excellent comprehensive survey of recent Latin American developments. Special emphasis is given to foreign and domestic problems of the last few years.

Beals, Carleton, *America South* (Philadelphia, Lippincott, 1937). A colorful and interesting analysis of Latin American society from the moderate Leftist viewpoint by a long-time student of Latin American affairs.

Beals, Carleton, *The Coming Struggle for Latin America* (Philadelphia, Lippincott, 1938). Intelligent and balanced study of the present conflict between Great Britain, the United States, Germany, Japan, and Italy for economic and political dominance in the Latin American world.

Carr, Katherine, *South American Primer* (New York, Reynal & Hitchcock, 1939). Compact but very readable general study of Latin America's resources, peoples, and politics.

Gunther, John, *Inside Latin America* (New York, Harper, 1941)

Herring, Hubert, *Good Neighbors* (New Haven, Yale University Press, 1941). The latest and in some ways the best summary of recent developments throughout the Latin American world.

Whitaker, John T., *Americas to the South* (New York, Macmillan, 1939). A recent survey written for the general public.

Chapter XI

THE SECOND WORLD WAR

THE SECOND World War overshadows all other events in the world of our day. Its impact has been deeply felt in every corner of the globe, and nearly every major political, economic, and social problem in America is in some way bound up with its far-flung fronts.

After the Munich Accord

The Munich Accord of September 30, 1938, which dismembered Czechoslovakia, was another landmark in Nazi Germany's bid for European hegemony. This final desperate effort on the part of London and Paris to avert a general war by appeasing Hitler had far-reaching effects. It dealt the final blow to the League and its ideal of free and open discussion around the conference table, and gave freer rein to the rule of force in international politics. The armament race, one of the most crucial facts of the thirties, was stepped up as it became clear that nations everywhere would have to organize on the power pattern and defend themselves or submit. The French alliance system in the east was ended, and the Danubian area was thrown wide open to German domination. It degraded still more the moral climate of Europe, and contributed in no small measure to the creation of a state of mind bordering on war.

If Chamberlain and Daladier believed that the Munich Accord had at last turned the Axis powers toward the east, the veil was soon lifted from their eyes. Before the end of the year, Mussolini set up a cry for Nice, Savoy, and parts of the French colonial empire, and Hitler demanded submarine parity with Great Britain. London and Paris realized now that the Axis powers were still looking to the west. Soon Chamberlain was on his way to Rome in the hope of separating the Axis powers, and Daladier was studying defenses in North Africa.

Meanwhile, as Hitler and other Nazi leaders warned the English people to keep "warmongers," such as Churchill and Eden, out of the

cabinet, rumors were afloat that Germany was preparing for a new move. On March 15, 1939, Hitler's troops moved into the remnant of Czechoslovakia. Two days later Neville Chamberlain confessed that his hopes for appeasement had been rudely shattered, and that henceforth he would deal in a different manner with the man who did not hesitate to break the most solemn promises. The Führer later defended his action on the grounds that the rump Czechoslovak state had shown its "innate incapacity to live" and that it might be used by the Soviet Union as a base for an attack on the west.

The annexation of several million Czechs exposed the hollowness of Hitler's old contention that he was merely seeking to bring peoples of German blood and language into the Third Reich. The principle of self-determination, which had now served its purpose, gave place to the concept of *Lebensraum* (living space). The vague and limitless character of this new doctrine, which had been developed at great length by Karl Haushofer, terrified the statesmen of Europe. What was Germany's living space to include? It was perfectly clear that the fulfillment of this doctrine meant the destruction of other states; it meant a "new order" in Europe and perhaps elsewhere; and it meant the incorporation of foreign peoples in the Reich. Czechs and Slovaks were not Nordics, and, according to Nazi racial theory, to assimilate them would bastardize the pure German stock. All that seemed to be left for them was a status of inferiority bordering on slavery.

German Demands on Poland

But apparently the Nazis were not troubled by such questions. They continued to act. On March 19 a barter arrangement was pressed upon Rumania, and three days later Memel was taken from Lithuania and incorporated into Germany. Then the Nazis demanded of Poland the Free City of Danzig, together with a corridor across the Polish Corridor and additional privileges for the German minority groups. Only three months before this Ribbentrop had declared in Warsaw: "I can assure the Germans in Poland that the agreement of 1934 has put a final end to enmity between our two peoples." The Corridor, or Pomorze, which separated East Prussia from Germany, was the major issue here. The creation of the Corridor was one of the most unsatisfactory territorial arrangements made at the Paris Peace Conference, but it was by no means an indefensible one. For Pomorze had, before the partition

of Poland in the eighteenth century, belonged to Poland for centuries; a majority of the people were Poles; there were fewer than 2,000,000 Germans in East Prussia; it seemed to be about the only way to give Poland an effective outlet to the sea; and the treaty gave Germany free-transit rights across the Corridor.

Warsaw, greatly alarmed by the German demands, immediately informed London and Paris. And on March 31 Chamberlain announced in the House of Commons that the Polish government had been given an assurance of support "in the event of an action which clearly threatened Polish independence." This was a far-reaching pledge which demonstrated clearly that Chamberlain had at last decided that the time had come to call a halt to Hitler's drive to remake the boundaries of Europe by threats of force. On April 28 the Führer announced the abrogation of his nonaggression pact with Poland and of the Anglo-German naval agreement of 1935.

On May 5, Beck, the Polish foreign minister, announced his country's willingness to discuss ways and means of increasing transit facilities for Germany across the Corridor, but Hitler had no interest in this question. As the days passed, Polish-German relations became more acute. Albert Förster, chief Nazi leader in Danzig, paid frequent visits to Hitler and aroused the German elements in the Free City against Poland. In a speech at Danzig on July 2, he said: "We want to return to Germany, and we are going to return to Germany."

The Nazi-Soviet Accord

In the meantime London and Paris had set out to build a defensive front against future German aggression. It was a hard and difficult task because Rome and Berlin were bringing a tremendous counterpressure to bear on every state that threatened to line up with the Allies. In April London and Paris gave guarantees to Greece and Rumania, and opened negotiations with Moscow in earnest. But they found the cunning and realistic Stalin much less anxious for an alliance than they had anticipated. Early in May Molotov replaced Litvinov as foreign minister. For years Litvinov had been a stanch advocate of co-operation with the western democracies, and many observers expressed the belief that his retirement foreshadowed an important shift in Soviet policy. Additional weight was given to this view by the fact that the

Nazi leaders were no longer castigating the U.S.S.R. as had been their custom. Still the great majority of informed observers felt that the Nazis could not come to terms with the Bolshevik leaders, whom Hitler had branded as the deadliest enemies of Western civilization and as the "bloodstained scum of humanity." Chamberlain and Daladier negotiated with Stalin in a rather leisurely manner, and appeared to have no serious misgivings about the ultimate outcome. Finally, on August 21, these negotiations were brought to an abrupt end by Ribbentrop's announcement that the Soviet Union and Germany were on the point of signing a nonaggression pact.

This was the trump card which the Nazi leaders hoped would utterly destroy the will to resist in Britain and France. Ribbentrop, who had recently been German ambassador to London, had told Hitler many times that Britain was a decadent democracy incapable of a real fight, and that she could be frightened into an alliance on German terms. Before the war of 1914, Tirpitz had told Kaiser William the same thing.

The Russo-German pact stunned the Allies, but did not shatter their nerves. On August 23 Nevile Henderson, British ambassador to Berlin, delivered a conciliatory but firm note to Hitler. Henderson later reported that the Führer behaved badly on this occasion and spoke to him with great passion and violence. In replying to the British note, Hitler ignored all suggestions concerning the settlement of the Polish question by negotiation. He declared that the "wave of appalling terrorism" which the Poles had unleashed against the German minority groups could not be tolerated by a great power such as the German Reich, and that "the questions of the Corridor and Danzig must and shall be solved." In the meantime, Goebbels was bringing the press and radio attack on Poland to the point of its full fury and violence. The Poles, like the Czechs a year before, were accused of all sorts of atrocities.

Peace Efforts Fail

The general situation was now dark and alarming. The German army was mobilized; the French were calling up additional reserves; the British battle fleet was getting in position; many of the large cities were dark at night; and the war of nerves went on. There was no hope un-

less one side yielded ground. But this last week of August was not without appeals for peace and efforts at mediation. King Leopold of the Belgians and Pope Pius made general pleas. President Roosevelt addressed identical appeals to Chancellor Hitler and President Moscicki of Poland for a settlement by means of direct negotiations or arbitration, and incorporated Moscicki's favorable reply in a second message to Hitler. But from the Führer came no answer. On August 26 Premier Daladier sent a personal message to Hitler pleading that some way be found to prevent the shedding of blood. Hitler, still hoping apparently to separate France from Great Britain, replied that Germany had no claims on France, but that the "Macedonian conditions on our eastern frontier must be removed." In the meantime the Führer spoke to Nevile Henderson of a "large and comprehensive offer" to be made to Britain as soon as the Reich had settled with Poland. Hitler, according to Henderson's report, gave some details of the nature of the new offer. After the Reich's colonial demands were met, he would accept the British Empire and stand "ready to pledge himself personally for its continued existence, and to place the power of the German Reich at its disposal." Henderson flew back to London with this strange offer, the rejection of which Hitler told him meant war. On August 28 Henderson was back in Berlin with the British reply. It was a lengthy review of the general situation and pointed out that Hitler's message had dealt with two separate questions: the dispute with Poland, and an understanding with Britain. It declared that Britain was ready, if "differences between Germany and Poland are peacefully composed, to proceed so soon as practicable to such discussion with a sincere desire to reach an agreement." Attention was called to the fact that "unverified reports" of frontier atrocities were a constant threat to peace. It was also pointed out that Poland was ready to negotiate on equal terms. On August 29, while German soldiers were being smuggled into Danzig and ration cards distributed, Hitler and Ribbentrop replied to the British note. The core of their reply was that Berlin accepted London's offer that Poland send to the Reich a negotiator with full powers. "They count," the note read, "on the arrival of this emissary on Wednesday, August 30." But here Hitler and Ribbentrop gave up all but the merest pretense of sincerity. As the British quickly telegraphed to Berlin, a single day was not adequate time for them to get a Polish emissary to Berlin with authority to sign a document that neither he nor the Polish gov-

ernment had seen. London asked if the normal procedure could not be followed of handing the proposals to Lipski, Polish ambassador, and allowing him to communicate them to his government. When Henderson and Lipski on the following day asked Rippentrop for the proposals, he replied that it was too late. That evening Ribbentrop released to the press and the radio a set of sixteen proposals, which Berlin said had been prepared for the acceptance of the Polish emissary who failed to appear. The very fact that these proposals were broadcast to the world before either London or Warsaw saw them indicates that they were intended for propaganda purposes.

In the half light of dawn on September 1 the Nazi war machine was set in motion on the plains of Poland. A few hours later Hitler went to the microphone and told an anxious world that his patience with Poland was exhausted. He accused the Poles of rejecting his peace proposals and of firing the first shots, and he predicted a swift victory. A few hours later Chamberlain said to the House of Commons: "The time has come when action rather than speech is required.... The German Chancellor has not hesitated to plunge the world into misery in order to serve his own senseless ambitions." That evening Britain and France sent ultimatums to Germany warning her that they would fulfill their treaty pledges to Poland unless the German armies were promptly withdrawn from her territory. Mussolini apparently worked in vain during these hours for some sort of five-power conference. Hitler ignored the French and British warnings, and on September 3 Great Britain and France declared war.

War Again

General war was now upon Europe for a second time in a generation. The war which for months had been raging on the battlefronts of the mind was extended to areas where the tank and the bomber could operate. No person could fail to see that the motives that had led Britain and France to action were far deeper and wider than Danzig and the Polish Corridor. They were convinced that the Nazis were bent on the destruction of the European order by means of force. Moreover, three times within the past year there had been terrible wars of nerves, all of which had followed a similar pattern. The peoples of Britain and France had lived all summer in the fear of sudden night

bombings, and had heard the weekly testings of the air-raid sirens. Hitler apparently believed that these recurring crises would utterly destroy the will to resist among the pacifically inclined democratic peoples. Premier Daladier said shortly before the outbreak of war that men lacked the heart and will to build homes and rear children when they might be destroyed by enemy bombs at any moment. This uncertainty taxed nerves to the breaking point, and made war, which would at least let men know where they stood, appear less terrible. In the opinion of a majority of the people of the Western world, immediate responsibility for the coming of war rested heavily upon the shoulders of the Nazi leaders. A few days after the outbreak of war Professor Sidney B. Fay wrote: "Never did the ruler of a great state with such mendacity and reckless duplicity plunge it and all Europe into a catastrophe of unforeseeable dimensions, as did Adolf Hitler on September 1."

The war which now engulfed a great part of Europe, and which was soon to find additional victims, was waged from the first on the ideological as well as on the military front. For years the Nazi leaders had emphasized the fact that National Socialism embodied a set of values and a way of life that stood opposed to Western liberal democracy. Over against the ideals of individual liberty and parliamentary government, the Nazis set authoritarianism, the total absorption of the individual in the state, and racial nationalism with its glorification of conflict and force. On the fourth anniversary of his advent to power Hitler announced to the world that the whole system of liberal democracy would have to yield to "the conception of a nation bound by breeding to a common soil." On December 10, 1940, he asserted: "Two worlds are in conflict, two philosophies of life.... One of these worlds must break asunder." At about the same time Robert Ley, leader of the German Labor Front, declared on the soil of conquered Poland: "The German race, that is our faith. It has higher right than all others.... We have a divine right to rule, and we shall assure ourselves of that right."

Whatever one may think of Nazi ideology, it must be remembered that it was profoundly real in the sense that it was moving millions of men to action. And now that it had as its tool the mightiest array of tanks and bombers in the world and at its service the technological skill of Germany, there could be no doubt that it menaced the existence of many peoples.

The Partition of Poland

As the German war machine moved across Poland in the early days of September, the world witnessed destruction more swift and total than it had ever seen before. As separate armies thrust deeply into Poland's flanks, the powerful air force struck paralyzing blows at her cities and centers of communication. Within a few days the Germans had control of nearly all the western provinces, including the great industrial areas. Then, as Soviet troops poured in from the east, Polish resistance completely collapsed. German and Soviet diplomats and generals marked out temporary boundaries, and Poland was partitioned for the fourth time in less than two centuries. London and Paris, fearing German and Soviet military collaboration, and hoping that the U.S.S.R. was maneuvering for the strongest possible position against Germany in the months ahead, quickly accepted the new Soviet frontier. They could, of course, point to the fact that the new boundary corresponded closely to the Curzon Line agreed upon by the Allied powers at the Paris Peace Conference in 1919.

The Western Front

While the Nazi *Blitzkrieg* in Poland was running its course, the western battlefront remained strangely calm. Here the situation continued to resemble an intensified war of nerves. Cities were "blacked out," but bombs did not fall. However, Germany was engaged elsewhere, and Britain and France had no serious intention of undertaking an invasion of German territory. They were aware of their inferiority in mechanized equipment, and they needed time to build tanks and bombers. Air activity was limited largely to reconnoitering and occasional attacks on naval bases. On the sea, however, there was vigorous action. Germany's maritime trade was quickly paralyzed, but from the first her submarines and mines took a heavy toll of Allied and neutral shipping.

On the psychological and diplomatic fronts there was no lack of activity. In an effort to drive a wedge between Hitler and the masses of the German people, Allied aviators dropped millions of leaflets over the Reich. Nazi agents in neutral as well as belligerent states worked feverishly to destroy the fighting spirit of the people as a preliminary

to actual attack. In no previous war had there been so much emphasis on moral warfare, and never before, thanks to the development of radio, had the resources for waging this type of warfare been so enormous. Despite the fact that the Nazi government put a ban on all foreign broadcasts, and that the Allied governments urged their citizens not to tune in German stations, people in all belligerent countries listened to foreign stations. The atrocity story, which played such an important part in the propaganda effort of the first great war of the century, has found little place in the present war. The Germans accused the Poles of nearly every conceivable type of atrocity in the summer of 1939, but once they were on Polish soil they had little chance to continue this. The Allies knew that a great part of the atrocity propaganda of the First World War had been false; then, too, there was no evidence that the Nazis were treating the conquered peoples any more harshly than they had treated the Jews and the political and religious dissenters of German blood in their own country for years.

On October 6, after a swift trip to devastated Warsaw, Hitler, in a speech before the Reichstag, praised the Polish campaign, declared that the "Poland of the Versailles Treaty could never arise again," and told Britain and France that, unless they accepted the Polish settlement, they too would be crushed. If this was intended as a peace offer, it was a complete failure. Even the most ardent appeasers in Britain and France saw nothing to grasp. London and Paris asked for positive and definite assurances that Europe would be freed from the menace of aggression. On October 12 Chamberlain said to the House of Commons: "Either the German Government must give convincing proof of the sincerity of their desire for peace by definite acts and by the provision of effective guarantees of their intention to fulfill their undertakings, or we must persevere in our duty to the end. It is for Germany to make her choice." The Italian press urged the Allies to accept peace on German terms; Pope Pius urged the restoration of Poland.

In the meantime there was profound uneasiness in Holland and Belgium as Germany began massing on their borders the forces that had crushed Poland. For many months these little countries had put their faith in a policy of strict neutrality. In 1937, after Belgium had abandoned her military alliance with France, the Nazis announced their intention "at all times to respect Belgian neutrality." Now in November,

1939, with forty German divisions facing the Low Countries, that promise offered no comfort. The Dutch and Belgians mobilized as swiftly as they could, and secretly appealed to the Allies for aid.

Even after this scare, King Leopold of the Belgians refused to work out a military plan in collaboration with the French and British, and Holland avoided all signs of co-operation with Belgium. By mobilizing, the Low Countries had enabled the Nazis to get a clear idea of the details of their plans of defense, and also some notion of what the Allies would do. This information aided the Germans in mapping their attack for the spring of 1940.

The Soviet-Finnish War

While the war in the west remained in a smoldering state, the Soviet Union moved with feverish activity. Not in a long time had she felt so safe from the danger of attack. After annexing part of Poland, she quickly brought the Baltic states of Estonia, Latvia, and Lithuania under her sway. Finland was marked as the next victim, and when, toward the end of November, it became clear that she would not submit without a struggle, the U.S.S.R. struck to eliminate the "Finnish menace" by force of arms. The League came to life sufficiently to denounce this latest aggression and to expel the Soviet Union, but Molotov declared that there was no basis for League action because the Helsinki government did not represent the Finnish people, and that the Soviet Union was not threatening the Finnish people with war. A wave of moral indignation swept over a great part of the world as Soviet bombers began to rain death on Helsinki, the capital of Finland. Still many believed that Hitler was in the final analysis responsible, and that the Soviet Union was only maneuvering for a stronger position against Germany in the years that lay ahead.

For more than two months the Soviet-Finnish clash and its possible repercussions occupied the center of attention. In the ice and bitter cold of northern and central Finland the Soviet forces were thrown back in disorder by the resourceful and courageous Finnish army. But Finnish skill and heroism could not counterbalance for long the Slav giant's vast superiority in man power and weapons. In January, 1940, heavy artillery, tanks, bombers, and picked Soviet divisions were moved along the Finnish front farther south, and at the end of the month the Mannerheim Line was cracking in places. Although Finnish resistance

did not collapse, it was soon clear that the little country was doomed to defeat unless effective aid was forthcoming. Norway and Sweden, in a desperate attempt to remain out of war, refused active military aid, and, in the face of German pressure, rejected the Allied request for permission to send troops across Scandinavia. But suddenly Stalin, after the Red Army had recovered its prestige and had won perhaps all the territory that was desired, offered terms of peace. On March 12, while the Allies were offering to send an expeditionary force if Finland requested it, a treaty was signed in which Moscow won certain territorial and strategic concessions, but which left the Finns in control of most of their country.

The Nazis announced the defeat of Finland as a major setback for the Allies, and indeed this view was widely held in Great Britain and France. It was in part responsible for the resignation of Daladier on March 20 and the formation of a new French cabinet under the premiership of Paul Reynaud, who had for a long time been a severe critic of the appeasement tactics of the Allied governments. But, had the Allies given Finland active military assistance, it might have involved them in open warfare with the U.S.S.R. and might have turned the Nazi-Soviet rapprochement into an alliance.

Neutral States in the Early Months of 1940

While the Soviet Union was gradually overpowering Finland, the position of most of the neutrals was becoming harder. By the end of February more than ninety Scandinavian vessels had been sunk with the loss of nearly a thousand lives. German mines, submarines, and bombers had accounted for nearly all of them. Though peace between Finland and the Soviet Union enabled the Swedes and Norwegians to breathe more easily for the moment, it increased the fear of war in the Balkans and the Near East. Italy clung to her status of nonbelligerency, but insisted that she would act in the event of an invasion of the Balkans from any direction. Turkey, who had a mutual-assistance pact with the Allies, tried to form a strong Balkan bloc which would serve to prevent Soviet and German penetration into that area. But the many existing rivalries among the states prevented the formation of a solid Balkan league.

The pressure on Rumania was becoming terrific as Germany strove to monopolize her oil and foodstuffs, and the Allies pressed hard to

prevent this. King Carol, whose sympathies were strongly with the Allies, mobilized his forces and pushed frontier fortifications, but did his best to appease the Nazis. He knew that the Nazis would not attack Rumania except as a last resort, for war might lead to the destruction of the oil wells and interfere with the production of foodstuffs. In February the Germans offered to guarantee Rumania's frontiers in exchange for a virtual monopoly of her trade plus the demobilization of her army and the inclusion of Nazi sympathizers in the cabinet. Rumania rejected this offer, which was an obvious attempt to gain political and economic control of the country without the risks of war.

The Nazi Conquest of Denmark and Norway

In March, 1940, the Allies discovered that their blockade was full of leaks, and they began casting about for ways and means of tightening it. Plans were made to buy more heavily from the neutral states bordering on Germany and to ration imports that had been reaching the enemy. But one leak called for immediate and special attention. Ever since the beginning of the war, German vessels had taken on Swedish iron at Narvik and moved safely along Norway's territorial waters until they reached the shelter of their own minefields. The Allies had tried in vain to get Norway to force these German ships to travel outside her territorial waters. On April 8 the British announced the laying of mines at specified points along this Norwegian corridor. Next morning the Nazis struck a lightning blow to the north that conquered Denmark and most of Norway's key ports within a few hours. Ribbentrop at once informed these little states that Germany struck just in time to save them from Britain and France, and warned them that if they resisted they would be crushed.

This Nazi blow was not sudden and unpremeditated; on the contrary, it was carefully planned and executed. It is obvious that the German destroyers that sank Norwegian gunboats and occupied the faraway port of Narvik, on the morning of April 9, had left Germany fully equipped for the purpose several days before. Indeed, the fact seems to be that the Allies, Norwegians, and Danes were all taken by surprise. But the element of surprise was probably no more important in the conquest of Norway than was the presence of a powerful "fifth column," which created considerable confusion and disorder within the country. When the Allied expeditionary force arrived, the Nazis had

a stranglehold on southern Norway and were entrenched at key positions along the whole western coast.

The conquest of Norway and Denmark strengthened Germany in many ways. It ensured her control of Swedish ore, gave her air and submarine bases near some of Britain's most vital sea lanes, placed within her grasp new stocks of raw materials and foodstuffs, and strengthened the Axis by impressing the wavering Italians. Moreover, the campaign itself served to draw Britain's North Atlantic fleet within easy range of Nazi bombers, and also diverted Allied attention and effort on the eve of the great blow in the west.

The Conquest of Holland, Belgium, Luxembourg, and France

Near dawn on May 10, before the Allies had recovered from the impact of the disastrous Norwegian campaign, the Nazi juggernaut of war smashed with full might into Holland, Belgium, and Luxembourg. The thing that these little countries, whose deepest desire was to live in peace and let others do likewise, had dreaded for months was now a terrible reality. Their policy of rigid neutrality not only had failed to keep them out of war, but had left them, as well as France, in an exposed position. It was clear to everyone that a crucial moment had come as Hitler announced to his legions: "The battle beginning today decides the fate of the German nation for the next thousand years." Neville Chamberlain instantly resigned as Britain's premier, and Winston Churchill, who had for years foretold these terrible things to his countrymen but had been called a warmonger by those who could not see, stood at Britain's helm in one of the darkest moments of her long history. He told his people that hard and tragic days lay ahead, and that he had nothing to offer them but "blood, toil, tears, and sweat."

Just as Göring's air armadas without warning began to loose their bombs over the cities of Holland and Belgium (some of which were open cities), Ribbentrop called in the Dutch and Belgian ministers in Berlin and put Germany's case before them. He asserted that the Reich had struck just in time to avert Allied occupation, and that full responsibility for all bloodshed and devastation that was to come rested squarely upon Great Britain, France, Holland, and Belgium. By noon, parachutists and "fifth columnists" were sowing disorder and terror in

the heart of Holland far beyond the battlelines. Frequently clad in the green uniforms of Dutch soldiers, they soon had in their hands the important bridgeheads of the south, leading into the interior of the water-ringed fortress. While the Nazi troops pressed in over the bridges, Nazi airplanes poured death and destruction on the defenseless Dutch cities. At the end of the fourth day of war the situation was hopeless, and the Dutch estimated their dead at 200,000, about half of whom were civilians.

While Holland was collapsing under the impact of this lightning war, German dive bombers, tanks, and motorized infantry were cutting through Belgium's fortified areas. King Leopold was now aware of the tragic blunder that he had made in relying on Hitler's promises instead of on active military collaboration with France. When the main body of the Allied forces arrived, the Nazis were ready to strike from Holland. The Belgians, French, and British fought bravely, but the Germans, with their vast superiority in mechanized equipment, forced them westward along roads often jammed with panic-stricken refugees. At the same time a powerful Nazi thrust to the south broke through at the juncture of the French and Belgian lines, and drove west to the Channel ports. On May 28, in the face of a desperate situation, King Leopold surrendered his army.

Hitler now announced that total annihilation awaited the Allied soldiers in Belgium. But as they retreated toward Dunkirk, fighting heroically, there was feverish activity across the Channel. The fishermen, farmers, and mechanics of the villages and hamlets of the Dover coast had sensed the terrible gravity of the hour. In small seacraft of every description they were heading toward Dunkirk to assist the Royal Navy in saving the soldiers of Britain. As exhausted soldiers, sometimes dragging wounded companions, waded out into the shallow waters, they were pulled aboard these tiny craft by the men and boys from the English coast. All the while bombs and bullets rained down from the German airplanes above, and fishermen, officers, and soldiers died together. But the work went on until more than 200,000 soldiers were back in Britain.

Mussolini was beating the war drum louder and louder as General Weygand, who had succeeded Gamelin as commander of the Allied armies, gathered the French forces and dug in for a final desperate effort to stem the German drive toward Paris. It was now clear that nothing short of a miracle could save France. The French armies,

despite brilliant minor successes here and there, were soon in retreat everywhere between the Maginot Line and the Channel ports. On June 10, with the Germans at the very gates of Paris and the French government in Tours, Italy declared war on the Allies. The French declared Paris an open city, and on June 14 the Nazi war lords entered that citadel of Western culture.

With the German armies sweeping on and the Italians striking from the southeast, there could be no doubt that France was doomed. Would she carry on the fight as best she could from the colonies, or would she surrender? On June 17 the British Foreign Office, in a final desperate effort to bolster French morale sufficiently to keep her in the war, made the bold offer of a complete union of Britain and France and their empires. But on that very morning Marshal Pétain, hero of Verdun, who had just succeeded Paul Reynaud as premier, called for an "honorable peace."

Already people inside and outside France were debating the reasons for France's fall. The blame was variously placed on Blum's Popular Front, the blunders of the generals, the decay of the middle class, the false sense of security inspired by the Maginot Line, defeatism, and treachery. While there is truth in most, if not all, of these charges, the central fact remains clear and obvious. In the spring of 1940 France lacked the man power and equipment to withstand the co-ordinated thrust of the German bombers, tanks, and mechanized infantry. Had her people become fully aware in the middle of the thirties of the magnitude of the danger which Hitlerism presented, they might have saved themselves.

On June 21 Hitler informed Pétain that he would receive the French envoys in the railroad car at Compiègne where Germany signed the armistice of November 11, 1918. On June 22 the French negotiators accepted the German demands and two days later signed with Italy. By these two armistices considerably more than half of France passed directly under the control of the two conquerors. All French land and air weapons were surrendered, and the French fleet, except for a few vessels required to protect colonial interests, was to be demobilized under German and Italian supervision. All munitions plants and shipyards in the occupied areas (and nearly all are in the occupied areas) were to be turned over to the Germans. France was to supply all the provisions for her prisoners of war and to pay the cost of German

armed occupation. By 1941 it was estimated that this cost alone to France was about 12,000,000,000 francs a month.

Britain Stands Alone

With the fall of France, Britain stood alone in the face of German and Italian military might. It appears that the Axis plan was to bomb England until her transport and communication facilities were badly damaged and the morale of her people undermined; then utterly to crush her by means of invasion. As the summer wore along, the Nazi onslaught grew fiercer, and soon self-propelled barges were being assembled at key points along the continental coast from Norway to Spain. In these terrible days Britain prepared with all her might to meet the impending blow. The men saved at Dunkirk formed the nucleus of her army, but tens of thousands of Dutch, Polish, Czech, French, Belgian, and Norwegian refugees were being trained to fight alongside her own men. Winston Churchill, grim and determined, dominated the British effort, and seemed to hold the very strands of Britain's life in his hands. Not only did he help to keep the morale of the island kingdom high, but his voice, as it rose out from the smoke and devastation of historic London, gave fresh hope and courage to free men and women everywhere.

Meanwhile, Axis submarines and bombers continued to take a heavy toll of British shipping, but the mastery of the seas remained hers. On September 3 President Roosevelt announced that fifty overage destroyers had been traded to Britain for air and naval bases on the British possessions in the western hemisphere. On September 4 Hitler proclaimed total war on Britain: "England will be smashed, and the conflict can have no other conclusion," he said. The indiscriminate day and night bombing unleashed on England, and especially on London, by Göring's air armada rocked the country, but the morale of her people remained excellent. The Royal Air Force fought with great courage and skill, and not only took a heavy toll of German airplanes but wrought serious damage in the industrial Ruhr and battered troop and barge concentrations along the Channel ports. By the end of September it was fairly certain that Hitler had abandoned all plans for the immediate invasion of the island. Britain's position was now a little less desperate.

The Caesars Move on New Fronts

As the prospects for an immediate decision over Britain grew dimmer, the Axis leaders initiated a series of conversations designed to map new plans of attack. These talks, climaxed by the meeting of Hitler and Mussolini at the Brenner Pass on October 4, were followed by a new diplomatic offensive designed to widen the Axis front, a vigorous push into the Balkans and the eastern Mediterranean, and an intensification of the war on British shipping.

The new world-wide diplomatic efforts had as their primary aim the complete isolation of Great Britain. As Hitler talked with the chiefs of the Spanish and French governments, there were rumors of startling new moves. But the diplomatic masterpiece of these weeks was the Rome-Berlin-Tokyo Military Accord, announced on September 27. By the terms of this alliance the three powers agreed to fight together if any one of them were attacked by a power not then "involved in the European war or the Chinese-Japanese conflict." It was intended primarily to bulwark morale in the Axis states, to frighten the United States into abandoning Britain to her fate, and to keep the Soviet Union quiet on the eve of new moves in the Balkans. Early in October the Japanese foreign minister issued a stern warning to the United States, but, after the Department of State advised Americans in Japan and China to come home and Britain announced that the Burma road would be reopened as scheduled, the Japanese tone became more conciliatory.

Meanwhile Berlin initiated the Balkan venture, which had as its ultimate goal the domination of the Near East. The Nazi diplomatic strategy followed a pattern that had become familiar. The Balkan countries were kept divided, and pressure was applied on one state at a time. Moderate demands were followed by severe ones.

Rumania was the first victim. She was compelled to cede a large part of eastern Transylvania to Hungary, and the southern part of Dobruja to Bulgaria. Beneath the cover of the terrific internal strain that this imposed on Rumania, the Nazis forged in with their tanks and bombers, and by the middle of October they had a firm grip on the whole country.

Italy, whose resources were scarcely adequate for anything except a short and successful war, moved on a new front in the hope of hasten-

ing the final decision. In the early days of October the Italian press assumed a threatening attitude toward Greece and warned Turkey that she too had better make up her mind to work with the Axis. Italian forces in Albania were strengthened, and on October 28 an ultimatum was served on Greece demanding, among other things, the right to occupy certain key points for the duration of the war. Less than three hours after the ultimatum was delivered, the Italian forces struck at Greece from Albania. After penetrating a few miles into Greece, the Italian attack, which appeared halfhearted and poorly organized, bogged down. Greece took the offensive, and after a few weeks had the Italians backed up against the Adriatic Sea.

Italy's attack on Greece enabled Great Britain to strengthen enormously her grip on the eastern Mediterranean, and in December the British forces in Egypt under General Wavell hurled themselves against General Graziani's Black Shirt troops at Sidi Barrani. In the course of a few days the Italian forces were driven from Egypt across the Libyan desert. Soon the Italian empire in Africa was on the brink of ruin, and Mussolini's situation was critical. It appeared that Hitler would have either to give effective assistance to his Axis partner or virtually to occupy the Italian peninsula.

In the early weeks of 1941 Hitler worked hard to keep the British confused and guessing as to where the next real blow would fall. He was in a position to strike through Turkey toward Suez, through Bulgaria and Yugoslavia at Greece, through France and Spain at Gibraltar, or directly at the British Isles. On February 9 Churchill announced that German soldiers and technicians were infiltrating into Bulgaria. He issued a stern warning to Sofia, but there was a large German army in Rumania, and Bulgaria submitted to Axis pressure.

The Nazis then turned on Yugoslavia, demanding that she demobilize her army and permit the passage of German troops down the Vardar valley leading to Greece. But, as the Yugoslav government made ready to accept the German demands, anti-Nazi demonstrations broke out in many parts of the country. Apparently the great majority of the people demanded the opportunity to fight, even though the odds were overwhelmingly against them. The army seized the reigns of power and refused to surrender the country to Hitler. Soon the German air force was striking devastating blows at Belgrade and other Yugoslav towns, and the German army was cutting through the mountain passes.

The British rushed an expeditionary force to Greece, but Hitler's legions swept on to the sea, and after a brief pause conquered the island of Crete. Turkey, whose position was now precarious, signed a non-aggression treaty with Germany and awaited further developments.

War Engulfs the U.S.S.R. and the United States

Meanwhile uneasiness was growing apace in the Soviet Union. Already the Kremlin had mildly scolded Bulgaria for surrendering to the Axis, and had signed a friendship pact with Yugoslavia on the eve of the German attack. Soon the Nazis, while massing troops along the vast Soviet border, made severe demands on the U.S.S.R. The Kremlin refused to surrender to Nazi diplomacy, and on June 22, 1941, Hitler gave his legions the signal to march. The apostles of the two most important of the recent revolutionary ideologies were now locked in a life-and-death struggle. Stalin, who had repeatedly labeled the war in the west a clash of imperialisms, now declared to his people: "Our war for the freedom of our country will merge with the struggle of the peoples of Europe and America for independence and democratic liberties."

Winston Churchill told the world that his dislike of communism was as strong as ever, but that Britain would do all within her power to help the peasants and workers of the Soviet Union to guard their homes, fields, and factories against the mad plunderers of Nazi Germany. President Roosevelt announced that the United States would send materials of war to the Soviet Union.

As the autumn wore on and turned to winter, the western plains of the U.S.S.R., from arctic waters to the Black Sea, were drenched with the blood of millions of men engaged in one of the fiercest struggles of history. Not only the mastery of Eurasia was at stake but perhaps the outcome of the war in the west as well. At the end of 1941 the Nazis, after having pushed to the very gates of Moscow, were falling back along the whole front. If they failed to conquer the U.S.S.R., their ultimate defeat was nearly certain.

Meanwhile the Axis powers declared war on the United States, and the conflict became truly world-wide. As 1942 dawned, the perspectives were vast and unpredictable. In the Pacific Japan was striving to hold the initiative, but across the Russian front and the wastelands of Libya the Axis forces were in retreat.

The Conquered Lands

The Nazis have established as rigid a control as possible over the minds as well as the bodies of the subjugated peoples. Everywhere the Gestapo has followed in the footsteps of the soldiers, and has done its work about as thoroughly and systematically. Its activities have ranged from mass murder to the banning of books and the torturing of Netherlanders for cheering captured British pilots. At the same time, by means of various devices and techniques, looting has been systematized.* Vast stores of materials of every description, the fruits of the toil and sweat of peasants and laborers from all parts of Europe, have been seized by the conqueror. Public and private properties have been freely confiscated, fines of various kinds have been imposed, and the subjugated peoples have been made to bear the expenses of Nazi military and civilian occupation. The "Aryanization," or Germanization, of land and other forms of property is well under way. Moreover, plans have been made to concentrate as many of the vital industries as possible within the borders of the Greater Reich, and to reduce surrounding countries like France and Poland to agricultural communities with a minimum of industrial or war potential. In the spring of 1941 Dr. Robert Ley declared that within two or three years Germany would have 300,000,000 Europeans "working at full speed—working for Germany."

Meanwhile Nazi firing squads have shot down hostages from Warsaw to Paris and from Oslo to Athens. But Hitler has warned that a German peace will be "a peace, not guaranteed by the palm branches of whimpering pacifists and the profuseness of their tears, but founded on the victorious sword of a master race, taking the world into the service of a higher culture." Throughout the conquered lands the Nazis have kindled in the hearts of millions upon millions of people a hatred that may, if the opportunity comes, explode in terrible revenge.

A Final Estimate

It is too much to hope for a quick and easy solution of the crisis of our time. The whole world is directly or indirectly engaged, and, as

* Perhaps the most important device designed to conceal looting was the issuance of a special currency for use in the occupied lands. But this paper money cannot be exported and is not redeemable in German currency.

we have already seen, the issues are deep-seated and involve not only problems of territory and trade but radically different philosophies of life and systems of social organization. Those who are marching under the banner of National Socialism hold that they constitute the vanguard of a new revolutionary movement that has grown out of the deep social tensions of our machine civilization, and that the forces of the future are with them. Those arrayed against them contend that National Socialism is basically a reactionary movement that derives its dynamism from the exploitation of the most primitive and irrational instincts in man; that it is a revolt against the discipline inherent in the Christian ethic and the humanistic rationalism of the last two centuries, a nihilistic rage that strikes ruthlessly at many of the noblest achievements of the West. They see in democracy, with its ideal of continuous reform and its freedom to struggle for a better world, the hope of the future. In the minds of the great majority of the contestants the issues are deeply marked, and transcend the fluctuations of the battlefronts as well as national boundaries.

As this titanic struggle rages over wide battlefronts and ideological fronts wider still, the Axis powers continue to map the details of the "new order" which they are forging. Since the fall of Austria, nearly all the states of Europe have undergone changes in status or boundaries or both. It is clear that the "new order" is not rising spontaneously out of the hopes and aspirations of the peoples of Europe. The Czechs, the Poles, the Slovaks, the Danes, the Norwegians, the Dutch, the Belgians, the French, and the other conquered peoples do not want it, and are resorting to active resistance and sabotage whenever possible. There is evidence that the masses in Italy lack enthusiasm. At best, only a small fraction of the world's population wants the "new order." It is, indeed, difficult for most people in the democratic countries to understand how Nazidom's drive to press the rich and diverse cultures of Europe into its mold of race hate and political and religious intolerance can have anything except tragic consequences. History and anthropology show, contrary to Nazi dogmas, that different races and regions have at different times borne aloft the light of high culture.

It may be argued with some logic that there is an increasing need for political and economic integration over wider territorial areas, but such an integration will not be a step forward unless it takes the form of international co-operation. Were it possible by some stroke of magic to reduce the complex fabric of European life to purely economic and

technical terms, it might be advantageous to have this area organized and dominated by Germany. But this is idle speculation, for Europe is and will continue to be, Nazi tanks and bombers notwithstanding, far more than a problem of production.

It is clear that, if the Nazis succeed in establishing and maintaining the "new order," it will rest on force. As an economic unit it will be badly overweighted on the industrial side, and will require free access to, or control of, the markets and raw materials of much of the world. Would we then hear the cry of a "have-not" continent instead of "have-not" nations? Perhaps we have already heard it. Such Nazi leaders as Haushofer and Hitler have many times set forth goals that overreach the continent of Europe. For years Haushofer has written in terms of a world-wide redistribution of territory. Hitler has told the German people that they are "the highest species that Almighty God has given to this earth," that the nation that "devotes itself to the cultivation of its best racial elements must one day become the master of the globe," and that Germany cannot fulfill her mission unless "a bare century hence 250,000,000 Germans" live on the continent of Europe alone. These do not sound like the words of a man interested in securing territory merely to relieve population pressure. If overpopulation is the trouble, it is difficult to explain why the Nazis exploit every means at their disposal to increase the birth rate.

It seems reasonably certain that the conference table at Geneva, with all its limitations, offered more hope for some sort of satisfactory order in the world than Germany's "new order." The Nazi philosophy rejects completely the principle of equality among peoples, and, if there is no equality, international co-operation and solidarity cannot exist. Everywhere that the "new order" exists today it is maintained at the point of the sword, and there is little prospect that it can be maintained otherwise in the future. In most parts of the world men will fight for freedom as long as they have the power to struggle. History shows that it is extremely difficult to crush the soul of a people, that it will rise again and again if the opportunity comes, and that no order worthy of the name can be established and maintained where consent is lacking.

Suggested Readings

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Part II

THE UNITED STATES AND ITS PROBLEMS

Chapter XII

THE LAND, THE PEOPLE, THE TRADITION

The Physical Heritage

When the first English colonists landed at Jamestown in 1607, they fell heir to one of the richest lands in the world. Fate and geography had conspired to conceal from Europeans through the centuries a continent of vast and varied resources. What was destined to become the United States contained only a few hundred thousand natives, and few of them had risen above a hunting and fishing economy. Here barely three centuries ago was a new world with its rich resources untapped, its magnificent landscapes unmarred, its great open spaces beckoning to the crowded and oppressed peoples of Europe to establish here new homes and create here a richer, nobler civilization than the world had ever known. The millions of acres of fertile land offered the land-hungry peoples of the Old World farms for all. A great forest extended from the Atlantic for a thousand miles inland—timber enough, it seemed, to meet every domestic and commercial need for all time. Beyond the great river lay the prairie, where centuries of growing grass had built up rich black earth. Then came the plains, supporting immense herds of bison and pronghorns. Then finally came the Rocky Mountain region, with its vast stores of mineral wealth, and the Pacific coast, with even more magnificent forests. Soil, grass, timber, and minerals, in undreamed-of abundance—these have been the elements upon which has been built the economic structure of the modern United States.

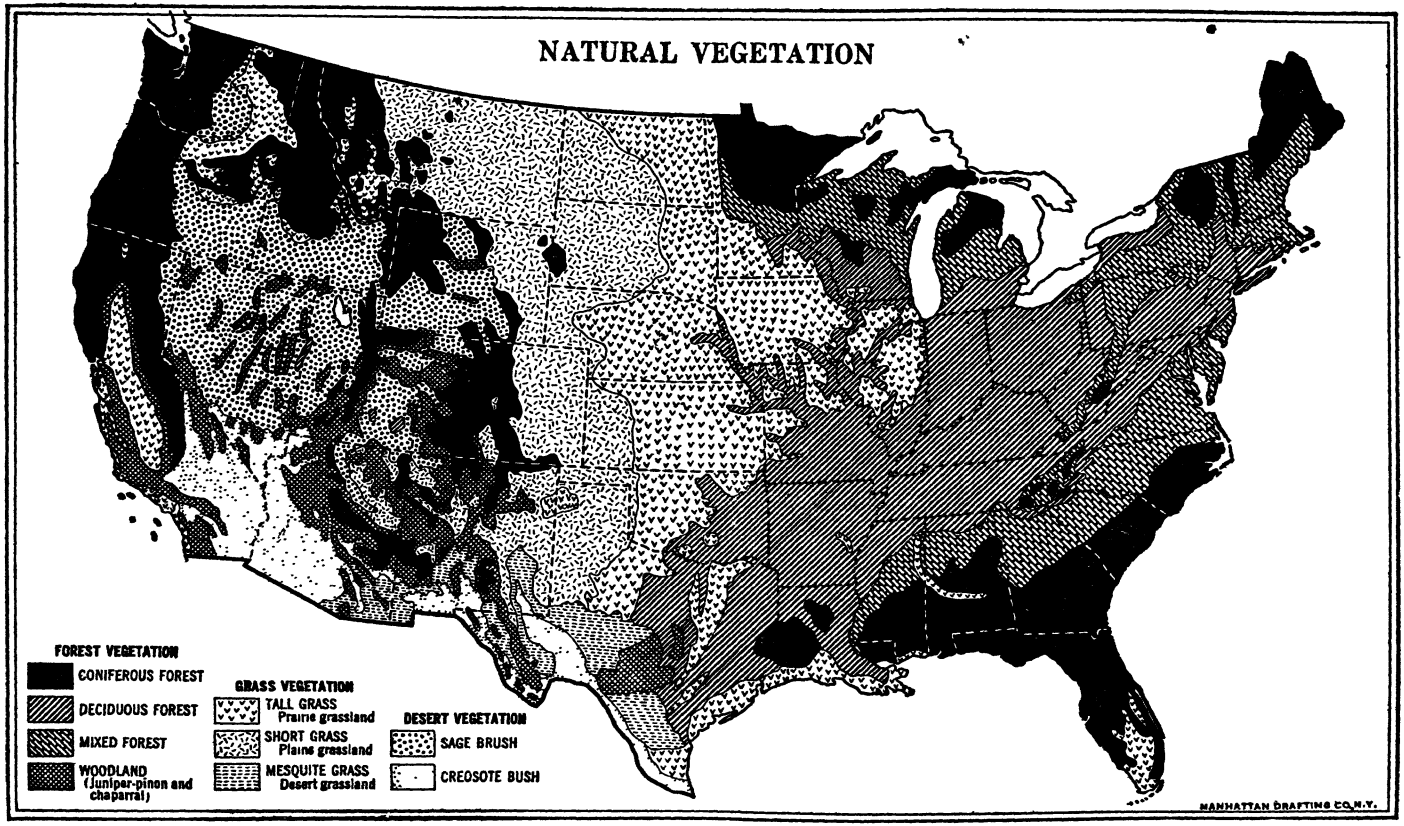
THE SOIL

A vast expanse of virgin soil, existing under a great variety of climatic conditions, was the richest gift of the New World and was the

most influential in shaping its history. "Of all the circumstances which have combined to make this a nation different from all others," says Henry A. Wallace, "rich soil, and plenty of it, free or nearly so to all comers, stands first. The colonial and after that the pioneer institutions which we now inherit are deeply rooted in the idea of a practically limitless and inexhaustible soil."

The countries of Europe in the seventeenth century were already crowded. Land was scarce, and usable soil was even scarcer. Economic pressure and class distinction reduced able and ambitious people to poverty and insecurity. A land where there was no crowding, no caste, no political or religious oppression, offered a kind of freedom for which they were hungry. The isolation, the hardships, the perils of the wilderness were hardly overlooked, but they were overbalanced by the appeal of land and freedom. Our national character, with its virtues and its vices, is in part the product of a moving frontier and beckoning lands beyond.

The settlement of the country was indiscriminate. It is not surprising, therefore, that many families settled on land which proved unsuited to cultivation. Often the settlement was induced by the presence of the timber, and the people were prosperous while the timber was being harvested. Had a different logging policy been adopted, these natural forest areas would have supported a stable economy indefinitely. Instead, giant mills were erected, boom towns sprang up, there was feverish activity for a few years while the timber was being cut, and then, with the forest wrecked and the mills dismantled, the people were left stranded. Of course, some followed the mills to other forest areas, but many remained to create farms from the cutover lands. They found, after years of back-breaking toil in removing the stumps, that much of the cutover land was almost worthless for agriculture. There are today more than a half million families occupying 86,000,000 acres in farms that soil analysts maintain are incapable of providing an adequate livelihood through crop cultivation. These areas of poor land, the sites of our rural slums, have been pretty well delineated in recent years. They include rock-studded slopes in New England, hill farms in New York, Ohio, and southern Indiana, the sand hills of the Carolinas, lands gullied by erosion from Virginia and Tennessee to the Gulf, mountain farms in the Appalachians and the Ozarks, the cutover areas of the lake states, and the dust-blown lands of the


NATURAL VEGETATION
FOREST VEGETATION
CONIFEROUS FOREST
DECIDUOUS FOREST
MIXED FOREST
WOODLAND (Juniper-pinon and chaparral)
GRASS VEGETATION
TALL GRASS Prairie grassland
SHORT GRASS Plains grassland
MESQUITE GRASS Desert grassland
DESERT VEGETATION
SAGE BRUSH
CREOSOTE BUSH
MANHATTAN DRAFTING CO. N.Y.

great plains. Not all, but many, of the farm families in these areas face a hopeless prospect until resettled.

Thus, after only three hundred years, the wilderness has been subdued, the continent settled, and a great agricultural and industrial economy established. But in the process millions of acres of land have been wrecked, and tens of thousands of farm families are stranded on land no longer capable of supporting them. The basic element of the nation's inheritance has been seriously depleted. The exploitation of a great natural resource has been exhilarating and highly profitable; the long, slow process of restoration and resettlement will be painful and costly.

THE FORESTS

When white men first began to settle the territory which is now embraced in the United States, almost half of the area, or just short of a billion acres, was in forest, 38 per cent was in strong grasses, 11 per cent in the shrubs and vegetation of arid plains, and only 2.5 per cent in outright desert.

From the Atlantic to well beyond the Mississippi River, and covering all the South, stretched an almost unbroken primeval forest. On the other side of the continent the forests were even more impressive. The three great mountain ranges of the West rose from a billowy sea of evergreens. On the moist western slopes of every ridge the lofty conifers climbed in serried ranks to the timber line. The giant sequoias, only a few of which now remain, were not only the patriarchs of the forest but the oldest living things in the world, and perhaps the most majestic. Less ancient, but almost as majestic, were the towering spruces, firs, and redwoods, from eight to fifteen feet in diameter and two hundred, even three hundred, feet high.

The forests of the New World had a direct influence in stimulating American colonization. Early in the days of exploration England had been lured by the forest wealth across the Atlantic. Her position in the world even then depended upon her navy. For ship timbers and for pitch and tar she was dependent upon the Baltic countries, which might cut off the supply at any time. If enough American forests came into the possession of England, that problem would be solved. Moreover, her industries were in need of forest products—charcoal; staves, hoops, and headings for barrels; raw materials for furniture, carriages, and other manufactures. These were strong factors in persuad-

ing England to colonize the New World. In turn, it was the presence of vast supplies of timber that encouraged shipbuilding, and then other manufacturing, in New England. As colonization spread along the eastern coast and began to move westward along the streams and trails used by the fur traders, the exploitation of the forests constantly gained momentum. The great lumber industry of today truly had its birth in the homes and villages of those first pioneers.

Commerce, too, owed its marvelous development in large part to the forest wealth. Wooden ships carrying American timbers to the tropics brought back cargoes of molasses upon which was built New England's distillery industry. The making of furniture, vehicles, plows, and a great variety of other wood products; the extraction of tannin from oak and hemlock bark; the abundance of fuel wood for the making of brick, iron, glass, and pottery; the establishment of the water-power sawmill—these and a host of other uses of the forest all increased the diversity and volume of American manufacturing and furthered the extension of American commerce. Thus did the virgin forest of colonial days bring into being, either directly or indirectly, most of the industries that in later years were to make the United States the greatest industrial nation of the world.

THE RANGE

It was a long time before the colonists on the Atlantic seaboard knew that half of the continent was treeless. When the "forty-niners," on their way overland to the Pacific coast, came upon a seemingly endless stretch of rolling grassland, parched deserts, and rugged mountains, inhabited only by Indians and roving herds of elk and bison, a barrier to their progress, they named it the Great American Desert. They could not foresee that this trackless expanse of desert, plain, and mountain country was soon to become the great western range on which millions of sheep and cattle grazed.

The virgin range included most of the land within the western two thirds of the United States, and embraced nearly 850,000,000 acres. Naturally the wide variations in topography, soil, and climate within such an extensive area caused wide differences in the type and quality of plant growth. In some places the range was a natural grassland that stretched for mile upon mile without a bush or a tree to break the monotony of the landscape. Other areas, less extensive, were brushy, the intermingled grasses being inconspicuous though present in con-

siderable quantities. Elsewhere the range was in open forests, with certain shrubs, grasses, and herbaceous plants growing beneath the forest canopy.

Each of these three main classes of vegetation—grasslands, brush, and forests—included several distinctive types. The tall-grass prairies, which were later plowed for corn and wheat, extended wedgelike from Illinois northwesterly into Canada and southwesterly into Texas. Their western boundary, though very irregular, crossed the Dakotas, Nebraska, Kansas, and Oklahoma a hundred miles or more from their eastern borders. No part of the western range produced palatable and nutritious forage in such abundance. As the pioneer moved westward, the tall-grass prairies gradually gave way to an endless carpet of sod-forming grasses much shorter than those of the prairies. These vast short-grass plains were for the most part fairly level and extended from the Panhandle of Texas northward beyond the Canadian border. Their eastern edge was near the center of the present states of Kansas, Nebraska, and the Dakotas; westward they stretched to the very foothills of the Rocky Mountains, forming a belt from three hundred to six hundred miles wide and 280,000,000 acres in extent. The plains country received very much less rain than the prairies and, as a consequence, was dominated by grama and buffalo grass, which needed relatively little water. The high grazing capacity of the short-grass range as a whole is indicated by the enormous herds of bison which roamed these plains.

In western Montana, southwestern Idaho, eastern Washington and Oregon, and central California the pioneer found a luxuriant grassland that resembled the prairies but with the additional characteristic of many grasses growing in tufts or bunches.

South of the short-grass plains and paralleling the Mexican border occurred a discontinuous belt of arid grassland which resembled the plains to some extent, but in addition to the grasses supported a scraggly growth of thorny shrubs and low trees. Though this range was inferior to the short-grass plains, the immense numbers of pack and draft animals and cattle that year after year followed the old Texas-California trail through the area were able to maintain themselves on the natural forage during months of travel. The diaries of the early explorers in the area seldom or never mentioned any difficulty in finding forage for their animals.

Other types of range, which we cannot describe for want of space, were the sagebrush grass, the southern desert shrub, the salt-desert shrub, the piñon juniper, the woodland chaparral, and the open forests.

This broad expanse of grassland was one of nature's richest gifts to America. It was a great spiritual, as well as physical, resource. These great open spaces offered a growing country room to expand, its dissatisfied industrial workers an alternative way of life, its poets and writers a field of inspiration. We shall see in a subsequent chapter what has been done, in a hundred years, to this great resource.

MINERALS

The New World is richly endowed with minerals. Of these, coal is the most important, the deposits of the United States exceeding those of any other country, both in quantity and in quality. Next in importance is iron. These two are of much greater importance than all the other mineral products combined, and their value is enhanced if they are found close together. It has often been said that the nations that have the coal and iron will rule the world, and there appears to be much truth in the statement.

This country has been favored, too, by the presence in abundance of those two other important mineral fuels—oil and gas. Petroleum is an American discovery, the first well having been put into operation in Pennsylvania in 1859. By the end of the century, production amounted to a billion barrels, hundreds of pools having been discovered and tapped. Even so, large-scale production and consumption did not get under way until the growing use of automobiles propelled by gasoline created a widespread demand. It was the presence in abundance of this highly satisfactory motor fuel which made the American people a nation on wheels. Oil production has in recent years approximated a billion barrels a year, or two thirds of the world's output. Wasteful in methods of extraction and profligate in use, we race toward the day of exhaustion. The discovery of new pools and of means of more complete recovery pushes that unhappy day further into the future; but it must come, and it is not far distant.

In natural gas, nature has provided an ideal fuel, and the United States possesses greater fields than any other country. Beginning in 1882, production has been generally upward though there have been periods of retarded growth. Despite the fact that gas is the most per-

fect fuel known and that it is definitely limited in quantity, no other natural resource has been so carelessly used and so recklessly wasted by the American people.

Of the metallic minerals, iron is by far the most important. The industrial achievements of the United States can be largely attributed to the abundance of this basic metal. Iron ore is reported to have been discovered in North Carolina in 1585 by the expedition sent to America by Sir Walter Raleigh, and in 1608 iron ore was exported by the Virginia Company to be smelted in England. The first successful iron-reduction enterprise in the colonies was at Lynn, Massachusetts, in 1645. The iron ore on the Atlantic seaboard was of inferior quality; the rich deposits are far inland, the one surpassing all others being in the Lake Superior region. Since 1854 more than 1,500,000,000 tons of ore have been taken from this field. Though the ore produced recently is not as rich in iron as that first mined, it is still among the best in the world. The only other really important ore-producing section of the United States is in the Southeast, particularly in Alabama. It is the ore from these two fields that has made this country the chief producer of iron and steel in the world. The normal annual production in the United States is 40,000,000 tons, out of a total of 100,000,000 tons produced in the whole world.

Copper is another valuable mineral resource. The production of copper in the United States was not important until 1845, when operations were started on the rich deposits in northern Michigan. Once started, the industry grew rapidly, until now for many years it has contributed between 50 and 60 per cent of the world's production.

Although the Spaniards combed the Southwest in search of gold in the sixteenth and seventeenth centuries, none was found in that part of the country until that eventful day in 1848 when a workman discovered gold in a millrace at Sutter's Mill in California, and set in motion forces that were to change the course of American history. However, as early as 1800 small amounts of gold were found in Virginia and the Carolinas, and panning was done in a number of small streams. The first lode mine was opened in North Carolina in 1825. Total production in the United States before the discovery in California, however, did not exceed 50,000 ounces. After 1850 production jumped to about 3,000,000 ounces a year and in one year, 1915, reached almost 5,000,000 ounces. Gold has been highly prized through the ages for ornamentation and as a medium of exchange. In recent years unstable conditions

abroad have caused three fourths of the world's supply to seek refuge in the United States. Unless means can be found to effect its redistribution, it may never again be useful for monetary purposes.

Up to 1861 silver production in the United States was almost entirely confined to the few thousand ounces recovered from the gold ore mined. In 1859 the discovery of the famous Comstock Lode paved the way for a rapid expansion in silver production, and within a few years the United States had become the leading silver producer of the world. It held this position until 1895, since which time the lead has shifted back and forth between this country and Mexico.

The United States has valuable deposits of many other minerals, all of which have contributed to diversity of industry and a high degree of economic independence. In the years 1925–1929, a period of relatively high world consumption, the United States was the world's largest producer, not only of coal, iron ore, copper, and petroleum, but also of aluminum, lead, zinc, mica, sulphur, and phosphates. Of essential minerals, it lacks only tin, nickel, and chromite.

This rich heritage of mineral resources, combined with the vast areas of plain and forest, provided the physical basis for the development of a nicely balanced economy—partly agricultural and partly industrial. It needed only an ingenious people to achieve that balance, and such a people was the natural offspring of the blending of many cultures. Brewed over the fire of individual freedom in the clean crucible of a fresh continent, the inevitable distillation from the admixture was a genius and a culture which we call "American."

Who Are the People?

The radio-listening public was stirred early in 1940 by a broadcast of the *Ballad for Americans* by John Latouche and Earl Robinson. In this a woman was heard asking: "Are you an American?" The rich voice of Paul Robeson answered: "Am I an American? I'm just an Irish, Negro, Jewish, Italian; French and English, Spanish, Russian; Chinese, Polish, Scotch, Hungarian, Litvack, Swedish, Finnish, Canadian; Greek and Turk and Czech and Double-check American," whereupon the chorus whistled.

These varied peoples and many more are to be found within the borders of the United States. From the census of 1930 the ethnic situation can be outlined as follows:

White	
Of native parentage	70,136,614
Of foreign parentage	16,999,221
Of mixed parentage (one parent foreign-born)	8,361,965
Foreign-born	13,366,407
Colored: Negroes, Indians, Orientals, and others	13,910,839
Total of all peoples	122,775,046

Of the colored persons some 11,891,000 were counted as Negroes, 1,423,000 as Mexicans, 332,000 as Indians, 139,000 as Japanese, 75,000 as Chinese, 45,000 as Filipinos, and some 6,000 as other colored people.

The average community in this country is made up of people of sundry nationalities. The cities particularly are heterogeneous in composition. A complexity of foreign types is found in the big and little cities, and now even in the rural areas. The metropolis has its ghetto, Latin quarter, Chinatown, Negro section, and many others. The smaller cities (such as Burlington, Vermont; Muncie, Indiana; Phillipsburg, Montana) likewise have their segregations and cleavages of varied peoples.* Into the rural areas many of these foreigners or native-born of foreign parentage eventually find their way, some sooner than others: Scandinavians to the Middle States; Orientals to the Mississippi delta; and Jews in unexpected numbers going into farming. Except for the isolated and mountainous areas, two thirds of our counties are of mixed stock, especially along the Atlantic and Pacific seaboards.

Did these peoples come empty-handed? In outline sketch the picture would be somewhat as follows: The English, Spanish, and French laid foundations for a government with new philosophies and practices in law, civil liberties, education, and architecture. Others, like the Scotch-Irish, Welsh, Germans, and Scandinavians, helped to open and settle new territorial frontiers. Negroes and Orientals, Irish and Italians, Slavs and Jews participated in the heavy labor of plantation and railroad building, of mine and factory, of shop and store. From every one of these ethnic groups have come leaders in all fields of endeavor: science and art, religion and philanthropy, scholarship and business. Approximately one in ten of those listed in *Who's Who in America* in recent years is foreign-born or of mixed parentage. What these many

* Cf. Elin L. Anderson, *We Americans* (Cambridge, Harvard University Press, 1937); Robert S. Lynd and Helen M. Lynd, *Middletown* (New York, Harcourt, 1929); Albert Blumenthal, *Small Town Stuff* (Chicago, University of Chicago Press, 1932).

different stocks have contributed to America's development is impossible to estimate. Without them we should never have had the agricultural and industrial development, the new ideas and constructive growth, which have been ours for the past century.

A close look reveals not only the high-peaked individual greatness of such receivers and givers as the Serbian Michael Pupin and the Negro Booker T. Washington, both of yesterday, but also the notable leadership coming today from various minority groups. For example, the Finns are leading the way in the co-operative movement in the Northeast; the Scandinavians have been largely responsible for the regional achievements of the Middle States, a part of the country now setting the pace in ways of national progress; and dotted throughout the country are other groups, such as the Waldensian Italians and the Dutch in North Carolina, whose accomplishments in community and farm enterprises often stand in contrast to the practices of old-stock Americans.

Culture is cumulative; it thrives as it adapts and borrows. However we may evaluate the participation of "foreigners" in the American scene, one fact remains certain in the last analysis: America's culture is foreign-born.

The American Cultural Tradition:

THE AMERICAN IDEAL

On the face of things, the United States is a nation of paradoxes, a land of diversities. Yet, beneath the diversities and inconsistencies of the external side of our national life, America has a meaning in the sense that there is something, above all else, to which America aspires —a national ideal, a national dream. This is not to deny that nations, like individuals, desire different things at different times and under different circumstances. Indeed, the two statements are not mutually exclusive. The ideal of a people may remain unchanged, but the actual forms in which they conceive that ideal to be realized may well undergo many changes. Individuals, institutions, nations, life itself, must be judged in relation to such ideals, objectives, and obligations.

As a people, what values do we cherish most highly as that part of our heritage to be safeguarded and preserved? As a nation, toward what given type of society do we aspire? Many answers have been given. Our task is to find out whether or not there is any unity, any funda-

mental agreement in these many answers. Alexander Meiklejohn states in his *What Does America Mean?* that liberty is "our deepest commitment." In his search for the fundamentals of the American way of life, Gerald W. Johnson concluded that the first of these is "the dignity of the individual." James Truslow Adams in *The Epic of America* declares that the United States has made only one really constructive and unique gift to mankind, "the American *dream,* that dream of a land in which life should be better and richer and fuller for every man, with opportunity for each according to his ability or achievement."

Although each has stated America's aim in different words, is there really any essential difference in the above objectives? Each is saying in his own way that America has meant and must forever mean that *all* men shall be free to seek for themselves and their posterity a better life.

What do such values mean in concrete terms? What things are essential to the freedom of men, and what is a better life? The American demand for freedom has found expression in at least six phases of our national life. We have tried to establish freedom of worship, freedom of thought, freedom in the expression of belief, freedom of assembly, universal suffrage, and universal education.

In the very nature of the case, freedom of worship is not subject to regulation. "Worship under orders" is meaningless. Man remains man only if his spirit remains free. Americans have recognized this principle as a cardinal virtue of their religious life. This is not to deny that at times some Americans have denied others freedom of action in their religious beliefs. To mention only one example, the anti-Catholic programs of the American ("Know-Nothing") Party of the mid-nineteenth century and of the Ku Klux Klan of recent years are well known. Moreover, some religious groups at times seem determined to force their policies and beliefs on others—to see that others "see the light" as they do. Yet, as a people, we are committed to the principle of freedom of worship.

Obviously, there can be no "dignity of the individual" without freedom of thought. Man's mind belongs to no one but himself, and it is for him and him alone to decide what he shall or shall not believe. If it is America's ideal that men shall be free to search for a better life, freedom to think is essential. How else can a man know his world? A man's bodily activity and his worldly possessions may be subject to regulation, but his innate right to think must not be restricted.

If men must be allowed to think individually, so also must they be allowed to think together. Thus, freedom of expression and freedom of assemblage are regarded as essential to the American ideal. Free public discussion recognizes the essential worth of the human being, however limited his capacity may be. Free discussion is the bulwark of free government. When individuals or groups are denied this civil liberty, not only are they deprived of their liberty to participate in the common will, but the community is deprived of the opportunity to hear them. Although there are few Americans who would deny this, our history contains many examples of gross interference with these rights. Racial minorities and oppressed social and economic groups have frequently found difficulty in giving expression to their views. Too often they have found such expression unprotected by the proper authorities and illegally interfered with and even prohibited by opposing groups and individuals.

Political democracy is likewise essential to the American ideal. It may be true that democratic government is not more efficient than other forms. However, man has found no other way to protect the interests of all than by giving all men a chance to participate in government. More important is the fact that, if we accept the postulate that man is an end in himself, that he exists and lives for the complete development of his personality, it follows that he must have a share in the responsibility for his fate. If one believes implicitly in the "dignity of the individual," one cannot but agree with Walt Whitman, America's bard of the democratic faith, when he wrote:

> Is not Democracy of human rights humbug after all—are these flippant people with hearts of rags and souls of chalk, are these worth pleading for and dying for upon the cross? Maybe not—maybe it is indeed a dream—yet one thing sure remains—but the exercise of Democracy, equality, to him who, believing, preaches, and to the people who work it out—*this* is not a dream—to work for Democracy is good, the exercise is good—strength it makes and lessons it teaches—gods it makes, at any rate, though it crucifies them often.

Liberty and equality are the very core of American democracy; men cannot be thought of as free unless they are at the same time conceived of as equals. "But are not liberty and equality incompatible?" some will say. Since men are not equal in abilities (a fact known to everyone), if they are allowed freedom to compete, the abler and the stronger will win, and inequality will result. It is this reasoning which

has led men to call absurd one of the really great sentences of history: "We hold these truths to be self-evident: that all men are created equal..." Jefferson realized that men are not equal in abilities and talents, and he did not mean, in the Declaration of Independence, to imply that they are. What he did mean—and it is no less true today—was that the principle of equality of opportunity for the full development and expression of each individual personality is the only one upon which in the long run decent, civilized society can be constructed. That Americans still believe in it is abundantly evidenced by our persistent demands and aspirations for social justice.

Finally, there is universal education. America has probably gone further in this field than any other country. It lies at the very heart of our democracy. How essential it is to America's ideal is immediately apparent. If man is to seek a better life, he must have ever before him the wisdom, the knowledge, the vision, of the ages. That philosopher of democratic education, Alexander Meiklejohn, has succinctly expressed the place of education in the American ideal: "The essential motive of our national education springs from our seeing each young person as having before himself the task of becoming an intelligent, sensitive, generous human being. He has a life to live, a personality to make," and it is the task of our educational system to help him attain that.

ESSENCE AND FORM

Although freedom is an essential element in the American ideal, there are probably few principles of American life more misunderstood or more subject to violent disputes as to meaning. Even though we define the areas in which the principle of liberty applies, we must ascertain under what circumstances and in what realms complete freedom would be unreasonable and socially impossible. An excellent guide to the difference between the liberties subject to regulation by government and those outside the control of government is provided by the Bill of Rights of the United States Constitution.

The First Amendment reads as follows: "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances." Here, it will be observed, are

those liberties which are essential to the free man; they are not subject to regulation. But, on the other hand, note the provisions of the Fifth Amendment: No person "shall be deprived of life, liberty, or property without due process of law; nor shall private property be taken for public use without just compensation."

The distinction between the two amendments is of major significance. The latter definitely implies that the life, liberty, and property of persons may be regulated by Congress or even taken away, the only stipulation being that the action must be in accord with justice and the proper forms of law. In other words, the individual in his *external* actions and possessions is clearly subject to regulation by the state. In fact, failure to regulate such activities would result in anarchy. It is a principal problem of every government to regulate the external actions of the members of society and the holding and managing of property with the object in mind of maintaining justice for all its members.

Although the Bill of Rights makes clear the distinction between those inner activities of the free man which must not be restrained in any way and his external activities which of necessity must be regulated, nevertheless the confusion between the two persists in the American mind. The source of this confusion is not difficult to locate. In the agrarian economy characteristic of early American life, the regulation of person and property by the state was naturally far slighter than under the conditions of modern industrial society. As one early nineteenth-century traveler wrote, the American farmer could stand on his farm and say: " 'This ground is mine: from the highest canopy of heaven, down to the lowest depths. I can claim all that I can get possession of within these bounds; fowls of the air, fish of the sea, and all that pass through the same.' And, having a full share of consequence in the political scale, his equal rights are guaranteed to him. None dare encroach upon him; he can sit under his own vine, and under his own fig-tree, and none to make him afraid." * Likewise, the frontier intensified the American's desire for independence, his desire to escape from all control, irrespective of the wisdom or lack of wisdom of such control. Almost complete independence of control by organized society was relatively feasible in a frontier society and under

* John Melish, *Travels in the United States of America* (Philadelphia, 1812), II, 357–358.

a self-sufficient rural economy; in a community of persons in modern industrial society, such independence would obviously lead to endless conflict.

Under economic conditions in the early nineteenth century, many Americans did in fact manage their property and economic affairs with relatively little interference by the government. This was so, not because such affairs were not within the scope of proper governmental action, but because the conditions of American economic life necessitated only limited governmental interference. Nevertheless, generations of exploitation and acquisition of wealth under conditions which are no longer present have left an ideological heritage that is a serious obstacle to socially desirable regulation of productive property.

This is an ideological "carry-over"—an attempt to retain the practices of one era under substantially changed conditions. The tenacity of this concept of economic liberty is evidenced by the fact that many Americans regard the principal American liberty as the freedom to do with their property as they wish without any interference from any source. As a matter of fact, America has never had a *laissez-faire* economy. All our governments, local, state, and federal, have from the beginning placed regulations upon property and its use. From the protective tariff to the Reconstruction Finance Corporation, there is a long record of governmental interference with almost every form of economic activity. The government can by interfering with economic affairs influence the direction in which the economic system moves; in other words, it may actually determine the nature of the economic order for the country. One of the most important popular fallacies in contemporary America is the assumption that a given type of economic order is an end in itself and consequently should be defended to the last extremity. The economic order, like other institutions (such as a given type of state or church), is formed under given conditions to satisfy certain human needs. The essence of the institution is the satisfaction of the need, not the particular form which the institution may take. In other words, the efficacy of political, economic, and social institutions should be determined by the objectives of those institutions rather than by their structure or form. Should the condition under which a given economic order was formed change so that that order no longer accomplished the end for which it was fashioned, it would be social wisdom to modify the form in order to preserve the essence,

or, in other words, to better accomplish the objectives. Not only would it be social wisdom, but it would also be within the scope of the American ideal. In this connection President Franklin D. Roosevelt was but stating a truism when he observed that "the liberty of a democracy is not safe if the people tolerate the growth of private power to a point where it becomes stronger than the democratic state itself." America has already passed from a simple agrarian economy into an economy of industrial capitalism, and it would not seem to be in accord with American history to defend any set of economic arrangements. If current economic arrangements are found to be obstructing the American ideal, it would be in accord with the American spirit to change them. In the face of American history, it is absurd to say that the public regulation of business is a denial of rightful freedom.

There is nothing in the American ideal that commits America to any particular form of economic life; neither does that ideal commit her to any particular political forms. Americans are realists in politics. When laws or political institutions have not conformed to political realities, we have on occasion either disregarded them or modified them. We have changed the Constitution in twenty-one particulars, thereby altering some of our practices and forms of government. The Thirteenth, Fourteenth, and Fifteenth Amendments, for example, which provided for the freeing of the slaves and the granting of civil and political rights, substantially altered the forms of our political life. At the same time, these amendments brought the American government more into accord with the objective of allowing all men freedom to seek a better life. With the possible exception of the Eighteenth Amendment, however, none of these alterations has violated the essentials of the American ideal. With the changes in American life resulting from the far-reaching economic revolution of the past century, the maintenance of the forms of American government unaltered would have seriously endangered the essence of democracy. The probability is that we have altered the forms of our political institutions far less than changing economic and social conditions have made desirable. In other words, it is possible that, had we made more changes in form, the essence would be less impaired than it now is. If we are to maintain the fundamental American political tradition, the form must never take precedence over the spirit of institutions. It is often contended that our great error is in attempting to retain "old ideals" in a "new world."

On the contrary, the real problem—the continuing problem of America—is to make certain that her institutions and current practices shall accord with her fundamental objective.

Americans have a great heritage of political achievement of which we are naturally very proud. The Declaration of Independence, the Constitution, and our great national heroes—Washington, Jefferson, and Lincoln—we look upon with justifiable pride, and we resent bitterly any attempt, open or veiled, to defame them. This is as it should be; but we must be careful not to fall into the error of worshiping the symbols of the American ideal rather than the ideal itself. An intelligent understanding and appreciation of America's political ideals and of her struggle for them will lead not to blind loyalty to any political party, institution, or economic order, but rather to a continued devotion to the American ideal. The evaluation of contemporary economic and political institutions should be made on the basis of the extent to which they further or retard the ideal that all men shall be free to seek a better life.

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Chapter XIII

AMERICAN GOVERNMENT IN ACTION

The Functions of Government

Government is not an end in itself; it exists for a purpose. That purpose is to contribute to the collective security and well-being of the people. The functions of government are the facilities and services provided to that end.

Earliest man probably shifted pretty much for himself, but his life was a short and troubled one. After the domestication of animals the family became more closely knit, for each member had a special work to do. There had to be rules and discipline, and the patriarch or head of the clan was recognized as the source of authority. After the domestication of plants, and after the people had settled down, a kinship organization had to give way to a territorial organization. Government as an institution thereby came into being. It is nothing more than cooperation for the common good with such curtailment of personal liberties as that necessarily involves. The people had to unite in defense, for the nomads would most certainly try to steal their grain and cattle. Rights in land, rights to the use of water, right to navigate the streams —all called for definition, that is, a civil code. Closer settlement invited personal friction, leading sometimes to assault, even murder; hence the need also for a criminal code.

THE PROTECTION OF LIFE AND PROPERTY

It is safe to say that the oldest of governmental functions is the protection of persons and property—protection from outsiders and protection of members of the community from one another. Moreover, despite the great advance in civilization in other respects, neither nations nor individuals have yet learned to dwell together in amity. There are few incorporated places so small that they do not have a police

force, and in the open country the sheriff and his deputies are available on call. These officers often have other duties, but their main function is the protection of life and property.

Cities once built walls around themselves to protect them from external aggression; now they erect antiaircraft batteries. And unfortunately nations, for defense, have to burden themselves with the terrific cost of armament. The cost of an army and navy, even in peacetime, is the biggest item in our national budget. The debt incurred by war represents another heavy burden. In 1929, which was a year of optimism and generous spending for peaceful purposes, 39.8 per cent of all federal expenditures were for protection, and another 34.4 per cent went to meet interest and principal on the national debt, practically all of which was incurred to wage the First World War. In other words, only about 25 per cent of our federal expenditures prior to the depression went for constructive purposes; 75 per cent went for wars past and wars to come.

Since the states and the local governments do not have to contribute directly to national defense, the cost of protection is a relatively smaller item in their budgets, though by no means a small one.

THE ADMINISTRATION OF JUSTICE

Closely related to the protective function and often directly associated with it is that of administering justice. This too was one of the earliest purposes of government, and it has always remained one of its major functions. As society becomes more and more complex, the rules of business and social behavior necessarily multiply, as the lengthening shelves of lawbooks testify. More law does not mean less freedom, as is so often said, but rather more freedom and more security. An honorable person may go through life engaging in business, traveling extensively, participating in sports, owning property, enjoying himself in a thousand ways, without once running afoul of the law. He enjoys this great freedom because those who would interfere with it are restrained by law.

It would be unusual, of course, if someone were not occasionally the victim of fraud, violence, or criminal negligence, but, when he is so injured, the courts and an army of law-enforcement officers are at his service to see that restitution is made or the wrongdoer punished. The police are not always successful; the offender is not always apprehended; and sometimes the courts fail to convict the guilty person.

But these unfortunate results, when they occur, are largely due to the unwillingness of good citizens to aid and uphold the government in its prosecution of offenders. That is, too many are good citizens only in a negative way; they do not violate the law themselves, but they are unwilling to report and help convict those who do, so long as they are not the victims.

THE PROMOTION OF ECONOMIC AND SOCIAL WELL-BEING

From very early times it has been recognized that certain benefits, in addition to protection, could be realized more easily and more effectively by joint action than by individual action. The building of levees, the draining of swamps, the construction of highways, the fighting of fire, the securing of a water supply, the eradication of insect pests, are examples of things that one cannot do effectively alone. They might be accomplished through voluntary co-operation, and no doubt many of these mutual benefits were first secured through voluntary co-operation. But unfortunately not all people are equally co-operative; some are not willing to do their share. When that is so, there has to be coercion, and the authority to coerce is government.

Thus, a third major function of government includes those things which contribute to the social well-being of the group, and a fourth, those which contribute to economic well-being. Sometimes the benefits are both economic and social. Public education certainly is in both categories. Hospitals, libraries, and public-health and public-welfare activities would usually be classed as social services, whereas public roads, the postal service, the weather bureau, and the numerous governmental aids to commerce and agriculture would be classed as economic.

An ancient governmental service, recently revised, is public responsibility for the physical well-being of the citizens. The Spartans prepared their youth for war by giving them vigorous physical training. The modern dictator states are putting a similar emphasis on physical training, and for the same reason. In the United States physical well-being as an object of government is promoted by an ever-expanding public-health service, by hospitalization for the disabled, and, in some communities, by public support of a physician. There has been a proposal before Congress for establishing and subsidizing a large number of rural hospitals. The promotion of physical well-being is one of the

most rapidly expanding functions of modern government, and socialized medical service may be only a short way off.

THE CONDUCT OF FOREIGN RELATIONS

An important function of national governments is the carrying on of relations with other independent nations. The diplomatic service is concerned primarily with matters of a political nature; the consular service is involved mainly with questions of trade and business relations.

The maintenance of official observers abroad and the negotiation of treaties may vitally affect the nation's interest and security. In the United States foreign relations are almost exclusively in the hands of the President. He is the official spokesman of the nation, and he proclaims national policy in the field of international affairs. The Secretary of State and the ministers to foreign countries are in a peculiar sense his personal representatives, and they must reflect his point of view. Though formal treaties must be approved by the Senate before they can go into effect, they are initiated, negotiated, and drafted by the President and the Department of State. Moreover, many transactions are effected through executive agreements, requiring no action by Congress. Though only Congress can declare war, the President, as commander-in-chief of our armed forces, and through his control of, and pronouncements on, foreign policy, may take steps which precipitate war.

A related function assumed by national governments is that of administering and developing their colonial possessions. The acquisition of colonies has not usually been actuated wholly, or even mainly, by altruistic motives. Territorial possessions have been sought to ensure access to important raw materials for industry or for war, as fields of investment, and as sites for naval bases. Sometimes they have been acquired as war booty. However they were acquired, enlightened nations have assumed a sense of responsibility for the natives and have spent generously for their welfare. Expenditures by the United States for sanitation in Puerto Rico and education in the Philippines have not been limited to what could be considered a sound economic investment. The United States has never aspired to build up a great colonial empire and hence has not developed a definite colonial policy. On the other hand, Great Britain's colonial empire requires a vast number of

administrators, and the colonial service is one of the biggest and most important arms of the government.

Public Administration

In government, as well as in a business organization, there are overhead expenses. Government exists to perform certain services and activities, but the persons selected to perform these tasks must be provided offices, supplies, clerical assistance, and transportation. Taxes must be collected, funds deposited, financial records kept. Personnel must be recruited, contracts let, payrolls prepared, accounts audited. Several cents of each dollar of revenue are absorbed in these overhead costs. The smaller the percentage so exhausted, the more efficient the governmental organization, for the efficiency of any machine is the ratio of output to input.

Though the processes of politics and administration should be regarded as only means to the performance of the real functions of government, they loom large in the governmental scene. They are reflected not only in the tax bill but in the quality of every functional service. In fact, the science of government is becoming increasingly concerned with the processes of administration. This is because modern government is engaged in constructing and operating utilities, building highways, managing forests, irrigating land, erecting houses, and a great variety of other public works. These things involve the purchase of immense quantities of materials, the hiring of all types of workers, the letting of huge contracts, the supervision and inspection of many kinds of crafts and products. Government is in business, as well as being the guardian of our liberties. If it is to do these things economically and well, it must adopt the same principles in its administrative set-up as have proved effective in private business. Many political units, particularly states and counties, have not adopted these principles, but are filling responsible jobs through party patronage and are transacting government business in a slipshod and costly manner. Often no one knows how much of the tax dollar is wasted.

The Distribution of Governmental Functions

The framers of the federal constitution attempted to devise a system of government by which functions which were exclusively na-

tional in character would be delegated to the central government; those which were exclusively local in character would be retained by the states; and some of both national and local importance would be exercised concurrently, national action prevailing over conflicting state action in situations where uniform general policy was necessary or desirable. Any power not specifically delegated to the national government or necessarily implied was to be considered reserved to the states.

But the states were jealous of their powers, and they could not be induced to surrender many functions. They consented to yield to the central government control over international affairs (including defense against external aggression), control over interstate and foreign commerce, the power to coin money and regulate its value, and exclusive right to grant patents and copyrights, to establish and operate a postal system, and to fix standards of weights and measures.

A few powers were forbidden to both the nation and the states, and a few were forbidden to the states alone. Otherwise it was assumed that powers not expressly or by necessary implication granted to the national government, and not forbidden to the states, were reserved to the states. This was made explicit by the Tenth Amendment.

The states, in turn, created counties and chartered cities and delegated to these local governments the authority to perform numerous functions that can be administered best at close range.

It may be helpful to indicate the distribution of the major governmental functions among the different levels of government.*

THE PROTECTION OF PERSON AND PROPERTY

The national government assumes full responsibility for protection against attack and invasion by foreign powers. To this end it maintains an army and a navy. Insulated by two oceans, with a friendly neighbor on the north and with weak and generally friendly neighbors on the south, the United States has been spared the cost of a large standing army. Its small regular army is used to defend the Canal Zone and its insular possessions, to quell any riot or civil disturbance which the states cannot subdue, and to serve as a nucleus and training staff

* The classification used here is suggested by and closely follows the one used by C. C. Maxey in his book *The American Problem of Government*, third edition, pages 163–169.

when a larger army is recruited in time of war. The engineering staff has been used largely for nonmilitary purposes, such as supervising river and harbor improvements and reclamation projects. With the Monroe Doctrine to support and a world-wide trade to defend, it has seemed more necessary to maintain a strong navy than a large army. Thus for twenty years the country has had naval parity with Great Britain, and it is now committed to the construction of a two-ocean navy, or, in other words, a fleet with double its present strength.

The state governments are prohibited by the Constitution from maintaining an army or navy and from engaging in war unless actually invaded or threatened with invasion, but they are permitted to support militia to suppress internal disorders. This right is exercised through the so-called National Guard, a civilian force, trained by reserve officers of the regular army and subject to call into the federal service, but normally under the command of the governor of the state and used only within the state. Several states have state police forces to assist in enforcing state laws and to aid in the protection of personal security and property rights guaranteed thereby. Many other states have a body of highway patrolmen engaged mainly in enforcing traffic laws but often deputized for other police work. But, whether or not the state has its own police force, it is through its police power that laws are enforced in the interest of public order, safety, health, and general welfare.

The county is little more than a subdivision of the state created to facilitate the administration of state functions. It is therefore primarily an agency of state government. It is peculiarly so in the protection of persons and property, the sheriff and the prosecuting attorney, though chosen locally, being essentially state officers engaged in enforcing state laws. They are sworn also to enforce federal laws, aided often by federal agents. Some metropolitan counties enjoy a considerable measure of home rule and operate under a charter. In these instances there is further protection of persons and property through county ordinances.

Cities, unlike counties, are incorporated and enjoy a large measure of local self-government. They make and enforce ordinances to regulate traffic and to provide protection against fire, unsafe buildings, excessive noise, offensive odors, and other hazards and nuisances. Special districts within or outside a city are sometimes created to aid in curbing a particular hazard.

THE ADMINISTRATION OF JUSTICE

The federal government administers justice in cases, both civil and criminal, arising under the Constitution of the United States and the laws enacted by Congress; in cases to which the United States is a party; in cases between two or more states, between citizens of different states, or between a state and a citizen of another state; in cases affecting ambassadors, consuls, and other foreign envoys; in cases between a state and a foreign country or citizen thereof; and in admiralty and maritime cases. State courts administer justice in all other types of cases. The county is often used as a convenient district for the administration of justice, and county officers serve the court when it meets in the county. Similarly, there may be justices of the peace elected in each township, but the justice's court is a part of the state judicial system, and a case started there may be appealed to the highest court in the state. Municipal ordinances may be enforced in a municipal court, but here again appeals may be taken to the higher courts.

THE PROMOTION OF SOCIAL WELL-BEING

The federal government promotes social well-being by curbing evils connected with interstate and foreign commerce; by preventing the use of the mails for fraudulent or indecent purposes; by using its taxing power to discourage or prevent objectionable social practices or conditions; by granting money or credit to states and local governments to stimulate them to undertake socially desirable activities; by acquiring and administering national forests and national parks for public use; by establishing and supporting veterans' hospitals; by carrying on research and disseminating information; and by making treaties with foreign countries in respect to white slavery, traffic in narcotics, and other matters affecting social welfare.

The state governments, by virtue of their broad police power, promote social well-being by legislation directly prohibiting certain unsocial activities; by regulating many kinds of business, such as theaters, poolrooms and race tracks; by regulating the institutions of marriage and divorce; by making education compulsory and providing educational institutions; by regulating hours, wages, and conditions of employment; by providing financial aid to certain dependent classes; and by supporting institutions for the care of the socially handicapped, such as the deaf, the blind, the feeble-minded, and the insane.

Local governments serve as agencies of the state in the administration of many of the functions enumerated above and also supplement the work of the state in many fields, particularly in education and public welfare. A county or a city frequently takes the initiative and establishes a service at its own expense. The service may be a hospital, a library, a home for delinquent youth, a playground, an auditorium, or a park or system of parks. Until recently poor relief has been almost exclusively a local function. A recent activity undertaken by many cities is co-operation with the federal government in slum clearance and in the provision of respectable housing for low-income families.

THE PROMOTION OF ECONOMIC WELL-BEING

The federal government promotes economic well-being by giving economic assistance to many kinds of economic enterprise. This assistance may be rendered through a protective tariff, a direct subsidy, credit, the development of markets or market facilities, or the dissemination of useful information. All business is dependent on the services rendered by the federal government in controlling and regulating the monetary system, the national banking system, the postal service, interstate commerce, navigation, bankruptcy, patents and copyrights, and other important aspects of economic life. Moreover, the federal government constructs and operates canals, hydroelectric plants, and irrigation systems. It makes river and harbor improvements and aids in the construction of highways. It promotes the conservation and proper utilization of natural resources through forest reserves, oil reserves, and programs of soil conservation. Finally, it makes treaties and trade agreements with foreign countries for the purpose of advancing the economic welfare of the United States.

The state governments promote economic well-being by legislation helpful to business and agriculture; by chartering corporations; by constructing highways; by co-operating in the conservation work of the federal government as well as carrying on conservation work of their own; and by maintaining technical services for the benefit of agriculture, mining, fisheries, and other industries.

Counties promote economic well-being by building roads, establishing curb markets, providing terracing machinery for the use of the farmers, and supporting agricultural demonstration work. A few have built airports. Cities construct and maintain streets; operate light and power systems, water-supply systems, transportation facilities, and

other utilities; regulate various kinds of business; control the use of land through zoning; and stimulate business growth through advertising and sometimes through direct subsidy.

THE PROMOTION OF PHYSICAL WELL-BEING

The federal government promotes physical well-being by regulating interstate and foreign commerce so as to prevent the spread of contagious disease; by giving financial assistance to state and local governments engaged in public-health work; by conducting research in sanitation and disease control; by providing recreational facilities such as national parks; by protecting navigable waters against pollution and contamination; and by providing hospitals, sanitariums, and other institutions to care for the employees and wards of the federal government.

The state governments promote physical well-being by licensing and regulating professions and occupations bearing on public health; by enacting and enforcing laws for the control of communicable diseases, for ensuring public sanitation, and for the prevention of accidents in the operation of mines, factories, and railroads, and in other hazardous activities; by carrying on research and disseminating information; and by providing services, institutions, and facilities for the care of the sick and disabled.

Counties act as agencies of the state government in the enforcement of health and accident legislation; as units of local self-government they sometimes maintain hospitals, infirmaries, clinics, and nursing service. Cities, with their more extensive powers of local self-government, enact and enforce health, sanitary, and accident codes supplementary to the state law; license and control the distribution of milk, meat, and other foods; provide sewerage systems; and collect and dispose of garbage and other waste. Special districts are often created to provide drainage, water supply, or sanitary services.

Trends in the Character and Distribution of Governmental Functions

Recent years have witnessed at least three major trends in the character or distribution of governmental functions. First, there has been a phenomenal increase in the volume of government as reflected in the

number of government employees and in the amount of expenditures. This is true at all levels of government, though the expansion has been considerably greater in the federal government than in either state or local government. In the second place, the increase may be attributed largely to new or expanded services in the fields of social and economic well-being. At least this was true until the emphasis shifted to national defense and war. In the third place, there has been a very definite tendency to transfer responsibility for these services from the local government to the state and the nation.

THE INCREASE IN THE VOLUME OF GOVERNMENT

Approximately 4,500,000 persons in this country are now employed in government service of one kind or another. In other words, one out of every nine employees in the United States is in government service. This is exclusive of persons on work relief and exclusive of the new conscript army. Approximately 30 per cent of these civil servants are employed by the federal government, 30 per cent by the cities, 20 per cent by the state and local governments, and 20 per cent by the public school system. The growth in government employment between 1933 and 1939 is indicated below: *

	1933	*1939*	*% increase*
Federal	856,000	1,296,000	51.4
State	335,000	535,000	59.7
City	640,000	915,000	43.0
County, township, etc.	260,000	320,000	23.1
Public education	1,168,000	1,208,000	3.4
Total	3,259,000	4,274,000	31.1

For several decades public expenditures have been increasing rapidly. The rise has not been a steady one, for rapid expansion in wartimes has been followed by periods of contraction, though otherwise the trend has been rather sharply upward. The following table † shows the aggregate of governmental expenditures in selected years for all units of government in the United States.

* Pamphlet No. 16 (July, 1940) of the Civil Service Assembly of the United States and Canada, the figures being estimates of the Bureau of Foreign and Domestic Commerce and the Bureau of the Census.

† National Industrial Conference Board, *Cost of Government in the United States* (various years).

Year	(Millions of dollars) Federal	State	Local	Total	Total Expenditures per capita	Percentage of National Income
1890	291	77	487	855	$ 13.56	7.07
1903	475	182	913	1,570	19.39	7.00
1913	692	383	1,844	2,919	30.24	8.17
1923	3,117	1,208	4,593	8,918	79.96	12.00
1930	3,237	2,170	6,630	12,037	97.79	17.71
1932	4,712	2,257	6,448	13,417	107.36	33.93
1934	6,784	2,044	5,621	14,449	114.11	29.15
1936	8,576	2,433	6,038	17,047	132.73	26.72
1938	7,526	3,373	6,151	17,050	130.94	25.08

This swelling volume of public expenditures has, of course, been paralleled by a rapid increase in taxes. The increase in tax collections —federal, state, and local—has not kept pace, however, with expenditures. The figures for three representative years are as follows:

	1912	*1925*	*1938*
Federal	$ 633,000,000	$3,132,000,000	$ 6,034,000,000
State	333,000,000	1,303,000,000	3,857,000,000
Local	1,329,000,000	3,616,000,000	4,920,000,000
Total	2,295,000,000	8,051,000,000	14,811,000,000

The increase in population from 1912 to 1938 was approximately 36 per cent, while the increase in taxes was about 545 per cent. Stated differently, per capita taxes in 1912 amounted to $24; in 1938 they were $114. The trend is still upward, and there is little prospect of a reversal at any time soon.

This situation is often deplored, and there is a disposition to overlook the other side of the ledger. Though people are called upon to surrender an increasingly larger portion of their income in taxes, they are enjoying more and more services at public cost which they would otherwise have to do without or pay for themselves.

NEW SERVICES PERFORMED BY GOVERNMENT

Until the recent tremendous expansion in all categories of national defense, the increased volume and cost of government could be attributed mainly to new services. Chief of them are the various aspects

of public welfare. Society has finally recognized that certain risks should not have to be borne by the individual but should be shouldered by society as a whole. Among such risks are involuntary unemployment, old-age dependency, blindness, industrial accidents, and death to a breadwinner with dependent children. There was a time when, except for short periods, there was work for all who were willing to work. If employment for wages was not appealing, one could go west and homestead a farm. There were lean periods then as now, when crops failed or depressions came, but relatives and neighbors in more favored circumstances could be counted on to help those in distress. It was an informal, voluntary form of collective security suitable to a society characterized by direct, face-to-face contacts. To be dependent in old age was considered presumptive evidence of past thriftlessness, and carried considerable stigma. The poorhouse was thought good enough for those who had been improvident. Today most workers are paid wages; they have been drawn into the current of a complex exchange economy. They have no control over the forces which create and destroy jobs. Relationships are impersonal. Families are becoming smaller. A smaller percentage of the people live on farms, and farms are less self-sufficing. There are fewer independent artisans and shopkeepers. Under these conditions personal security can be found only through collective security, and that must be compulsory. That is, it can be attained only as a function of government. At least, the burden is more equitably distributed that way.

The promotion of social well-being finds expression, too, in more public parks, playgrounds, and libraries. While these things attest a more sensitive social consciousness, they are also the product of shorter working hours. National forests, state and national parks, public shooting grounds, and a magnificent system of hard-surfaced highways are also natural products of the automobile and increased leisure. Inexpensive outdoor recreation and cheap transportation are part of the American standard of living. They have been brought within the reach of all only because they have been subsidized or socialized. If all our hard-surfaced roads were toll roads and all our public recreational facilities were privately owned and commercially operated, the automobile would be a luxury beyond the reach of the middle classes. Not only would it be costly to operate, but the initial cost would be very much higher. When one complains about the high cost of government, he may easily overlook the fact that the higher taxes which

he pays may be returned to him several times over in the reduced price of his car and the lower cost of operating it, in the variety and cheapness of his week-end excursions, and perhaps even in the amount and certainty of his wages.

The network of improved highways has been cited as a contribution to social well-being; these roads are also a major contribution to economic well-being. Their existence is reflected in the price of many types of consumers' goods; they have opened up new markets for both agricultural and industrial products; their construction and maintenance give employment to many people; the stimulus they give to the automobile industry, the oil industry, the hotel business, and others is incalculable. Perhaps no other function of modern government has been so costly on the one hand and so beneficial economically, on the other, as the job of getting America out of the mud. The fact that road taxes are probably less resented than any other tax indicates popular approval. The cost of meeting the problems created by this greater mobility of the people, such as the greater problem of crime control, has not been so readily shouldered. Indeed, some states have been so insistent on earmarking their best tax sources for highway purposes that other departments of government, despite larger demands upon them because of a mobile population, have been denied adequate support.

THE CONSERVATION OF NATURAL RESOURCES

Another significant trend in government is the increased attention given to the conservation of natural resources. Ours is a young nation, and it has manifested some of the indulgences of youth. It was not surprising that a continent of virgin resources, so vast as to seem illimitable, should be exploited with reckless waste. But America has now come of age; it has settled down; it has become conscious of the fact that its heritage has been depleted, that its soils, mines, and forests are now yielding a diminishing return. An aroused public conscience is questioning the moral right to exhaust these resources. Perhaps the hostile threats of certain aggressive nations, less favored with natural resources, have made us more sensitive to our past wastefulness. At any rate, recent years have witnessed increased attention to conservation by all levels of government—federal, state, and local. The movement is discussed at some length in another chapter.

The conservation budget of the federal government has become a

fairly large one. Appropriations for the year ending June 30, 1940, approached a billion dollars. Some of the major items are given below:

Forest Service	$ 20,294,466
Soil Conservation Service	23,720,584
Civilian Conservation Corps	294,955,000
Reclamation Service	10,523,000
Biological Survey	4,931,214
Conservation of agricultural land	499,560,000
Tennessee Valley Authority	39,003,000
Miscellaneous	28,808,729
	921,795,993

Though it would not be correct to state that these appropriations were wholly for conservation, that was their main purpose. Thus the aid to farmers under the Agricultural Adjustment Act is given only if the farms are operated in a manner conducive to the conservation of the soil. Again, though the Civilian Conservation Corps was created partly to relieve human distress, the labor of the C.C.C. is used exclusively in conservation work. The Tennessee Valley Authority was established partly to aid navigation and develop hydroelectric power, but equally important objectives are flood control, erosion control, and sound use of all the land and water resources of the Tennessee valley.

Practically every state now has one or more departments devoted to the conservation and development of its natural resources. There are, for instance, thirty-nine states which have state forestry organizations. Such agencies are charged with promoting forest protection and improved forest practices on privately owned forest lands; with the administration of state forests and sometimes of state parks; with the enforcement of state laws relating to forests and forestry; and with educational programs designed to prevent forest fires and to promote sound forest practices. Considering the fact that 450,000,000 acres of forest land are in private ownership, and several million are in state ownership, the importance and magnitude of the work of the state forestry departments become apparent.

No less important is the work of the states in respect to the protection and proper utilization of their mineral resources, their fish and game, their range lands, and their water resources. The rapid depletion of these resources, which were long subject to private exploita-

tion with a minimum of regulation or control, has finally induced a change of policy. This awakened interest has been greatly stimulated by the availability of federal funds to supplement state money. The federal government has put up as much as the states, and sometimes even more, for forest-fire prevention and suppression, the propagation of fish and game, the establishment of wild-life refuges, and the like.

The greatest conservation activity in recent years has been, of course, the soil-conservation aspects of the agricultural adjustment program. After the Supreme Court nullified the first A.A.A. on the ground that agricultural-production control was not within the powers delegated to the federal government, the curtailment of crop production has been sought by the indirect method of paying farmers to devote part of their land to soil-building uses. Thus benefit payments to southern farmers who plant clover, soybeans, lespedeza, and other crops beneficial to the soil has had the effect of reducing cotton acreage about 40 per cent. This same inducement has led western farmers to reduce their acreage of corn and wheat. The program has thereby served the double purpose of enhancing the price of the cash crops and of bringing about a less destructive use of the land. This particular program, though administered by the state agricultural extension service, is financed by the federal government.

THE SHIFT IN THE TAX BURDEN

Accompanying larger public expenditures for social and economic welfare has been a pronounced shift in the impact of the tax burden. There has been a definite tendency to shift the burden from local governments to state and nation. Probably the larger aggregate expenditures made this necessary, for the tax sources of the local units are strictly limited. Counties and towns are dependent almost exclusively on the property tax, and it is the main reliance of cities as well. But there is a limit to the capacity of property to bear taxes, and so other sources have had to be tapped to support the ever-expanding cost of government. Moreover, the ownership of property is only one measure of taxpaying ability; income is quite as good a measure; and even consumption has some merit when used in conjunction with others. But neither an income tax nor a sales tax can be applied satisfactorily on less than a state-wide basis. The assumption by the state of functions that were formerly local, and the partial assumption by the federal government of functions that were once wholly supported

by the states and localities, can thus be partially attributed to the necessity of utilizing taxes that do not lend themselves to local imposition. Stated differently, only a property tax lends itself well to local use, and the cost of modern government far exceeds any reasonable tax on property.

THE TRANSFER OF GOVERNMENTAL FUNCTIONS

Another reason for state or federal support of functions that might have once been dependent entirely on local support is the greater mobility of people and business with modern methods of transportation. Seventy-five years ago most of one's activities were confined to a radius of a few miles; today one may work in the city and live in the country, or may do his trading, seek his recreation, and employ professional services in a city a considerable distance from where he lives, or perhaps in several different cities. If incomes are spent over a larger area than the local political unit, the support of public services should properly be derived from a larger area. Moreover, as people move in a larger orbit, they will demand uniformly good service throughout the larger area. For instance, if one is commuting thirty miles to his work and has to traverse three miles of bad roads, he will quickly appreciate the desirability of shifting road maintenance from the town to the county or the state. If he moves from one part of the state to another and finds the schools inferior to those in the community which he left, he will probably become an advocate of larger state aid for schools as a means of attaining uniform standards. If the state is obliged to provide a larger share of the support, it will quite naturally demand a larger voice in the control. The transfer of one function after another from a local jurisdiction to a larger or higher jurisdiction is thus a result of many causes—the higher cost of public services, the disparity of wealth and taxpaying ability in the local units, and the demand for a uniformly high quality of service.

Illustrations of this trend toward centralization are numerous. Townships are surrendering to the county responsibility for the construction and maintenance of local roads in Michigan, Pennsylvania, and many other states. Similarly, counties are surrendering to the state all the more important roads. In fact, in at least four states—North Carolina, Virginia, West Virginia, and Delaware—all roads, except city streets, are maintained by the state. The final step in this transfer of responsibility for roads is the expanding network of federal roads. These

roads are built to meet federal specifications, and the federal government bears half of their cost; it has not yet assumed any of the cost of maintenance. This development is logical, for most roads are no longer primarily of local benefit; much of the traffic is intercommunity and interstate in character.

A somewhat similar development has been taking place in respect to schools. The tiny school district, embracing only the neighborhood within walking distance of the school, was almost universal until a generation ago. Then, with the automobile and paved roads, came the consolidation movement. Several districts were absorbed into one; some of the smaller schools were closed. Gradually, in the South and Middle West particularly, the county was adopted as the unit of both administration and basic support. Paralleling this development in all states was an increasing measure of state support. Today most states contribute from their own revenues from one third to one half of the cost of the public schools. A few contribute even a larger part. In North Carolina the portion of the cost borne by the state in a recent year was 85 per cent, and in Delaware 92 per cent. The degree of state control has mounted somewhat in proportion to the degree of support.

No less pronounced has been the shift in responsibility for poor relief. Over a period of several decades the states have been relieving the local units of the care of certain classes of dependents—the insane, the blind, the feeble-minded. In more recent years some of the more progressive states have contributed small sums in aid of dependent children. But until a decade ago poor relief remained almost exclusively a local obligation. When in 1932 the local governments were swamped by the demands of millions of unemployed, the federal government entered this field for the first time. Beginning with loans to the states, it soon developed a vast program of work relief—the Civil Works Administration, followed by the Works Progress Administration, the National Youth Administration, and the Civilian Conservation Corps. The last two are financed entirely with federal funds, and sponsors of W.P.A. projects are required to put up only a small portion of the cost. The states and local governments have also been aided in their major construction projects by the Public Works Administration. This federal agency has made an outright grant of 45 per cent of the cost of such projects, and, if requested to do so, has lent the balance. The result of these several programs has been not only to provide jobs for

millions of workers but to dot the country with facilities that contribute directly to the welfare of the common people. Many parks, playgrounds, swimming pools, libraries, schoolhouses, waterworks, sewer systems, streets, and sidewalks have been built that would not have been built without the generous federal aid.

SOCIAL SECURITY

More significant even than what the federal government has done to meet the immediate emergency is the socialization of the major risks and hazards of modern industrial society. The adoption of the several features of the social-security program is without question the most far-reaching development in the field of public welfare in all American history. It is also the deepest invasion yet made by the government into what has been heretofore an area of private responsibility. Forty million wage earners in the United States are compelled to save systematically for their old age. Regardless of their wishes in the matter, 1 per cent of their wages is deducted and credited to the retirement account kept for them in Washington. Society contributes a like amount. It is paid by employers as a payroll tax, but is largely passed on to consumers in higher prices. While agricultural and domestic workers, as well as some other groups, are not yet included because of the difficulty of collecting the payments, public sentiment favors the extension of the system until it is virtually universal. Admittedly this is a far cry from the individual freedom of *laissez-faire;* it is the price one must pay for security in old age in a complex industrial society. This so-called "old age and survivor's insurance" is the only feature of the social-security program to which the individual makes a direct contribution. Aid to the indigent aged, dependent children, the blind, the disabled, and other handicapped groups is granted solely on the basis of need, and the cost is borne by society. In every instance, at least half is contributed by the federal government from its revenues, and the remainder in different proportions by the state and local governments. Funds for unemployment compensation are usually derived from a payroll tax on employers, but this becomes a cost of production and is passed on to consumers.

In shifting, in some measure, the hazards of unemployment, disability, widowed motherhood, and old-age dependency from the individual to society, some added burden is no doubt imposed on the industrious and thrifty, and there is some weakening of incentive on

the part of the thriftless. But in answer to this criticism it may be stated that dependency is less and less the fault of the victim and more and more due to factors beyond his control. And again, whatever the cause, if the dependents are not supported by society as a whole, they will have to be supported in large part by relatives, friends, and donors to private charity—a method which tends to place the burden upon those least able to bear it.

It is safe to conclude that a larger and larger share of the national income will be taken in taxes. There will be periods of retrenchment when those in privileged positions are able to stem the tide for a short time, but the curve of public spending will be generally upward. This must be if civilization advances, for the higher the standard of living of the masses the more it includes services and amenities that must be provided collectively. In other words, the more widely the "good life" is attained, the greater the degree of socialization—at least in a democratic society. Under a dictatorship, even more of the national income is taken in taxes, and probably for less constructive purposes—certainly with no popular control over the expenditure.

It is to be hoped that sanity may soon be restored to the world so that this country, and every other, may be relieved of the crushing weight of taxes for armament. It is also to be hoped that a better-ordered economic system may provide more stable employment and a more equitable distribution of income, and thereby permit a reduction in relief costs. Otherwise, perhaps no curtailment in governmental functions would be desirable. To the contrary, one can think of many ways in which they might well be expanded.

The great need in the United States at all levels of government is not fewer functions but a more efficient administration of those now being performed. We can accomplish this by distributing the functions to the units of government best adapted to their administration, eliminating useless units, applying the most approved principles of internal organization, and employing competent and conscientious personnel. No less desirable than this high standard of performance in the spending of public money is the attainment of a just and equitable distribution of the tax load. These goals can never be fully attained, for social conditions are constantly changing, and government, like other institutions, can never keep perfectly attuned to a dynamic society. That is why good government is so dependent on an alert, informed, and articulate citizenship.

Suggested Readings

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Chapter XIV

THE STRUCTURE OF AMERICAN GOVERNMENT

Multiplicity of Political Units

The structure of American government is exceedingly complex. Every square foot of American soil is overlaid not with one but with several layers of government. Contained within the nation are states, counties, cities, towns, school districts, and many types of special units, each with its own functions, officers, and taxing power. If these many territorial units of government were mutually exclusive, the boundaries of one stopping where those of another began, there would be no confusion; but that is not so. The nation, of course, includes them all, and the states include all within their particular boundaries. But the states in the aggregate do not constitute the nation, for the District of Columbia is in no state. Neither is the territory of a state all absorbed by counties, for in some states there are independent cities, and in others there is unorganized territory. Ordinarily, however, cities are not carved out of counties, but are superimposed upon them. New York City embraces five whole counties.

In about half of the states the county is divided into towns or townships, the latter term being used except in New York and New England. There is no uniformity in the relation of this minor civil district to the incorporated cities and villages. Sometimes they are mutually exclusive, and sometimes they overlap, though usually the larger cities are separate units.

A typical county is divided also into many school districts, which are superimposed on the other local units. Thus, a town or township may constitute a school district, may be divided into several school districts, or may be only a part of a school district. Finally, to complicate the picture, there are thousands of special districts. Road districts, sanitary districts, and other taxing districts of various kinds are piled upon the

counties, towns, cities, and school districts, as well as upon one another, in indiscriminate confusion.

The exact number of political units in the United States cannot be stated, for the number changes from month to month, but the best count that could be made in 1933 was 175,418. That is, in addition to the nation and the forty-eight states, which might be called central governments, there were 175,369 units of local government. The latter consisted of 3,053 counties, 16,366 incorporated places, 20,262 towns and townships, 127,108 school districts, and 8,580 other units. The forty-eight states and the District of Columbia account for all the continental territory. The 3,053 counties, on the other hand, do not absorb the entire area. In addition to the District of Columbia, this count omits the area occupied by the five districts of Rhode Island which are called counties but which perform no county functions, five unorganized counties in South Dakota, the five counties which constitute New York City, and thirty independent cities—San Francisco, Denver, Philadelphia, Boston, Baltimore, St. Louis, and the twenty-four cities of Virginia. The remaining units of government are superimposed upon the three layers of government already mentioned, and sometimes are also overlaid on one another.

Thus the number of governments to which one owes allegiance and must pay taxes depends on where he lives. A person living in the District of Columbia is in one sense obligated only to the federal government, for the district is governed directly by Congress. There are, however, district taxes to which he is subject. If one lived in Baltimore, he would be under the jurisdiction of federal, state, and city governments, and, if he lived in any other city in Maryland, he would be subject to county government and county taxes as well. If he lived on a farm in Rhode Island, he would be subject only to federal, state, and town taxes. But, if he lived on a farm in New York state, he would be under at least five layers of government—federal, state, county, town, and school district. Persons living in suburban communities near Chicago, Detroit, or other large cities very likely would be within several special taxing districts as well as under the other jurisdictions, and hence under as many as eight or nine layers of government.

The creation of special districts adds to the complexity of government; yet it has been a means by which communities desiring public services have been able to acquire them earlier than if they had had to wait until it was feasible to extend them to an entire political unit.

Thus a neighborhood has been able to provide itself with a library, a park, or public-health service before the city, town, or county in which it was located was able or disposed to provide such a facility for the whole unit.

The United States Government

The jurisdiction of the federal government extends over all the continental United States and over the territorial possessions as well. Since, however, the territories and possessions have no uniform pattern of government, they will be excluded from this discussion.

CONGRESS

The knottiest question which faced the constitutional convention in 1787 was how thirteen states varying widely in population and wealth were to be equitably represented in the new federal legislature. The Connecticut Compromise proved a happy solution. This provided for two houses—a Senate with two senators from each state and a House of Representatives with members apportioned according to population. Thus the first Congress had twenty-six senators and sixty-five representatives, the original quota being one representative for each 30,000 persons. The Senate increased in size with the admission of new states until with the admission of New Mexico and Arizona in 1912 it reached its present membership of 96. Even though the population quota for each Congressman was steadily raised, the House grew until it threatened to attain unmanageable proportions. It was already unwieldy when, in 1910, an act was passed limiting its membership to 435. The seats are required to be redistributed after each decennial census, those states which have grown faster than the nation as a whole gaining one or more representatives at the expense of the states which have failed to do so. Each state is assured one member in the House, even though its population is less than the quota.

The Constitution provides that members of the House shall be chosen for a term of two years. Moreover, they shall be chosen by the same electorate as may vote for the most numerous house of the state legislature. States are normally divided into districts for the election of members of the House of Representatives, but there is no constitutional requirement that this be done. It should be remembered that in the early days of the republic suffrage was restricted by property qualifications,

taxpaying qualifications, religious tests, and various other restrictions. Since then these restrictions have generally been removed. In most states all citizens over twenty-one are now eligible to vote if they can meet a minimum residence requirement. A few states have a literacy test, and some southern states require that one shall have paid a poll tax.

It was intended that the Senate should be more detached than the House, and less responsive to popular clamor. This was expected to result from the longer term of office (six years), the staggered terms, and election by the state legislatures (this last provision is no longer in force). Actually the Senate has turned out to be quite different from what the framers of the Constitution intended, and is today the more democratic of the two houses. The smaller size of the Senate makes its members more conspicuous, and permits unlimited debate, and the Senate rather than the House has become the great forum of public opinion. Any schoolboy can name a dozen senators but is likely to be unable to name the representative from his home district.

The Senate, of course, has other than legislative powers. Presidential appointments must come before it for confirmation. It is true that only rarely does it refuse to confirm an appointment, but that is because the President does not submit an appointment until he has the advance approval of the senators from the state in which the appointee lives. In fact, the senators often suggest names from which the President shall make his selection. Senatorial courtesy requires that senators of the same political party support one another's candidates when they come before the Senate for confirmation. The Senate also enjoys added prestige because treaties must be submitted to it for approval. The Constitution says that the President shall make treaties with the advice and consent of the Senate, but actually treaties are negotiated by the President and the Department of State and are only submitted to the Senate for acceptance or rejection. Sometimes, rather than see a treaty rejected, the President may accept amendments suggested by the Senate if they are not objectionable to the other nation involved. President Wilson saw his efforts at the Paris Peace Conference nullified because the Senate refused to permit this country to join the League of Nations.

In the process of lawmaking the two houses are of equal importance. No bill may become law without the concurrence of a majority in each house. Tax bills must originate in the House; otherwise any measure may begin its course in either body. One reason why the Senate was denied the right to introduce tax bills was the desire to protect the large and

wealthy states from exploitation by the small states, but the safeguard no longer has any significance.

THE PRESIDENT

The Constitution vests executive power in a President who shall hold office for a term of four years. The Founding Fathers obviously wanted a vigorous, single-headed executive branch, with adequate power to administer the affairs assigned to the federal government, but they were determined that the chief executive officer should not be a powerful political figure. They had had bitter experience with autocratic governors. Therefore the President of the new federal government was to be primarily an administrator or business manager, without any social or political prerogatives, and with his strictly executive functions curbed by a series of checks and balances. In order to ensure that the President should not be a political leader, a clever method of indirect election was devised. In some way to be determined by the state legislatures, each state was to choose a number of presidential electors equal to the number of its representatives and senators in Congress, and no federal officeholder was eligible to serve as an elector. It was imagined that the states would choose for their electors their most eminent men—editors, jurists, educators, and businessmen. The electors were to meet in their respective states and cast their votes by ballot for two persons whom they considered worthy of being either the President or the Vice-President. Then the ballots from all the states were to be transmitted to Congress and formally counted. The person having the highest number, if it was a majority, was to be declared elected President, and the person having the next highest number, if it was a majority, was to be the Vice-President. This system, it was thought, would guarantee a nonpolitical selection. But it did not work out as intended. In the first two elections every elector wrote Washington's name as one of the two, making his election and re-election unanimous. By the third election, in 1796, political parties had appeared, and most of the electors voted as partisans, seventy-one voting for John Adams as leader of the Federalists, and sixty-eight for Thomas Jefferson, the recognized leader and spokesman of the so-called Republicans. This resulted in the election of Adams as President and of Jefferson as Vice-President. By 1800 both parties had made formal nominations for both President and Vice-President, and the electors were chosen to support one ticket or the other. The seventy-three Republican electors all voted for Jefferson and Burr, causing a tie and throwing the

election into the House of Representatives. The addition of the Twelfth Amendment in 1802 removed the possibility of another tie between two candidates on the same ticket, but otherwise the Electoral College has remained unchanged, though the electors are no more than counters. They formally meet and cast their ballots long after the country knows who has been the successful candidate. The only significance of the Electoral College is that the President and Vice-President are thereby elected by states rather than by popular vote. It is therefore possible for a candidate to be elected President without receiving a plurality of the popular vote, as has happened more than once in the past.

The election of a President on a partisan ticket makes him the titular head of his party and the dispenser par excellence of political patronage. His appointments to the more responsible positions must secure confirmation by the Senate, but there are thousands of inferior positions which he may fill on his own responsibility. This power has been steadily curtailed, however, by the extension of the merit system in the civil departments.

For many years the executive branch of the government, outside the army and navy, numbered only a few hundred employees, these being largely in the diplomatic, consular, and postal services. Today there are nearly a million persons in the civil departments and agencies. There are more than 291,000 in the Post Office Department and 86,000 in the Department of Agriculture. The President is directly responsible for the smooth functioning of this vast organization—the biggest business enterprise in the world.

The President is commander-in-chief of the army and navy, and, though no President has ever taken personal command, his disposition of the armed forces can have important military effects. The President has exercised this power to dispel riots, to provoke war with Mexico, to maintain order in Caribbean countries, to restrain Japan in the Far East. Exercised by a rash President, the power to order the fleet about could easily lead to incidents that might embroil the nation in war.

The President is the spokesman of the nation in dealings with other nations. He sends and receives envoys, negotiates treaties, and announces foreign policy. Though formal treaties must be approved by the Senate, many international transactions may be made by executive agreement, and a vigorous President is likely to stretch this authority as far as he feels public opinion will sustain him. Theodore Roosevelt used the power to acquire the Panama Canal Zone, and let the Senate debate the ethics

of it later. Franklin D. Roosevelt traded fifty overage destroyers to Great Britain in exchange for air and naval bases on British islands.

Despite the attempt of the framers of the Constitution to put "checks" on the President, the office has grown in power and prestige even out of proportion to the tremendous growth of the nation. No other constitutional office in the world compares with it, though that of the prime minister of Great Britain approaches it. The enhanced power has come by no amendment of the Constitution, by no surrender of power by the co-ordinate branches, but by judicial construction and sheer necessity.

The stature of a President has come to be as big as the stature of the man who fills the post. The people demand a leader in the White House, and, if the encumbent displays the qualities of leadership, they will support him in that role. On the other hand, a timid President, unable to inspire confidence, finds himself subservient to Congress.

The administrative agencies which Congress has established to operate under the President are mainly of two classes: the ten executive departments, whose heads are members of the President's cabinet, and the so-called independent agencies. The latter are not uniformly organized. Some are headed by a single officer; others are headed by boards or commissions; some are organized as corporations; and some are set up merely as committees. Some, like the Interstate Commerce Commission or the Federal Trade Commission, have quasi-legislative and quasi-judicial powers, and for that reason the Supreme Court has held that their members are not subject to the President's orders or to his power of removal. The Administrative Reorganization Act of 1939 authorized administrative agencies of a third variety—those which might be established by order of the President and kept under his direct control. Among such agencies are the Bureau of the Budget and the National Resources Planning Board. Moreover, subject to certain exceptions and limitations, the President was empowered to shift bureaus from one agency or department to another, or to regroup them into new agencies, and under this authority numerous shifts have been made in the interest of economy and unity. There are a few agencies directly under the control of Congress, examples of this type being the Library of Congress and the Government Printing Office.

All four types of agencies mentioned above are in one sense creations of Congress. The Constitution provided for the office of President and wisely left the creation of the supporting administrative structure to Congress. For 150 years the structure has grown, but not entirely in an

orderly and logical way. At first there were three departments; others were added, and there are now ten. But scores of agencies were established outside any department, and not until the Reorganization Act of 1939 was passed did the President have any power to consolidate or transfer bureaus and agencies in the interest of more effective organization, though all recent Presidents have sought such power. The authority finally granted to President Roosevelt was somewhat limited, but, acting under it, he has taken steps to group like services together as far as possible, to eliminate superfluous machinery, and to dispense with boards as administrative agencies. Later Presidents may be granted power to undertake a thorough overhauling.

THE FEDERAL JUDICIARY

The Constitution states that the judicial power of the United States shall be vested in one supreme court and such inferior courts as Congress may from time to time ordain and establish. To ensure the independence of the courts, it provides that the judges shall hold office during good behavior.

The Supreme Court is at present composed of a chief justice and eight associate justices. It sits only at the national capital, and its principal work consists of hearing appeals from the lower federal courts and the state courts.

The inferior courts are eighty-four district courts and ten circuit courts of appeals. Most cases arising under the Constitution, laws, and treaties of the United States go to the district court in the first instance, and if appealed are heard in the circuit court. Normally only cases involving an interpretation of the Constitution can be appealed from a circuit court to the Supreme Court.

The power of the Supreme Court to declare an act of Congress or of a state legislature unconstitutional is known as "judicial review." The power is not granted specifically in the Constitution, but the court asserted the power in 1803 and has consistently maintained that the power is implied and indispensable. It makes the court the guardian of the Constitution, the upholder of the supremacy of federal laws, and the defender of the reserved rights of the states. Naturally, in interpreting the words and phrases of the Constitution, the members of the court are influenced somewhat by their own attitudes and predilections, and decisions are not often unanimous. When an act of Congress is held unconstitutional by a five-to-four decision, as has sometimes happened,

it may be questioned whether the spirit of judicial review is not being violated. There is considerable sentiment in the country for an amendment giving Congress power to re-enact by a two-thirds vote an act declared unconstitutional by the court, or, if not that, requiring at least a more decisive vote of the court—perhaps a vote of 7 to 2—to annul an act of Congress. When a mere change in the personnel of the court results in the acceptance of legislation involving the same principles as legislation previously held unconstitutional, one is forced to inquire whether the better remedy might not be clarification of the Constitution itself.

State Government

The United States is a union of states which are on a footing of legal equality one with another. Their powers in certain respects are circumscribed by virtue of the powers delegated exclusively to the federal government and by limitations imposed on the states by the federal constitution, but in all other respects their powers are inherent and unlimited. The states may appear to be overshadowed by the federal government, but actually the sphere of state activities is more extensive than that of federal activities.

Though thirteen of the states are older than the nation, the structure of state government parallels that of the federal government in many respects. There are the same threefold separation of powers and the same insistence on checks and balances.

STATE LEGISLATURES

Every state has a lawmaking body made up of representatives chosen by direct vote of the people and usually called the "general assembly," though in Massachusetts and New Hampshire the colonial term "general court" has been retained. The legislature of every state except Nebraska is a two-chamber, or bicameral, body consisting of what are generally called a house of representatives and a senate. Outside New England, where the town is the unit of representation, the county normally constitutes an assembly district, and a group of counties a senatorial district. Though there is not the same justification for two houses in a state legislature as there is in the federal legislature, only Nebraska has had the courage to break with tradition. In 1937 it substituted a single chamber of forty-three members. The experiment is being watched with

interest by other states, and, if it proves successful, may be copied. In most states the senate is comparatively small, with from twenty to fifty members, but many of the lower houses are too large to be effective deliberative bodies. The little states of Vermont, Connecticut, and New Hampshire are the worst offenders, with lower houses consisting of 246, 267 and 427 members respectively. In several states there is gross discrimination in representation in favor of rural districts and against large urban centers. Rhode Island allows Providence only one senator, although the city's population would entitle it to sixteen. Baltimore has half of the population of Maryland, but elects only one fifth of the senators of that state. In Georgia every county is entitled to at least one representative in the House, whereas Fulton County, containing as many people as forty-nine of the least-populous counties, has only three representatives. Thus a rural population equal to that of Fulton County has more than sixteen times as many representatives.

In forty-three states there is a regular session of the legislature only once in two years. The other five legislatures meet annually. A typical session is from sixty to ninety days, the duration as well as the frequency of the session in most states being fixed by the constitution. The pay of state legislators is notoriously low, a factor which might contribute to mediocrity of talent as well as to the presence of an element not averse to trafficking with the more affluent lobbyists.

THE STATE EXECUTIVE

Every state has as its chief executive officer a governor elected by popular vote for a term of from two to four years. Except in a very few states he is eligible to re-election. Unlike the President of the United States, no governor is vested with full executive power; he must share it with several other popularly elected officials, such as the secretary of state, state treasurer, state auditor, attorney general, state superintendent of public instruction, and perhaps others. Though the governor outranks these other officials, administratively they are not fully responsible to him. Not infrequently, if such an officer is at odds with the governor or has contrary political aspirations, he will defy him and disrupt his administration. If the governor were a rogue, such dissension might, of course, be wholesome, but it can hardly be argued that an effective organization is to be avoided because it might sometimes fall into evil hands. The tendency in recent years has been therefore to strengthen the hands of the governor. New administrative positions have

been made appointive, and a number of states have even eliminated several elective posts from the ballot. New York under the leadership of Governor Alfred E. Smith, adopted a plan of reorganization in 1926 which placed the governor in very definite control of administration. Only the governor, lieutenant governor, comptroller, and attorney general remain elective officers. Nearly two hundred administrative agencies were grouped into eighteen departments, and the governor, through his powers of appointment and removal and through his cabinet conferences, is able to function effectively as the state's administrative head. With this degree of control he can and will be held responsible. Virginia, Tennessee, Pennsylvania, and Illinois are other states which have "streamlined" their administrative setup. A word about the internal organization of Illinois will indicate further what this means. Some sixty administrative units were brought into ten departments, each headed by a single director appointed by the governor and directly responsible to him. Collectively the heads of the ten departments serve as the governor's cabinet. The departments are Finance, Public Works and Buildings, Agriculture, Public Welfare, Conservation, Labor, Mines and Minerals, Public Health, Education, and Insurance. The different functions of each department are administered by superintendents or bureau chiefs who are immediately responsible to the director, though, like him, appointed by the governor. The governor's appointments require the consent of the senate, but this is reported to be, in practice, only a formality.

It has come to be recognized that strictly executive duties are better performed by a single administrator than by a board. On the other hand, if the function is quasi-judicial, it is better to have the judgment of more than one man. Illinois has recognized this principle and has attached paid boards to those departments or bureaus which might be called upon to exercise quasi-judicial or quasi-legislative power. An example is the Parole Board attached to the Department of Public Welfare.

Another development of recent years which has enhanced the power of the governor in numerous states is the executive budget. The appropriations committees of the legislature no longer appropriate piecemeal as they are influenced by agency or institutional heads; instead, a complete, itemized budget is drafted and presented to the legislature by the governor. The hearings and investigations which serve as a basis for the recommendations made by the governor in his budget message are made months before the legislature meets. Legislative committees, of course, provide further hearings, and changes may be made as a result

of them, but the budget is finally voted on as a single instrument. One state, Maryland, has placed strict limitations upon the power of the legislature to increase the amount of appropriations recommended by the governor and to pass supplementary and special appropriation bills. It may increase only items relating to the legislature or the judiciary. Some states authorize or require the budget director, who is the governor or his appointee, to withhold appropriations to the extent necessary to keep expenditures within the revenues, if the latter should fail to be as much as the budget estimates. Except for certain preferred items, such as interest on bonds or the salaries of constitutional officers, the law usually specifies that the budget director shall not be partial or arbitrary but shall reduce all departmental allotments proportionately.

Other important powers of the governor are to grant reprieves and pardons, to command the military forces of the state, and, in every state except North Carolina, to veto acts of the state legislature. As the state's responsibilities have increased by the steady addition of new public services, the governor has been expected to assume greater and greater powers of leadership, and the people call to the office only men capable of such leadership. Nowadays state policies and programs are not usually formulated by legislative leaders; instead, the governor outlines a program of action for the legislature. Then, as the leader of his party, he exerts pressure openly or behind the scenes to secure the adoption of the program.

THE STATE JUDICIARY

This country has two systems of courts, the federal system and the state system; neither is subordinate to the other, but each has its own jurisdiction. The state courts, like the federal courts, are graded according to the types of cases they handle.

The lowest court in all the states is the court presided over by a justice of the peace. This is an informal court which can try only criminal cases of a petty character and civil cases involving very small sums. More often than not jury trial is waived.

A somewhat higher criminal court is the municipal court or recorder's court. It is a formal court, or court of record, which disposes of many petty cases, thereby relieving the higher courts of them. Here again there is normally no jury, the judge himself determining the guilt as well as fixing the sentence.

Next in rank is a court of general jurisdiction, variously known as the

county court, the court of common pleas, the district court, or the superior court. It meets periodically in every county and is the court in which all except petty cases are tried. Every court has a resident clerk, and the sheriff is the process server. There may be a resident judge, though more often the judge has a circuit. Likewise the prosecuting attorney may serve more than one county.

The capstone of the state judicial system is a court of appeals, usually, but not always, called the "supreme court" of the state. It is a court of last resort unless an interpretation of the Constitution and laws of the United States is involved, in which case its decision may be appealed to the United States Supreme Court. To relieve congestion in their highest court a few states have established an intermediate court of appeals, with several districts or circuits.

There is no uniformity in the several states, either in the names of the courts or in the term and manner of selecting the judges. In contrast to the federal judiciary, however, most judges are elected rather than appointed. The popular election of judges on a party ballot has been criticized, but with rare exceptions the people nominate and elect to the bench only men of dignity and good character.

Local Government: COUNTY GOVERNMENT

Counties are more nearly universal than any other unit of American local government. Numbering more than 3,000, they are found in all the states, although in Louisiana they are known as parishes. Historically, in New England, county government was overshadowed by the towns, whereas in the South the county developed as the dominant type of local government. This contrast has continued, the New England county never acquiring extensive powers, whereas in twenty-five southern and western states town government was never established. In New York and Pennsylvania powers were divided between county and town governments, and this arrangement was perpetuated in the states settled largely by immigrants from these states. Thus there came into existence three main systems of local government: (1) in New England most local functions are performed by the town, and the county is only an administrative subdivision of the state; (2) in the southern and far western states the county is the important unit of local government, and the township is either nonexistent or is a mere administrative subdivision of the county; (3) in the north-central states the county is a unit of both

state administration and local government and at the same time is divided into townships which perform certain minor functions of local government. Not all the states fall clearly into one of these categories, for county government is not uniform throughout the state. This is illustrated in Illinois and Missouri, where township government exists in only some of the counties.

County government violates the principles of organization insisted upon in federal, state, and even city government. The county has no legislature and no chief executive. Its central organ is a county board, large or small, with powers which are partly legislative, partly executive, and partly judicial. It can levy taxes and make appropriations, but it has practically no ordinance-making power. Its work is largely laid out for it by the state, but in carrying out these tasks it enjoys some measure of discretion.

There is no single executive officer in the county corresponding to the governor of the state or the mayor of a city. In addition to the county board, which is a kind of plural executive as well as a quasi-legislative body, there are a half dozen or so other elective officials. Those most commonly found are sheriff, treasurer, county clerk, prosecuting attorney, coroner, county recorder or register of deeds, county judge, and county superintendent of schools. In some states one or another of the above may be appointed rather than elected. On the other hand, the list of elective officers may include a county assessor, a county auditor, or a county highway overseer. The law may require that all administrative officers render an accounting to the board, but, if they are popularly elected rather than appointed by the board, it is difficult to compel them to do so.

County government is recognized as the most backward of all our American governments. This may be attributed to several adverse influences. First, the county has only partial independence, being primarily a subdivision of the state for the more convenient exercise of state government. Though the state has denied the county the status of a municipal corporation, with full powers of local government, it has failed to modify the structure and organization of dissimilar counties to meet their own peculiar problems. Second, although holding them in a strait jacket structurally, the state has failed to guide or restrain counties in their financial operations, and many have suffered from extravagance or ineptness. Third, the county is an important link in political party organization, and county offices have been used to strengthen such organi-

zations, often with the connivance of the state legislature. Fourth, the vast majority of the counties are rural, and their leadership has been ill informed and shortsighted.

THE NEW ENGLAND TOWN

The basic local units in the six New England states are the towns, there being more than 1,400 of them. In most instances a town is a natural area, bounded by geographic features rather than by straight lines. The usual size is from twenty-five to thirty-five square miles, this being originally the territory embraced by a settlement and the farms outlying for a distance of two or three miles in each direction. These natural communities were conducive to the development of a strong local government, and it was logical to use them as a basis of representation in the state legislature, and for state administrative purposes. In the course of time many towns have become predominantly urban, but most of them are still rural or rural-urban. The typical town has within its boundaries one or more villages, which in most instances have not incorporated but have continued as a part of the town and depend on it for public services. This has meant that normally village and country enjoy the same school, library, and health services. Of course, the larger cities have found it advantageous to have their own municipal governments, and there are incorporated cities in every one of the New England states. In Vermont even small villages are separately incorporated. On the other hand, the Massachusetts constitution forbids the incorporation as a city of any town having less than 12,000 population. In Rhode Island there is no chartered municipality of less than 23,000, and in New Hampshire there is none of less than 5,000. In these three states all communities of smaller population continue as towns. Naturally such towns have come to perform many urban functions. Moreover, because of the limited importance of county government in New England, towns must perform services elsewhere rendered by counties.

Since colonial times town government has represented the purest form of democracy in America. All the qualified voters assemble annually in town meeting, and there enact ordinances, levy taxes, vote appropriations, hear reports, and elect officers for the following year. The tenure of office is ordinarily one year, though re-election is common. The selectmen, usually three in number, act as a kind of executive committee to supervise the work of the administrative officers. Many of the larger towns have provided for a finance committee to formulate the

budget for submission to the town meeting and to advise the selectmen in other financial matters. Several towns have even appointed town managers to head the administration. This has been in the towns which are virtually urban communities, though not separately incorporated.

Though the town meeting has displayed remarkable vitality and still functions quite satisfactorily in the rural towns, it became unwieldy in some of the more populous towns. This led a number of the larger places to incorporate as cities and be governed as such. Others have established what is known as the limited or representative town meeting. Under this plan, the town is divided into several districts or neighborhoods with each entitled to send a given number of delegates to the town meeting. Even so, there were in 1939, according to the *Municipal Year Book*, eighty-seven communities with a population of 5,000 or more which still had the traditional town meeting.

THE TOWNSHIP

Exclusive of New England, there are sixteen states in which the township exists as a unit of local government, and a few other states where it exists only as a subdivision of the county for administrative purposes. The sixteen states in which the township is of some governmental importance extend from New York, New Jersey, and Pennsylvania to the Dakotas. This belt of states represents fairly closely the path of western migration from the middle Atlantic states. Not all the counties of the sixteen states, however, are fully organized into townships. For example, southern Illinois was settled by people from the South who brought with them a preference for the southern county type of government, and so in that part of Illinois town government was not established. In the eastern states townships are often irregular in shape, like the New England town, but in the Middle West they tend to coincide with the so-called congressional township, the unit of thirty-six square miles into which the public land was surveyed. Some townships which began as thirty-six square miles of territory have been reduced in area as a result of the severing of villages as they became incorporated. The practice of incorporating villages separately is far more prevalent in the township group of states than in New England. This means that the typical township is more rural than the New England town with its unincorporated village center or centers, and for that reason undertakes fewer functions of government. Exceptions are some of the densely populated suburban townships, particularly in New York, New Jersey, and Pennsylvania.

There are many townships which contain fewer than 100 inhabitants; the median population in Kansas is 436 and in Minnesota 472. Kansas has 1,550 townships and Minnesota 1,973.

The greater importance of the county outside New England reduces the significance of the township. There is no town meeting or selectmen. There is some form of town board to fix the tax levy and make appropriations, but in most states the membership of the board is ex officio. In New York, for instance, it consists of the town supervisor, the town clerk, and two justices of the peace. There is no uniformity in the roster of town officers in the several states, but among the most common are justices of the peace, constables, assessors, tax collectors, town clerks, and highway supervisors.

There is a widespread conviction that the township has outlived its usefulness. Once of some convenience in the administration of poor relief and local roads, it is now recognized as too small a unit for effective administration in these fields. Though it is still often used as an election district, a school district, or an assessment district, there is no need of its possessing governmental powers to serve these purposes. It could be retained as a mere subdivision of the county. A few states have begun to move in that direction. In 1933 the townships of Oklahoma were deprived of authority to levy taxes for township purposes, except for the retirement of existing indebtedness. All former township functions were transferred to the county. In Michigan all township roads have been transferred to the county. In most states the administration of public welfare is being transferred steadily to the county. The county unit is being widely adopted for school purposes. The fact that townships never existed in half of the states is pretty good evidence that, with modern methods of transportation, they could be abolished with profit in at least the rural parts of all states. Resistance to such a move will, of course, be offered by the army of township officers who would be deprived of their jobs.

CITIES AND VILLAGES

There are approximately 16,500 incorporated places in the United States. These are usually called cities or villages, though in several states the term "town" is often used, and in a few states there are "boroughs." Whatever their designation, and however greatly they vary in size, they possess certain characteristics which distinguish them from other local units: (1) They are closely settled and of limited area. (2) Except in

Virginia, and except for a half dozen of the big metropolitan cities, they remain a part of the county or counties in which they are located, subject to county taxes and the beneficiary of county services. (3) They are true municipal corporations created for the purpose of giving the inhabitants unusual powers of taxation and self-government. (4) They operate under a charter granted by the state legislature either specifically or under general laws. (5) They possess police power, the right of eminent domain, and the authority to own and operate their own public utilities. (6) Their functions are numerous and varied, and the budgets of the major cities are larger than those of many of the states.

FORMS OF CITY GOVERNMENT

City government in America conforms to one of three types: mayor-council, commission, and council-manager. The mayor-council form, which is the oldest form and which is found in a majority of cities of more than 30,000 inhabitants, is based on the doctrine of separation of powers. Its most distinct feature is the conspicuous position assigned to the chief executive, or mayor. The mayor, under this plan, is elected by direct vote, usually for a term of two or three years. He is responsible for maintaining order and for enforcing the ordinances passed by the city council. He represents the city in its dealings with other governments and upon ceremonial occasions. He exercises general supervision over the work of the various city departments, although his effective control depends largely on his power to appoint and remove department heads. In a majority of cities his appointments must obtain the approval of the council. Cities in which the mayor fills all or most of the administrative posts and may appoint or remove without consent of the council are said to have the strong-mayor type of government; cities in which he does not have such powers are said to have the weak-mayor type. The strong mayor also is empowered to prepare the annual budget. The tendency is toward the strong mayor.

The lawmaking branch in city government is known as the council or board of aldermen. It levies taxes, makes appropriations, passes ordinances, and often makes or confirms appointments. There is no uniformity in the size of city councils. Where the members are elected at large, there may be no more than five or seven; where all or most of the members are elected by districts or wards, the councils are often very large. The Chicago council has fifty members, and until 1936 the New York City council had sixty-five. The latter now consists of one member for

every 75,000 votes cast, elected by proportional representation. At the present time (1942) there are twenty-six members.

The mayor-council form of government is faulty in that administrative responsibility is divided between mayor and council; the checks and balances copied from the federal government are an obstruction rather than a safeguard; committees of councilmen provide ineffective supervision because they are on part-time service and are made up of amateurs; and it is not conducive to good government for cities to be dragged into the current of party politics. In the light of these evils, nearly eight hundred American cities have repudiated the mayor-council system, and have substituted either the commission or the council-manager form of government.

The commission form, introduced by Galveston in 1901, is very simple. Instead of council, a mayor, and other elective officials, there is a small commission, usually with five members. In this commission are concentrated both legislative and administrative powers. Each member serves full time as the head of one of the departments into which the administrative work is divided. The commissioners are elected at large on a nonpartisan ticket and often are well paid, factors designed to attract able men. One of the commissioners is designated mayor, but his additional powers, if he is given any, are routine or ceremonial ones.

Though the commission plan has much to recommend it, there are inherent weaknesses. It is not easy to elect five able men, each an expert in a particular field. Then, each may be jealous for his own department, and incapable of developing a balanced point of view. Conversely, one department may be neglected by the combined opposition of the other four commissioners. The plan ignores the sound principle of the separation of policy-determination and execution. Though many cities have enjoyed good government under the plan, others have abandoned it to revert to the mayor-council form or to adopt the council-manager form.

Beginning with Staunton, Virginia, in 1908, about five hundred cities have adopted the council-manager plan. It is essentially the same type of structure as is found in a business corporation. The electorate corresponds to the stockholders, the council to the board of directors, and the manager to the business manager or general superintendent.

The council is relatively small, usually elected at large, and preferably by proportional representation. This method of election ensures all major parties or interest groups representation on the board approximately in proportion to their voting strength. Thus, if 60 per cent of the

voters were Republicans, 25 per cent Democrats, and 15 per cent Socialists, a council of seven would probably contain four Republicans, two Democrats, and one Socialist. To date only a few council-manager cities elect their councils by proportional representation, but the idea is gaining in popularity.

The council under this plan serves only as the legislative, policy-determining, and general supervisory body of the city; and its members, devoting only a portion of their time to the city's affairs, are paid only a nominal sum for their services. Responsibility for the details of administration rests upon a single official, the manager, who is chosen by and is directly responsible to the council. He is generally appointed for an indefinite term, and is subject to removal at any time when he ceases to give satisfaction. The entire city administration revolves around the manager. He appoints all heads of departments and sometimes their first assistants; he assigns to each his duties; and he may suspend department heads or subordinates at any time for cause. He has general supervision over every phase of city government, and is held responsible for results. It is his duty to keep the council informed, to enforce all city ordinances, to prepare the annual budget, and to act in many ways as the agent of the council. Although he has no vote at meetings of the council, he is expected to be present and to participate in its deliberations. On the other hand, it is improper for him to make public speeches or to go before the people in opposition to the council. He is in no sense a political officer; he is a technician in the mechanics of administration. Managers have sometimes been parties to chicanery, but in the main city managers have established and maintained high professional standards. Many cities, after years of bad government, have redeemed themselves under the council-manager plan.

HOME RULE

Since local governments are creatures of the state, they possess no inherent right of self-government. Whatever a local unit does must be sanctioned by the state constitution or statutes. In the absence of home-rule provisions, the powers of a municipal corporation, as well as those of a county, are specifically enumerated in the statutes, and must be strictly construed. However, local powers may be conferred in permissive form, and in recent years the scope of permissive legislation has been steadily expanding. The Pennsylvania General Borough Act of 1927 names some seventy activities which boroughs may undertake if

they wish. These range from prohibiting the keeping of pigs within the borough to owning and operating an electric light and power plant.

Genuine home rule involves more, however, than discretion in respect to certain designated matters. It means the right of a local unit to frame, adopt, and amend its own form of government and to determine the scope of its local powers within the framework of the state constitution and laws.

The home-rule movement originated in the desire of cities for greater freedom from legislative control. Cities like New York, Chicago, and Atlanta have frequently been seriously hampered in the management of strictly local affairs by the action of rural-minded legislatures, prompted by fear or jealousy. Chicago has at times expressed a desire to secede from Illinois and be made into a separate city-state.

Municipal home-rule provisions have now been written into the constitutions of eighteen states, Missouri being the first (1875) and West Virginia the most recent (1936). In a number of states, including California, constitutional home rule is self-executing, but in other states it is only an authorization for the legislature to act, and not all legislatures in this group have done so.

In the states where the legislative shackles have been removed, some five hundred municipalities, beginning with St. Louis in 1876, have taken advantage of the home-rule authority, usually with beneficial results. Cincinnati's remarkable progress since 1924 has been achieved under a home-rule charter.

In recent years home rule has been urged for counties as well as for cities. No doubt more freedom of action would be helpful to urban and suburban counties with unusual problems to overcome, but the granting of home-rule powers to all counties might not be desirable. The county, far more than the city, is an agency of the state entrusted with the discharge of state functions. It is important that these particular functions be performed in all parts of the state with some degree of uniformity. Outside the urban and suburban counties there have been hardly enough functions of strictly local character to warrant home rule. This does not mean that all counties in the state, or even all rural counties, should be compelled to have an identical organization and an identical set of officers. County home rule, to the extent of permitting variations in governmental structure and co-ordination of effort among governmental units, is in fact very much needed. New York, after years of agitation, has given its counties a large measure of local discretion in reorganizing their gov-

ernmental structure. They are also free to transfer functions from units within the county to other units or to the county, to abolish towns, and to provide for nonpartisan elections. Four states—California, Maryland, Ohio, and Texas—have amended their constitutions to permit county home rule, but only seven California counties have succeeded in adopting home rule charters.

Suggested Readings

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Chapter XV

VITAL PRINCIPLES AND FORCES IN POLITICS

A Working Definition of Democracy

Today the American government is usually described as a democracy, and as such is usually classed with Great Britain, the French Republic, Switzerland, and Sweden. But it is soon evident on examination that "democracy" is not the most satisfactory term to use in any exact sense with reference to the political fundamentals of the system common to these countries. Critics, like Dorothy Thompson, who are favorable to these countries find that free science, the rule of law, and the Christian ethic are more important than democracy to the civilization which these countries represent. Unfavorable critics are likely to describe some of them as the "so-called democracies."

The United States was certainly not a democracy when the Constitution was adopted in 1789. In most of the states there were property and religious qualifications for officeholding and for voting. Slavery was an outstanding undemocratic feature of the contemporary social system. And yet the principles of the system as established by the Founding Fathers are the ones to which we are told we must be true. In Great Britain the suffrage was restricted to substantial property-holders until 1867. And yet the period 1832–1867 is usually regarded as the golden age of British parliamentary government. If we would understand what it is that most distinguishes our system of government and those of Britain and France (before 1940) from the systems of Nazi Germany and the Soviet Union, we must find a more satisfactory expression. Some will prefer the expression "limited government," some "constitutional government"; others will prefer "freedom" or "respect for the individual." All these expressions come nearer than "democracy" to describing satisfactorily the fundamental concepts of our system.

Objection to the term "limited government" will come from those who point out the extensive powers—bordering on dictatorial powers—granted to the Wilson administration in the United States in 1917 and to the British and French governments during the two great wars of this century. To them it may be replied that the American, British, and French people nevertheless reserved the right to change dictators; that Asquith was replaced by Lloyd George, just as Chamberlain was later replaced by Churchill; that any number of French governments were overthrown during the First World War, and that Reynaud replaced Daladier in the Second; and finally that the American people voted out of office first Wilson's Democratic majority in Congress in 1918 and then the Democratic Party from the Presidency in 1920; and that, had they so chosen, they could have voted President Roosevelt out of office in 1940, war or no war.

Basic Elements of Responsible Government:

POPULAR CONTROL

There is in the systems of all these countries the concept of ultimate responsibility to the people, of the possibility of replacing those in office without resorting to the revolutionary technique of crude force and bloodshed. For the system to work there must be mutual tolerance by the group that is in office and the group that is out of office; the willingness of the "outs" to allow the "ins" to remain in power until there is another election; the willingness of the "ins" to surrender the instruments of power if the election goes against them.

The term "responsible government" might well describe this process of peaceful surrender were it not that this term has been pre-empted to distinguish the parliamentary system from the presidential. The important thing is not the term, but the fact of responsibility to at least a fraction of the community of the governed, the nonofficeholders. If the fraction is a large one, the government is more democratic than if it is not, but the fact of responsibility or constitutionality does not depend on the size of the fraction. If the officeholders can be removed only by revolution or at the will of a monarch who can be removed only by revolution, the government is irresponsible. Scholars and critics may and do differ as to the social and economic foundations necessary for a stable constitutional government: some find such government to depend on a large and enlightened middle class; some, like E. P. Herring, empha-

size that, if we are to avoid dangerous overemphasis on partisanship, there must be a large, neutral, almost indifferent public that can be aroused to political action only in time of crisis. All acknowledge the importance of responsibility to popular will, however they account for it.

The shift in the United States from a constitutional nondemocratic system of government to a democratic one is usually recognized as coincident with the rise to power of the elements which brought Andrew Jackson into the presidency. "Jacksonian democracy" is the term usually employed to describe the politics of the period. It is, of course, inaccurate to ascribe to any specific date the triumph of such a movement. The capture of the presidency in 1828 was antedated by similar triumphs in the individual states and was made possible by the abolition of the property qualification for voting in the states. But it is fair to say that American government and politics were a quite different affair after the "reign of King Andrew" from what they had been before him.

A similar development occurred in Great Britain after the passage of the Reform Bill of 1867. Before 1867 the suffrage in England was substantially limited to landowners and large capitalists. The Reform Bill of 1867 extended the suffrage to the urban proletariat, and Britain's development in a democratic direction was well under way. Thus we find in both the United States and Great Britain a tendency for the government to be increasingly dependent on the masses and increasingly subject to mass control. In fact, despite the fundamental antithesis between democracy and dictatorship, recent developments in Germany have been along similar lines. Hitler's government is far more dependent on mass support than was the Kaiser's, which leaned for support on the Junker landowners, the big industrialists, the army, and the navy. Thus we have the seeming paradox that Hitler's dictatorship is more democratic than the Kaiser's government. But to those who hold that constitutionalism, responsibility, and respect for the individual (rather than democracy) constitute the essence of the American system, and that civil rights are more important than political rights, it will not come as a shock to be told that the masses probably support the present German government and its policies far more than some of us realize. Such realists will not be oversanguine about the possibilities of revolution in Germany without decisive military defeat, nor will they be so sure that the war would stop immediately if the army overthrew Hitler.

THE LAWMAKING POWER

A second feature common to the governments of the United States, Great Britain, and the French Republic is the location of the lawmaking power in the hands of a body of men and not of one man. Montesquieu thought that the way to ensure the liberty of the individual was to divide the exercise of governmental powers between different governmental branches. The American Founding Fathers followed Montesquieu's advice to a certain extent. The British have not done so, but instead have been content to place the supreme power in the hands of one branch of the government while ensuring that the exercise of the power is in the hands of a group of men and not of one man. The common quality in the British and American systems is that the lawmaking power is not in the hands of one man, whether, as in England, it is concentrated in one governmental branch, or whether, as in America, it is distributed among several.

THE STATUS OF THE INDIVIDUAL

A third main feature of our system of government has to do with the status of the individual. This feature is sometimes described as the "rule of law," the principle that all men are equally entitled to their rights under the law, and that they cannot be imprisoned or subjected to any punishment except in accordance with a general rule of law. Another aspect of this principle appears in the Anglo-Saxon legal maxim that every man is presumed innocent until proved guilty. The right of habeas corpus is contrasted with the arbitrary right of the French king before 1789 to imprison any of his subjects by *lettre de cachet*, and with the present-day power of the German executive to imprison, try, condemn, and execute without public trial. It is true that the power of the constitutional executive is greatly increased in time of war or crisis. But this increase of power is granted by, and can always be taken away by, the lawmaking branch which bestows it. Whenever this power cannot in practice be taken away, the government becomes irresponsible. Even when the executive is legally granted an arbitrary power of imprisonment, that power must be exercised with respect for the dignity of the individual. The power to detain in time of crisis does not involve the power to resort to the methods of the concentration camp. When a government forgets that even a foreign spy is a human being and an individ-

ual, that government ceases to be constitutional and becomes irresponsible, no matter on what authority it acts.

Distinctive Features of the American System

Just as important to an understanding of the American system of government is a recognition of the qualities which differentiate it from other constitutional systems of government. With the British government it shares the qualities of constitutionality or responsibility, respect for the individual, and unwillingness to entrust power to the hands of one man. It differs from the British system in the method of enforcing responsibility, in the method of preserving and protecting the rights of the individual, and in the specific assignment of the lawmaking power. The British subject votes for his member of Parliament and not for any other national officeholder. He trusts Parliament to enforce the observance of responsibility by the prime minister, who is leader of the majority party in the House of Commons. The American not only votes for his representatives in Congress; he votes also for presidential electors. He votes not only for members of the state legislature; he votes for the governor and a host of other administrative officers. The Briton trusts Parliament to protect the rights of the individual. The American trusts the courts. The Briton entrusts all lawmaking power except the enactment of municipal ordinances to Parliament. The American distributes it territorially and functionally. The Briton has faith in the traditional and the practical. The American has faith in the tangible and the theoretically perfect. The American thinks he finds both certainty and perfection in the written law. Distrusting politicians, he places his faith in "a government of laws and not of men," and forgets that thereby he only ensures that the men must be lawyers. An enumeration of some of the major differences between the British and American systems is almost as revealing as a comparison of American constitutionality with the Nazi dictatorship; accidentals are almost as characteristic as fundamentals.

THE WRITTEN CONSTITUTION

The written constitution was a characteristic of American political institutions long before the Constitution of 1789 was adopted. The constitutions of all the various states had been written, as the colonial charters had been written before them. All were regarded as contracts between government and governed. Americans have been so long accus-

tomed to written constitutions that most of them believe that all constitutions are or ought to be written, and that written constitutions have the power to enforce their own provisions, making use of judges only as mouthpieces who merely make public the inner secrets which are revealed to them. Many Americans are surprised to learn that the office of prime minister of Great Britain was not specifically provided for in writing until 1937.

Probably there is little merit in the written constitution as such. More important is what the constitution, written or unwritten, contains. When a constitutional convention sets out to draft a complete instrument of government, it is liable to afflict practical politics with irrelevant and often mischievous political theory. The constitutions of the first and second French republics suffered from an excess of theory, or at least from an excess of theory which was not relevant to the needs of the moment. The constitution of the Third Republic, which endured until the Nazi conquest of 1940, consisted only of a series of written "fundamental laws" designed to meet specific practical needs. It set up a government which, though intended to be temporary, lasted longer than any other French governmental system since 1791. The contents were more important than the fact that they were written.

American faith in the written document sometimes leads to disregard of equally important factors. When a state legislature decreed that henceforth the ratio of the circumference of a circle to the diameter should equal three, the circles showed no visible change. Fundamentalist legislation in Tennessee and Mississippi, antidissection legislation in New Jersey, prohibition legislation even in the form of a written amendment to the Constitution itself: none of these produced quite the result desired. According to Walter Lippmann, we are witnessing the birth of a new American panacea. We no longer pass laws against everything we dislike; we appropriate money to get rid of everything that offends us. Naive faith in the written law and the written contract survives, nevertheless. But it is not confined to the United States exclusively. Chamberlain brought back a scrap of paper from Munich.

THE FEDERAL SYSTEM

The written constitution of the Founding Fathers provided, first of all, for the distribution of power on a *federal* basis. The federal system of government is distinguished from the *unitary* system, in which the distribution of power between central and local organs of government

can be altered by the central organ, and from the *confederate* system, in which all distribution of power is made by the member states, the central or confederate government exercising only such powers as its members allow it. Under the federal system power is distributed by some superior organ between the central government and the governments of territorial subdivisions. In the United States the superior organ is the constitution-making and constitution-amending power. That the government of the United States should be federal rather than unitary was made necessary not by any theoretical virtues of the federal system, but by the fact that it was the only system (other than a continuation of the confederation) which the "sovereign" states could conceivably be induced to accept as the basis of a union.

The distribution of powers made by the Constitution is as follows: Certain powers are granted to the federal government alone; certain powers are granted to both the federal and the state governments (concurrent jurisdiction); certain powers are forbidden to the federal government; certain powers are forbidden to the state governments; certain powers are forbidden to both the federal and the state governments; and finally the tenth amendment to the Constitution declares that "the powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the states respectively, or to the people." Thus the federal government is a government of enumerated or delegated powers; the state governments are governments of reserved powers; finally, there is a sphere of action closed to both governments. There we find the rights of the individual.

The provision reserving powers to the states "or to the people" has had the effect of hamstringing the federal government on many occasions. So much were the Canadians impressed with the inconvenience of this arrangement that in the British North America Act of 1867, which established a federal government for Canada, they provided for a distribution of power which was just the reverse of that in the American Constitution. That is, in Canada the provincial governments are governments of enumerated powers, whereas the Canadian federal government is a government of reserved powers.

Though other countries have regarded our distribution of enumerated and reserved powers as not wholly felicitous, one other feature of our federal system is almost universally praised. This is the famous "supremacy clause" (Article VI, Section 2) of the Constitution, which provides

that "this Constitution, and the laws of the United States which shall be made in pursuance thereof; and all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land; and the Judges in every State shall be bound thereby, anything in the Constitution or laws of any state to the contrary notwithstanding." Thus the Founding Fathers proclaimed that within the sphere of its enumerated powers (and including those spheres in which the federal and state governments exercised concurrent jurisdiction) the federal government should be supreme.

Any alteration in the distribution of governmental power can be made only by amendment of the Constitution. This is provided for in Article V. Amendments may be proposed either by a vote of two thirds of both houses of Congress or by a convention called by Congress on application of the legislatures of two thirds of the states. Amendments may then be ratified either by the legislatures of three-fourths of the states or by conventions called in three fourths of the states, as Congress may determine. Thus the constitution-amending power rests primarily with the states; an amendment proposed by Congress cannot become law without the consent of three fourths of the states; but, if Congress fails to propose an amendment which the states desire, the state legislatures can bring pressure by petitioning for a convention. Pressure from the state legislatures led to the proposal by Congress of what became the Seventeenth Amendment.

THE HIERARCHY OF LAWS AND JUDICIAL REVIEW

Under the American federal system the Constitution and the laws and treaties made in pursuance thereof are specifically declared to be the supreme law of the land, superior to state constitutions and laws. The Supreme Court, in the case of *Marbury v. Madison,* decided furthermore that (1) the Constitution is superior to federal laws and treaties; and that (2) the Supreme Court itself is the final judge of whether or not an enactment of Congress is in conflict with the Constitution, and has the power to invalidate any such law. As a consequence of the first decision the American lives under a complicated hierarchy of laws. At the top, though seldom of direct concern to the individual, is international law. Next in order come constitutional law, federal statutes and treaties, federal administrative regulations, state constitutions, state statutes (including city charters), state administrative regulations, the basic common

law, ordinances of local government units, and local administrative regulations.

As a consequence of judicial review the Congress of the United States and the state legislatures (unlike British or French parliaments) are liable to have their enactments annulled by the courts. The Supreme Court becomes the protector of the constitutional distribution of power between the different organs of government and of the rights of the individual as laid down by the Constitution. The "rule of judges" is consistent with American faith in lawyers and the written law, but this feature of our system has caused bewilderment and received much criticism from commentators in other countries. One of the most recent, D. W. Brogan, finds that judicial review has two unfortunate consequences for American political life: "Judicial review," he asserts, "encourages irresponsible legislation and . . . makes political objects too remote, and their attainment too uncertain, to make a healthy interest in politics easy to create or keep alive. The bad habit of relying on the judiciary to remedy the faults of the legislator is not the only cause of the low standard of much American legislation, but it contributes to it." *

Objections to judicial review would not be so serious if the Supreme Court confined itself to strictly legal questions. Too often the "due process" and "contract" clauses in the Constitution have been used as bases for philosophical objections to congressional enactments. In such cases the court has become a superlegislature. It does not have the power to initiate legislation; but its veto over congressional legislation has given it in practice, however different its theoretical position may be, a status similar to that of the House of Lords in Great Britain. The House of Lords can be "packed" by the creation of the number of peers necessary to pass any act sent to it by the House of Commons. That President Roosevelt grasped the parallel between the position of the Supreme Court and the position of the House of Lords is suggested by his recent effort to increase the number of judges.

This is not the place to discuss the case for or against judicial review. What is important is to understand that it is a peculiarity of the American system, not a necessary concomitant of "democratic" government; that it is the result of an assumption of power by the courts, not of an express constitutional grant; and that it is in line with American faith in the written law and in lawyers and judges, and with American distrust of politicians.

* D. W. Brogan, *Government of the People* (New York, Harper, 1933), p. 33.

DEADLOCKS AND RIVALRY

Nowhere in the American constitution is the distrust of concentration of political power more evident than in the provisions governing the relationship between the President and Congress. The Founding Fathers had experienced both the tyranny of governors acting on instructions from Great Britain and the irresponsibility of the untrammeled legislatures set up by the Articles of Confederation. They feared that the subjection of Congress to the President or of the President to Congress would result in just the tyrannical government which they sought to avoid. They sought to make each branch of the government independent of the other but also able to resist encroachments by the other. Their ideas gained from practical experience were reinforced by the ideas of the French political theorist Montesquieu, who asserted that the secret of the Englishman's liberty was to be found in the fact that under the English constitution power was separated among the different branches of government. Accordingly the term "separation of powers" has been used in most descriptions of the American system. But this term is subject to so many different interpretations that it is perhaps desirable to adopt different terms for the several specific features of the system.

THE SEPARATION OF PERSONNEL

One of the methods by which George III maintained control over Parliament was the bestowal of royal offices on loyal supporters. The loyal supporters of the king in the House of Commons were known as the King's Friends; and the desire to rid themselves of this use of the patronage power has led the British to disqualify all holders of nonpolitical offices (for example, administrative, judicial, and military positions) from running for Parliament. At the same time, a major feature of the British system is the fact that holders of political executive offices are also members of Parliament. Thus through union of personnel at the top the British governmental system is assured of harmony between the branches of the government while preventing the use of patronage by those in administrative positions. But the American Founding Fathers did not distinguish between political and nonpolitical positions. Remembering the King's Friends, they provided that "no person holding any office under the United States shall be a member of either house during his continuance in office," with the result that, when a member of Congress is appointed to the President's cabinet, he must resign his position

as a member of Congress. Although this principle has been laid down as applying only between the different branches of the government, American sentiment is strongly opposed to plurality of officeholding even within the same branch of government.

The separation of personnel has encouraged the development of a sense of rivalry between Congress as a corporate body on one side and the President and his cabinet on the other. The Constitution provides only that cabinet members may not be members of Congress. But this has been extended in practice to mean that cabinet members may not even address Congress or take part in debate therein. Instead, they must appear behind the scenes, at committee hearings.

CHECKS AND BALANCES

The checks-and-balances principle in the American constitution is based on the idea that the only way to ensure the independent existence of the different branches of the government is to give each branch a certain participation in the affairs of every other branch. But, as in the case of personnel, it would be a mistake to think of this principle as applying only between the different branches of the government. It is true that the veto power of the President, the power of the Senate to confirm presidential appointments and consent to the ratification of treaties, and the power of the courts to declare acts passed by Congress and signed by the President unconstitutional are checks and balances between the different branches of the government. But an equally effective check, and an equally important instrument in producing deadlock in the American system, is the power of the upper house to reject an act passed by the lower house, and vice versa, with no constitutional provision for resolving this deadlock. An underground resolution of the deadlock is made necessary, and the sometimes irresponsible conference committee is the result. A Republican House of Representatives and a Democratic Senate can provide perhaps the best example in our government of what happens when the checks really check. It is practically impossible, under those conditions, to pass any but the most routine legislation. Similarly, when there is a Republican majority of less than two thirds in either house, any legislation can be vetoed by a Democratic President.

THE REQUIREMENT OF EXTRAORDINARY MAJORITIES

The hand of judicial review would not weigh so heavily on the American people were it not for the difficulty of amending the Consti-

tution. In the states, where constitutions are easier to amend, judicial decisions can be reversed by a not too complicated process. But a federal constitutional amendment must be proposed by two thirds of both houses of Congress and ratified by legislatures or conventions in three fourths of the states. A treaty can be ratified only after the Senate by a two-thirds vote consents to ratification. The result of the requirement of extraordinary majorities is, in effect, government by minorities. A small number of states now prevent the ratification of the child-labor amendment, and a minority of senators prevented the ratification of the Versailles Treaty.

THE SEPARATION OF RESPONSIBILITY

Deadlocks between the executive and the legislature or between the two houses of the legislature would not prevent legislation for long if the Constitution provided for the removal of the executive by the legislature and vice versa. Under the parliamentary system as practiced in Great Britain the executive holds office only so long as supported by a majority in the lower house of Parliament. When that support is withdrawn, the executive must either resign or dissolve Parliament and hold a new election. If the newly elected Parliament supports the executive, the executive remains in office. If not, the executive resigns. Thus the deadlock is resolved in favor of one or the other. But in the United States the President is responsible only to the voters of the states. Members of Congress are responsible to their particular constituencies. Neither Congress nor the President is responsible to the other. The division of responsibility which results from independent election makes it possible for the executive to have one mandate, the legislature another, for the executive to be of one party, the congressional majority of another. The same is true between the House and the Senate. Without separation of responsibility the checks-and-balances system would not work the way it does.

PERIODIC RESPONSIBILITY

In Great Britain members of Parliament hold office until Parliament is dissolved, with a maximum of five years provided by law between elections. The prime minister and his cabinet hold office so long as they command the support of a majority in Parliament. Thus responsibility is concentrated. Moreover, responsibility is continuous, for Parliament

may *at any time* dismiss the prime minister, and the prime minister may *at any time* dissolve Parliament. In the United States responsibility is periodic, occurring only when the fixed term of office expires. The terms of senators are six years (with overlapping terms); the terms of the President and Vice-President are four years. When deadlock occurs, it is necessary to wait until a sufficient number of terms expire before the people have an opportunity to decide between the contending factions. The electorate is "free" only once in a number of years.

Political Parties

The supreme importance to the politician of being re-elected is obvious. The necessity of appealing, in order to be re-elected, to a larger and larger number of people has made the politician increasingly wary of offending any single large group by taking a definite stand on a specific issue. Lord Bryce noticed this development in his famous chapter on the decline of legislatures. The decline in Great Britain is as marked as in America. The period from 1832 to 1867 was the golden age of parliamentary government. Since 1867 the British government has become increasingly conscious of its responsibility to the electorate rather than to Parliament, and members of Parliament have exhibited more and more the tendency to become automatons. But, though Parliament and Congress have both declined, they have not declined in the same way. The member of Parliament has become primarily the representative of his party. He is subject to the severity of party discipline, and it is his party whips who symbolize the type of pressure to which he is subjected. Rare is the member of Parliament who will buck his party line. Anthony Eden, after resigning from the Chamberlain cabinet, did not vote against the Chamberlain government in Parliament. He merely abstained from voting. Only a man of the caliber and standing of Winston Churchill could speak and vote against his party with impunity.

The American Congressman is not primarily a party man. Two pressures on him are stronger than the pressure of party. One is the pressure of the voters in his district; the other is the pressure of those interest groups whose good will, for one reason or another, is important to him. The first pressure is so obvious that it is taken for granted by most Americans. It comes as a shock to them to learn that the member of Parliament need not be a resident of his constituency or even of the county in which his constituency is located. So completely are Americans resigned to the

conception of the representation of local interests in Congress that a major recommendation of a Congressman for re-election is the number of new post-office buildings and the amount of relief appropriations which he has obtained for his congressional district.

Sectional and Ethnic Factors

This emphasis on the relationship between the representative and the voters of his district has encouraged sectionalism in American politics to a degree which puzzles foreign observers and leads them into curiously inept comments on American politics. One English periodical patronizingly referred to the renomination of Senator George of Georgia in 1938 in the face of the opposition of President Roosevelt as another indication of the inability of the American people to think in conservative and liberal terms—a judgment possibly based on a misunderstanding of the basis of political parties in Great Britain as well as in the United States. It is true that a Republican like Senator Nye of North Dakota and a Democrat like Senator Wheeler of Montana have much more in common than the former has with a Republican like Senator Austin of Vermont or the latter has with a Democrat like Senator Glass of Virginia. But this indicates simply that the constituencies which Senator Nye and Senator Wheeler represent have primarily sectional rather than class interests. Capital and labor and agriculture in Nevada are all likely to be for free silver. But sectionalism is not totally unknown to the British Commonwealth. Socialists and capitalists in Australia are likely to agree in supporting protective tariffs; in Great Britain both socialists and capitalists oppose them, at least in principle.

The most-discussed sectional conflicts in the United States are those between North and South, East and West. The politics of the South have long been conditioned by the region's predominantly agricultural economy and by the dependence of its principal product, cotton, on the foreign market. Hence its interests have come into conflict with those of the North, a region which has long been predominantly industrial and has long produced primarily for the domestic market. The attitude of each region toward the industrial tariff reflected this conflict of interests both before and after the slavery controversy and the Civil War. But, however solid the interests of most Southerners may be on the tariff question, other issues have found them divided. Before the Civil War there was a sharp distinction between free upland and slave lowland.

Since the Civil War the distinction between upland and lowland has persisted. In a state like Mississippi the support of "radicals" like Senator Bilbo comes predominantly from the districts with the poorer soil, while the support of conservatives like Senator Harrison comes primarily from more prosperous districts. It is the inhabitants of the poorer sections who, previously resenting the competition of slave labor, are now most race-conscious. It is they who have formed the backbone of such institutions as the latter-day Ku Klux Klan, with its appeal to religious and racial prejudice. The similarity of these groups to fascist organizations led Clarence Cason, in *Ninety Degrees in the Shade*, to discuss them as manifestations of American fascism, southern style. But for all these differences of opinion there is as a rule in the South no corresponding difference of party. Instead, the contest takes place within the Democratic Party. And it is not surprising to find that the South, instead of entrusting the nomination of Democratic candidates to a party convention or to a simple primary, employs a second, or "run-off," primary in which the two highest candidates, often representing conflicting geographic groups, have a straight finish fight.

Thus it appears that within a section commonly regarded as the most "solid" in the nation, there may be geographic subdivisions characterized by strong political differences. In the industrial North, on the other hand, political differences seem to be based more on differences of economic and social classes, with the Republicans tending to have the support of those classes popularly referred to as the "haves" and the Democrats the support of the "have-nots." The combination of the "haves" of the South and the "have-nots" of the North in the Democratic Party has often made very difficult the attainment of sufficient agreement on a common policy. But a certain underlying logic may perhaps be discerned when one recalls that President Roosevelt, in referring to it as "Economic Problem No. 1," definitely classified the South as a "have-not" section.

The conflict between East and West also tends to resemble the have vs. have-not lineup, at least superficially. This conflict dates back to the early difference of outlook between the established sections of the country and the frontier. The dislike which free Westerners had for the slave system of the South partly accounts for the generous support which the West gave to the prosecution of the Civil War. After the Civil War they were held in line by the Republicans for a long time. But since 1932 the New Deal's appeal to have-nots everywhere may have succeeded in

establishing some sort of basis for Democratic capitalization on the "radicalism" of the West. In the West also, with a few exceptions, "radicalism" has tended to be of the inflationary rather than the socialistic variety. And the West's use of Wall Street as a scapegoat is not far removed from the attitude of the Nazis toward "Jewish-British international finance." The nationalistic isolationism of the West furnishes another parallel.

If the parties in the United States are regarded not as Democrats and Republicans but as Northern Democrats, Southern Democrats, Eastern Republicans, and Western Republicans, it will not be difficult to understand the votes of certain senators and representatives. A recent study finds that the country can be divided into "ten great sections upon the basis of more or less common economic interests. These sections are New England, Middle Atlantic, Central, North Central, West Central, Upper South Atlantic, South Central, Lower South, Mountain, and Pacific. Using these regional divisions as a basis for his observation, a student of politics has found that the senators from a section generally voted together regardless of party affiliation. In the House of Representatives this sectional cohesion is less clear, but even there local economic interests are often more compelling than party loyalty."

It would be beyond the scope of this chapter to consider singly the political attitudes of agriculture, business, and labor in respect to foreign policy, the tariff, currency and credit inflation, public spending, taxation, crop control, and other questions of public policy. It may be said only that each group is generally more influenced by its economic interests, even immediate as opposed to long-run interests, than by abstract principles of justice and public welfare.

Labor is for public spending and steeply graduated taxes; business is for governmental economy and a broad tax base. Farmers are generally for crop control and monetary experiments that promise a mild degree of inflation; they have also favored antimonopoly legislation but not social legislation. Farmers have not shown much disposition to ally themselves with labor or to consider their own interests as consumers so much as their interests as producers. Except for the cotton growers of the South, farmers have not opposed a moderate protective tariff, though it may hurt them as consumers more than it helps them as producers. Even labor has sometimes been led to support a protective tariff because it is said to ensure higher wages, ignoring what it does to the cost of living. The bankers have often exerted influence in shaping foreign

policy in such a way as to favor foreign investments. They became vociferous in demanding tariff reductions only when they saw those investments in jeopardy. Labor approves of government regulation of business, but is loud in denouncing the use of antitrust laws against labor unions.

Economic groups are, of course, by no means the only special interest groups. The key importance of the Negro vote in Pennsylvania and New York has been recognized for some time, although, as in the case of labor, there is too much tendency to mistake the voice of self-appointed spokesmen for the voice of the mass. The Irish Catholic element has long been an important force in American politics, ranging from Tammany Democrats to Coughlin and Cassidy and the Christian Front and the Christian Mobilizers. Furthermore, it is well to remember that for almost every Negro, pacifist, or Catholic group there will be an anti-Negro, antipacifist, or anti-Catholic group. When the multiplicity of racial, religious, and economic groups in the United States is understood, the question that immediately occurs is why we have only two major parties instead of a multiple-party system as in the French Republic. The answer given by some authorities is that only by a two-party organization can the cumbersome procedure for electing a President result in any candidate's receiving a majority in the Electoral College. The public is said to be unwilling to have the election of the President thrown into the House of Representatives. This argument usually ignores the fact that in 1860 Lincoln and in 1912 Wilson received majorities in the Electoral College in three-cornered contests. Other authorities interpret our parties as primarily patronage-dispensing organizations. But, whatever the reason for it, the outstanding result of our system is, as E. P. Herring has pointed out, that adjustment between heterogeneous and conflicting interest groups takes place *within* the party in the United States and not, as in France, in the process of forming or attempting to form a government. It is equally clear that under President Franklin D. Roosevelt attempts are being made to align the Democratic Party on a liberal basis as opposed to a Republican Party on a conservative basis. President Roosevelt's insistence on the nomination for Vice-President of Henry A. Wallace is an evidence of this. But how long his influence over the party will last remains to be seen. Likewise it remains to be seen whether or not Wendell Willkie can retain control of the Republican Party. If the forces which controlled the two parties in 1940 control

them in 1944, we can look for far-reaching changes in the bases of American politics and parties. The war, however, may reverse many recent trends in American politics.

Trends

Under the parliamentary system of government, deadlocks are "resolved." Under the American system they must be circumvented. Consequently we have cabinet members who may not appear on the floor of Congress but who indicate to Congress their opinions by various indirect ways. We have the President, who does not have the dissolution power, cracking the whip over members by the exercise of the patronage power. Instead of avoiding the methods of George III and the King's Friends, we have ensured their perpetuation. There is no doubt that one of the outstanding needs of any government is the need for leadership. The increasing provision of that leadership is perhaps the outstanding tendency to be noted in the American system today. The opposition will decry the "concentration of power in the hands of the executive." But let the opposition get into office, and the shoe will be on the other foot.

A further tendency results from the peculiarities of the American system. The independent commission is the extraconstitutional method of circumventing the constitutional prohibition on one man's holding office in both the executive and the legislative branch. The members of the commissions are not members of Congress, nor are they members of the President's cabinet. But their duties are both legislative and administrative (as well as often adjudicatory), and they thus combine the exercise of one kind of power with the exercise of another.

Along with these major tendencies go those more frequently noted: an increasing tendency toward centralization, an increase in the number of functions performed by the government, a change in the nature of governmental functions from promotion to regulation, an increasing use of the expert. But it can be safely surmised that, while the inexorable needs of government the world over will be satisfied in the United States as well as elsewhere, their satisfaction will be accompanied by denials and disclaimers of politicians who will make the customary obeisance for a long time to come to that double idol of the American faith, theoretical perfection and the tangible certainty of the written law.

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Chapter XVI

PROPAGANDA AND PUBLIC OPINION

Introduction

The word "propaganda" has a very interesting origin. Near the end of the sixteenth century Pope Gregory XIII established a commission of cardinals and confided to it the work of spreading Catholicism and the supervision of ecclesiastical matters in lands then beyond the control of the church. This was the century of Luther, Zwingli, and Calvin, and the church, following the prolonged sessions of the Council of Trent, had undertaken a vigorous counteroffensive to undo the work of these Protestant reformers and to reunite all western Europe under the spiritual authority of the Catholic Church. In 1622, under Gregory XV, the commission became permanent under the name *Sacra congregatio de propaganda fide*. Interestingly enough, then, the word was associated with the propagation of the faith, and the institution designed to educate priests who were preparing themselves for this work became known as the College of Propaganda. The word today is still intimately connected with the art of persuasion, but in the history of its use, and especially in the last two decades, it has picked up many evil connotations—most of them undeserved.

Though the word "propaganda" is of relatively recent significance, the thing itself is timeless. Some of the earliest of recorded history is no more than propaganda; wherever there has been conflict there has been propaganda; wherever there has been the problem of the management of men in the mass there has been propaganda. The fact, however, that propaganda is of respectable antiquity does not make it any less a problem for the present generation, for it is undoubtedly true that the increasing intensity of its use in modern times has made of it a peculiarly modern problem. As population has increased, as the newspaper, the radio, and the motion picture have passed into wide social use, and as

the area of conflict both within and between social groups has grown, the application of propaganda as an instrument of social management has become one of the leading and most valued skills of the day. This change in the character of propaganda has been so recent that W. W. Biddle has attributed to the English Anti-Corn Law League of 1839 the first propaganda effort characteristic of our times, and even this places the date long before the development of the radio and the motion picture—two of the most powerful of the present media for the spread of propaganda. Most of the experts seem to consider the period since the First World War as the golden age of propaganda, and there seems to be no doubt that its techniques have been refined and the conscious use of it expanded enormously during this period.

The Influence of the First World War

The war of 1914–1918 not only made us aware of the widespread application of propaganda but to a very large extent gave to many the low opinion that they have of propaganda and propagandists. To many the word came to mean something low and insinuating, having as its chief stock in trade the circulation of lies for the purpose of accomplishing a fraud or a deception. Very few persons managed to retain a conception of propaganda which left for it a valid and valuable part in the social processes. To term a representation propaganda was to condemn it as being unworthy of the credence of any serious mind. This is a verbal distortion that must be corrected if we are to understand and appreciate the proper function of propaganda—if we are to be able with any degree of certainty to evaluate testimony without its being prejudiced by its association with an opprobrious word.

The Character and Function of Propaganda

The fact is that propaganda may be either true or false or may be any compound of the true and the false. It all depends upon the person using the propaganda and the particular methods which he selects in order to achieve the effect that he desires. As a rule, a propagandist would prefer a truth to an untruth if the effect of the truth upon the group he is addressing would be—as nearly as he could calculate—the one he wanted to produce. Propaganda is not necessarily interested in truth as such nor in untruth as such: as a rule, its sole interest is the eliciting of a certain response from a certain group through the manipu-

lation of certain representations designed and selected for the purpose at hand. Harold D. Lasswell, one of the leading authorities on propaganda, has briefly put it thus: "Propaganda in the broadest sense is the technique of influencing human action by the manipulation of representations. These representations may take spoken, written, pictoral, or musical form." The propagandist proper is interested in good propaganda and bad propaganda, but to him these terms mean merely propaganda that is successful in achieving its purpose and that which is unsuccessful. The question of truth and of purpose belong properly in the field of ethics and morality. The decision as to what should be the goal of any particular propaganda effort does not lie within the province of propaganda; its only function is to aid in the realization of the goal once it has been chosen.

It follows, then, that an attempt to persuade a wealthy person to endow a college, an attempt to persuade a businessman to contribute to the chamber of commerce, and an attempt to persuade a racketeer to contribute to a fund for the maintenance of legal service for the criminals of a large city, are all equally acts of propaganda. Let us presume that the plea of the college to the wealthy man was based on an untruth, that the appeal to the businessman was a mixture of truth and untruth, and that only the truth was used in the attempt to secure the contribution from the racketeer. The fact remains that propaganda was equally used in all three cases, and that approval of purpose of the first two cases and condemnation of the purpose of the third would arise almost entirely from the individual's sense of values, which would support the college and the chamber of commerce but condemn legal aid to criminals. The individual here would probably lose sight of the fact that the good cause was supported by what he usually calls "bad" propaganda, based on an untruth; his disapproval of the racketeer would probably not consider the fact that the appeal to him was based on "good" or truthful propaganda. Far too often, then, the disapproval of propaganda is merely a disapproval of the particular end which the propaganda is attempting to realize. Propaganda, as such, is neither moral nor immoral; it seeks merely to be effective.

The Importance of Nonrational Factors

The propagandist will, as a rule, attempt to adjust his efforts to the particular group which he is attempting to influence. This requires a

knowledge of the composition of the group and some estimate of what its reactions will be to particular propaganda representations. The propagandist will ordinarily attempt to control his efforts in such a way that he gets the maximum of the desired effect with a minimum of undesired effects. Usually—and this is especially true where large groups are concerned—this will result in the direction of the propaganda toward the stimulation of the emotions rather than the intellect (if the two can be satisfactorily separated). An appeal to the emotions in most persons will result in stronger reactions, and there is a better chance that the critical faculties will not be awakened—the one thing which the propagandist seeks to avoid. A large part of all good political speeches and of most advertising is heavy with emotional content. The propagandist must be skillful in calculating in the emotional level the lowest common denominator of effective appeal.

But, even though the emotional level is undoubtedly the most fertile field for propaganda, the effect of the propaganda will be heightened if the individual can be beguiled into receiving it as an appeal to reason. The belief that one is being appealed to on intellectual grounds not only is flattering but leads to a feeling that the material presented has stood the test of rational examination. It will be found that most propaganda designed to operate on a wide social plane, although dressed up in intellectual garb, will in reality be addressed to those aspects of personality that have their seat in the emotions.

Of these emotional qualities three of the most powerful are fear, hatred, and envy. Frequently these three can be combined, under skillful handling, into one emotional state, and, when exploited properly (from the objective point of view), this emotional state provides a basis for action with which almost any program may be associated. Much of the advertising in this country is based on a knowledge of the part which these emotions play in personal life. Examples of fear are common in everyday experience: the fear of offending; the fear that, if one does not use a certain product, he will be looked down upon by those whose judgments he values; the fear of being considered a failure; the fear that through some nonconformity one will be considered odd in the uncomplimentary sense of the word. Once propaganda has struck its way through to the emotional basis of human activity, it not only has reached the most powerful of motivating forces but has at the same time virtually placed itself beyond the possibility of criticism.

The Use of Existing Attitudes

After deciding upon the nature of his appeal, the propagandist is immediately confronted with the problem of securing the attention of the people to whom the propaganda is addressed. Not only must the propaganda be brought to their attention, but it should come to their attention under the most favorable circumstances. It must have the power to stand out above the other stimuli that are competing for attention. The propaganda will work much more effectively if the representations are made in such a way that they arouse already existing attitudes in the persons for whom the propaganda is intended. If these existing attitudes are aroused in such a way that they supplement the action which the propagandist is attempting to encourage, then an effective act of propaganda has taken place.

One of the best ways to associate propaganda with existing attitudes is to form some connection between it and some object which the individual and the community hold in high esteem. For instance, one of the best ways to promote the sale of certain commodities might be to associate the sale with the emotions that surround the word "mother," and one of the best ways to promote certain acts might be to say that these acts will contribute to the welfare of the country. If what the propagandist wants done can be thus associated with something about which there exists little or no criticism, then this lack of criticism is apt to heighten the effectiveness of the propaganda suggestion.

The Stereotype

Another favorite device is to appeal to a person through his "stereotypes"—a word that Walter Lippmann has used successfully in his analysis of public opinion. The stereotype is the person's picture of a part of the world of reality about him. For instance, to select a strong example, most citizens of this country today have in their minds an image which to them represents a Nazi. When the word "Nazi" is mentioned, this image and its accompanying state of feeling flash into consciousness, although in all probability no real Nazi could be found who would correspond exactly to the imaginary one who represents all Nazis. Through this mental habit a person simplifies the world about him, but

only by doing violence to reality, and only at the risk of being manipulated by those who are skillful enough to take advantage of his habit. Once it is known that a stereotype exists—or that it can be created—the propagandist can make the same use of it that he makes of previously existing attitudes.

Once the propagandist has decided upon the most favorable mode of attack, repetition becomes one of the most valuable weapons in his armory. To a large extent this explains the existence and prevalence of the slogan. It not only is repeated over and over but usually carries the message in the simplest terms. In the first place, it may be through repetition that propaganda attracts attention to itself; in the second place, it is probable that repetition will strengthen the original reactions; and, in the third place, through repetition it becomes possible to rearouse the desired responses.

Seven Tricks of the Trade

In addition to the foregoing basic considerations, the Institute for Propaganda Analysis has formulated and given much publicity to what have been called the seven "tricks of the trade." These are merely devices that propagandists resort to in their practice and, as Harwood L. Childs points out, in no way exhaust the possibilities of how to influence opinion and action in some predetermined direction. With considerable propagandistic skill on its own part the Institute has called the seven devices name calling, glittering generality, transfer, testimonial, plain folks, card stacking, and band wagon. Most of these terms, with but slight illustration, are self-explanatory.

NAME CALLING

The Institute means by "name calling" the association of an idea with something that has a bad name in an attempt to secure a rejection of the idea without consideration of the evidence. In this country to label an idea or an action as communistic or to call a person an atheist, a radical, or even an international banker is very likely to create a prejudice against the idea or the action or the person. Under certain conditions this prejudice may be so strong that an emotional attitude toward the subject in controversy may completely crowd out any attempt at intellectual evaluation. The name or label, then, has prevented a consideration of the subject in a critical and realistic manner in which merit and

demerit could be assessed with intelligence. The purpose is to avoid criticism—always a major consideration with the usual propagandist.

THE GLITTERING GENERALITY

In the glittering generality the same technique is used, but this time the problem is that of surrounding the subject of the propaganda with connotations of good rather than of evil. The propagandist will use such words as "Christianity," "America," "democracy," "love." Just as "bad" words exist in social usage, so also do "good" words. The problem is that of transferring the good connotations of the words used to the thing itself and again to escape a critical evaluation of the evidence. Lasswell has often spoken of these words as plus and minus words. The plus words would be used in the glittering generality, for their propagandistic effect is constructive; the minus words would be used in name calling in an effort to utilize their destructive qualities.

THE TRANSFER

The device known as transfer is very similar to the two that have been discussed. Here the problem is that of transferring the affection and trust which surround certain institutions, ideas, and persons in our society to other institutions, ideas, or persons when in reality there exists little or no proper relation between the two things under discussion. To say, for instance, that organized religion opposes the use of liquor would have upon most people a much stronger influence than to say merely that an undistinguished individual opposes the use of liquor. The authority and prestige of the church would be so great that there would be a tendency to move the question of the use of liquor beyond the limits of debate. Belief that the use of liquor is bad would in large part be based upon institutional authority rather than upon an examination of the evidence.

THE TESTIMONIAL

In the testimonial the problem is that of quoting some revered person or reputable source of information as saying that something is either good or bad. One of the best examples has occurred during the controversy that has raged over the attitude which the United States should take toward the European war. Many controversialists have quoted and misquoted the by-now trite admonitions of George Washington con-

cerning the danger to this country of permanent foreign alliances. Even though it should be clear to everyone that a warning given in Washington's day in the matter of foreign policy should have doubtful validity today, those who have opposed American aid and comfort to Great Britain have frequently repeated the argument merely to use the prestige of Washington's name.

PLAIN FOLKS

All these propaganda tricks are much used by politicians, but the one known as "plain folks" is especially dear to them. Mankind, as a rule, has an instinctive fear of what seems strange or foreign. The problem involved in the plain-folks approach is to convince the audience that neither you nor the ideas that you advocate partake of this foreign stigma. On the contrary, you are one of them, and your ideas are their own ideas. There is no ground for suspicion or fear, for what you advocate springs from the mass of the people and has been tested over and over again by common experience. This humbleness and familiarity is a valuable propagandistic aid, for only under exceptional circumstances can the stranger hope to exert influence.

CARD STACKING

In card stacking the propagandist is attempting to put his best foot forward by a careful selection of the material which he offers in support of his case. This selection is made with no great concern for truth, logic, or pertinence, but simply with the idea that the strongest possible claim must be established. In such an effort misstatements will be frequent, attempts will be made to lull the audience through distractions, nonpertinent material of an emotional nature will be introduced, and frequently some effort to trick the mind through illogical reasoning will be made. A skillful but none too scrupulous trial lawyer in an argument before a jury might be a good illustration of this, even though he would presumably be somewhat restricted by the opposing counsel.

THE BAND WAGON

The last device analyzed by the Institute for Propaganda Analysis is known as the band wagon. Here the propagandist trades on one's fear of being on the losing side. The problem is that of creating the illusion of universal adoption so far as members of a special group are con-

cerned. It is this device that operates so convincingly in the realm of style and taste. What the band wagon really attempts to do is to remove a certain recommended mode of action from controversy by fostering the belief that it has become or is rapidly becoming a folkway and has behind it the stamp of group approval. In certain problems concerning vital institutions in society the attempt might be made gradually to secure for innovations the status of mores, thus putting them beyond effective criticism.

A study of these "seven tricks," though the list is by no means exhaustive, and though the tricks are often overlapping and confusing in practice, gives some insight into the technique of influencing opinion and action. All of us, when acting as propagandists, employ all these devices with unconscious concern; most of us, as the subjects of propaganda, are influenced by them with a lack of regard that is most uncomplimentary to critical intelligence. An increase in awareness should result in a decrease in our range of suggestibility. But, in the final analysis, these remarks are themselves but propaganda against propaganda and amount simply to the contention that propaganda is difficult in the face of critical examination.

The Future of Propaganda

The extremely complicated nature of the problem makes it difficult for the propagandist to calculate with any scientific accuracy the exact response that any particular propaganda program will secure. Human reactions are uncertain; there is always, under normal circumstances, a competition of conflicting propagandas, and these must often cancel out; and propaganda is only one of the factors determining human behavior. Moreover, except under exceptional circumstances, such as are found in revolutionary periods, the innate conservatism of society prevents any but the slowest changes in social habits. In all fairness, however, to those who have become greatly alarmed over the problem of propaganda, it should be pointed out that we are today living in a revolutionary period in which change comes rapidly and in which propaganda may well be one of the most potent of the instrumentalities of change. On the other hand, men acting as propagandists are neither better nor worse than men acting in other capacities, and the purpose of most propaganda is not to promote evil but to promote good.

In any case, whether we like it or not, propaganda will never cease,

and it gives every evidence of becoming more rather than less important as a social agency. The growing interdependence of individuals within the community, of communities within the country, and of countries within the world brings into ever sharper relief the problem of influencing human thought and action, for wherever humans have dwelt together there has been conflict of one kind or another, and wherever there is conflict there always is propaganda. As the world moves deeper into the struggle that has now divided it rather sharply into two camps with competing conceptions of what constitutes the way of life, propaganda will probably become an offensive and counteroffensive weapon of the greatest importance. There has already developed a keen perception of its possibilities, and a part of the world has already organized itself with a great deal of deliberation for the best possible exploitation of propaganda as a weapon. And ready at hand are the media through which a propaganda more effective, more constant, and more scientific than any known before can be launched upon a world that in many parts is in flight from intellectuality and is seeking refuge in emotional frenzy and in new verbal patterns.

Some Media for Propaganda

The propagandist will ordinarily use any available medium of communication that lends itself well to his purpose. Today there is an imposing number of channels of communication. Among these the most important are the radio, the newspapers, and the motion pictures.

THE RADIO

The radio is undoubtedly the most important means of communication opened to man since the invention of printing. Anything that can be reduced to sound can be sent over it to millions of persons at approximately the same instant of time. Twenty years ago, when station KDKA began the broadcast of brief programs from Pittsburgh, it was believed that society might be revolutionized by this new discovery. Though this prediction has not been fully realized, there is no longer much doubt as to the primacy of the radio in the field of communication.

In this country radio communication developed along lines in keeping with our characteristic preference for private ownership, individual initiative, and a relative freedom of speech. Regulation by the govern-

ment has not been severe and for the most part has been limited to the restrictions upon power and wave length that are necessary to prevent the development of chaos in the air. In Europe, generally, the degree of governmental control has been much greater. In some instances the government maintains a broadcasting monopoly and rigidly controls the nature of the programs. The British Broadcasting Corporation is privately owned, but its profits are regulated by the government, and its programs are controlled by government-appointed officers. There is a clear realization of the relationship of radio communication to the national life, and a corresponding attempt has been made to build up programs of an educational nature. In France the field was divided between government-operated and privately operated stations, although the emphasis was definitely on public operation. Germany, the Soviet Union, and Italy maintain strict state monopolies. In Great Britain the radio is, to some extent, an avenue for official government propaganda, as it was in France also before 1940; in Germany, the Soviet Union, Italy, and the authoritarian France of today the radio is used officially for government propaganda, and the possibility of counterpropaganda does not exist. There has been full acceptance of the belief that the radio is an integral part of the act of governing. For propaganda efficiency over a long period of time, the efforts of the Hitler government have never been equaled, and in these efforts the radio played by far the most important single part.

THE MOTION PICTURES

The motion picture, another recent development, has in the opinions of many surpassed the press as a medium for conveying impressions. This is largely owing to the superiority of the pictorial form over the printed form in catching and holding the attention and in influencing attitudes. That the motion picture has ample opportunity to influence audiences is attested by the fact that more than 50,000 theaters exist in the United States and Europe, and that the weekly audience in the United States over a period of years has averaged about 100,000,000. Though the commercial film has not as a rule gone in for direct surface propaganda, it has inevitably served propagandistic purposes of considerable extent in the sphere of social habits and attitudes, and usually in support of things as they are. The federal government is apparently considering the great possibilities of the motion-picture audience and has recently developed several excellent propagandistic films. The newsreel presents an obvious

possibility for propaganda. The recognition that the child is particularly open to pictorial suggestion has resulted in the development of visual education, and there is evidence that pictorial propaganda may enjoy a rapid expansion. This would be increasingly true should the production of film fall more and more into the hands of groups representing special interests and should they develop the technique of suggestion with more subtlety than Hollywood has shown. Under such circumstances the motion picture could easily become a serious rival of the radio as a propaganda organ.

THE NEWSPAPERS

The newspaper through its longer history has a tradition for the expression and influencing of opinion which the radio has not yet attained. The two in certain parts of their services are directly competitive, and in recent years the radio has undoubtedly made serious inroads upon a province of public information and entertainment in which the newspaper had a virtual monopoly. The fact that in the last two presidential campaigns the press of the country overwhelmingly supported the losing candidate has cast some doubt upon the efficacy of the press in influencing public opinion and action. Nevertheless, the press still retains a propagandistic power which is extensive, and, what is of great importance, probably plays a larger role than any other medium of communication in influencing those who through their prestige and positions can most easily influence others. In 1935 the circulation of the 1,950 daily papers in the United States averaged more than 38,000,000 copies a day. In addition, more than four times as many weekly papers gave their services to the smaller communities. These papers carried into the consciousness of the reader news of local, national, and international significance, editorial opinion, financial information, special political services, news of sports, and cartoons and comic strips. Many of these papers were able to create among their readers a sense of personal loyalty that increased greatly the possibility that thought and action might be molded in terms of some particular outlook or interest.

Where motion pictures, the radio, and the press have all come under the systematic control of one group, as in Germany and the Soviet Union, such strong pressure has been exerted upon thought and feeling that an approach has been made to standardization of the mind and uniformity of action.

Groups, or Publics

The three media discussed above, along with many other methods of influence (including face-to-face conversation), are continuously being employed by groups organized for the promotion or preservation of some particular interest. These groups are encountered in politics, business, religion, education, and the professions, as well as in numerous less obvious interests. They exist on an international, national, and local basis, and have organizations that vary from the most systematic and persistent, with ample capital and well-established outlets for their propaganda, to transitory, informal groups that must depend upon the most casual expression of their aims. William Albig, on the basis of materials published in 1929 and 1931 by the League of Nations, calculates that there are at least 574 formally organized groups of an international character, and that all these groups deal in propaganda. It is impossible to say how many interest groups exist in the United States, but 614 have been listed, and of these fifty-five have memberships of more than 200,000 each, and five claim memberships of more than 5,000,000 each. E. P. Herring, in 1929, listed 462 groups that maintain some kind of representation in Washington. As a matter of fact, the pressure groups in politics, clustered as they are about the seat of national, state, and local governments, and seeking the preservation of old advantages and the acquisition of new privileges have been recognized in some quarters as a political institution fulfilling a valid function in the operation of government. Some of these leading groups work in great frankness and in rather full view for the realization of their programs, but from these the groups shade on down to those working in obscurity and with little opportunity for effective action. Political parties make up one of the largest and most fully publicized of the propaganda groups, and among the minority parties one encounters an attempt to fulfill one of the most difficult of all propaganda assignments: the promotion of the propaganda of revolution.

Propaganda and Public Opinion

Through the media of communication interested groups use propaganda for the purpose of influencing thought and action in some predetermined direction, but once propaganda comes into action it involves

another consideration that must be briefly examined. If propaganda is but a means, then one of the ends to which the means is conducive may be called the formation of public opinion. The words "propaganda" and "public opinion" are closely associated; of the two "public opinion" is more difficult to define and to comprehend. Perhaps the most satisfactory definition is that by Harwood L. Childs: "Public opinion is any collection of individual opinions regardless of the degree of agreement or uniformity." The virtue of such a definition is that opinion remains definitely the possession of the individual and is not confused with a nebulous "group mind" and the opinion which it might hold. There is also the clear fact that opinion does not have to approach unanimity in order to be considered opinion.

Several other points, however, should be clarified. Each individual in society, as he plays out his social role, has many interests and acts as a member of many groups, or publics. Some of these publics are small, and others are large. With the increasing emphasis during the nineteenth and the early twentieth century upon the mass man, there has been the natural tendency to concentrate attention on the large publics and to consider as important the opinions of the large publics concerning political and economic questions. For instance, John Jones, among a number of other things, is a member of a neighborhood bridge club and of the Democratic Party. What he thinks as a member of the small bridge group is likely to be of no interest to his contemporaries, but what he thinks as a member of the Democratic Party upon certain questions associated with the political welfare of that party, and through that party with the welfare of the country, is important—so important, in fact, that much money is being spent by such institutions as *Fortune* magazine and the American Institute of Public Opinion to collect the attitudes of a fair sample of John Joneses on certain questions. So, despite the existence of almost innumerable publics, the phrase "public opinion" in its everyday usage refers to the opinion of the large publics.

In the theory that is basic to the structure and procedure of American government, public opinion is the social force upon which the government relies for its authority and the acceptance of its acts. The politician is very sensitive to currents of thought and to any evidence that in his constituency opinion in favor of a particular action seems greater than the opinion opposed to such action. Propaganda is the great persuasive technique whereby a certain similarity of opinion may be created in a public made up of many individuals representing widely varying ex-

periences and interests. It makes possible the management and control of public opinion.

The Propaganda of War and Dictatorship

In the contemporary world two other phases of propaganda are certain to be interesting. The propaganda associated with war and the propaganda of dictatorship have a close resemblance to each other. In fact, in some of its aspects the propaganda of dictatorship may be called the propaganda of war in times of peace. The chief differences between these types of propaganda and the more common varieties are in their scope and intensity: their use under conditions approaching a monopoly, in which counterpropaganda becomes almost impossible, and in which they touch the life of the individual at many points. The main purpose of the propaganda of war and dictatorship, from a positive point of view, is to develop a strong sense of unity within the national group, to create within the individual the desire for heroic deeds and for sacrifice, and to convince him that he has become the guardian of a priceless heritage that must not be defeated or weakened. From the negative, or outward, point of view, the purpose of such propaganda is to sow disunity among the enemy, to weaken their will to oppose, and to convince them that their struggle has become a meaningless folly. In short, the positive effort is a propaganda of integration; the negative effort is a propaganda of disintegration.

The best example of the effectiveness of scientifically applied propaganda is in Germany. If the rise of Hitler taught any lessons, one of them was a reaffirmation of the power of the spoken word, the influence of dramatic settings, and the contagion of the reiterated slogan. The Nazis rejected the belief in the rationality of man and based their propaganda on the assumption that the strongest impulse to action arises from the emotions, prejudices, and instincts of the unreasoning masses. Hitler himself set the boundaries of the propaganda when he stated: "The teachability of the great masses is very limited, their understanding small, and their memory short." Here is the greatest of all attempts to use propaganda as an instrument of social control, and here, naturally, are found the highest centralization, the boldest plans, and the most careful supervision in the formulation and application of the propaganda program.

For the complete domination of the Nazi idea, one of the most im-

portant departments of the German government is entrusted with the control of propaganda. Under Goebbels this department determines the policies of the radio, the press, and the motion pictures. These important media for the transmission of propaganda have fallen largely into the hands of the Nazi Party or of its leaders; even where ownership remains in other hands, the government dictates the expression of opinion—through a rigid censorship and a system of punishments for any who offend official orders. No counterpropaganda is permitted, and every effort is made to unite all "true" Germans in an intense civic loyalty and in a faith which approaches the submersion of the individual in the mystical state.

Beyond the radio, the press, and the motion pictures lie other areas for propaganda activities. These have all been brought under systematic control. The Nazis have found especially useful the great spectacles which bring together thousands of party enthusiasts; these infect even neutral spectators with their enthusiasm and, by merging the individual with the crowd, promote the uncritical acceptance of propaganda. Nazi speakers bombard such audiences with oratory of the most inciting and violent character! Flags and banners brighten the gathering with the emotional appeal of colors and symbols! There are martial music and marching men! And from throats taut with excitement comes in unison the spine-tingling shout of Sieg Heil! Sieg Heil!! Sieg Heil!!! All is planned with ice-cold calculation, with the one idea of destroying the ability of the individual to criticize and to reject: all for the purpose of preparing the members of the masses to surrender their impotent individuality and to be suffused and transformed by the will and strength of the leader.

The Nazis consistently exploited the possibilities of the slogan. One of the first—"Germany, Awake!"—was designed to remove the despair that followed the defeat of 1918; another—"Blood and Land"—promoted the idea of blood brotherhood and of the sacredness of German soil; still another—"One Country, One People, One Leader"—emphasized the race brotherhood, national character, and leadership principle of the movement. Songs such as the "Horst Wessel Lied" impress upon all the heroism and martyrdom of those who suffer for the triumph of the Nazi cause.

Outside Germany the government promoted a propaganda plan designed to exploit the difficulties of neighboring and potentially hostile countries. The propaganda of integration within Germany was supple-

mented by the propaganda of disintegration in other countries. The object was to sow fear and distrust, to cause disunity and confusion in a manner aptly called by Taylor "the strategy of terror." These outside governments saw the danger, but, handicapped by a moralistic conception of the problem and their own amateur clumsiness, were unable to defend themselves or to reply with the appropriate propaganda counter-offensive. This phase of Nazi propaganda was the most effective of Hitler's "secret weapons"—and even it was secret only because others failed to understand its potentialities as a weapon in domestic and international politics. But, as these nations became involved in war, they found that the problem of national unity demanded, as a war measure, the principle of monopoly and centralized control over national propaganda efforts. Though content varied, the control of propaganda in countries at war tended to approach the propaganda organization of the dictator countries.

What Can Be Done About It?

Since the individual in modern society is under an unremitting bombardment of propaganda which promises to increase in skill and intensity in the future, since public-relations counselors, pressure groups, and private and public institutions recognize propaganda as an effective part of the social process, and since education has, if anything, only made the individual more sensitive to the media which are used to convey propaganda, the question naturally arises: What should be done about propaganda?

The answer should come with frankness: Not much can be done about propaganda, except to use it. To those who may still be under the spell of the devil theory of propaganda, it should be repeated that it is just as potent in a good cause as in a bad one, and much more likely to be used in a good one than in a bad one. Should this be cold comfort, there may be some warmth in the fact that, if it is used in a bad cause, its possibilities for evil are limited, since human habit and social traditions place a real limit upon the area of propaganda effectiveness. It will be easily seen that propaganda recommending thought or action too much in opposition to the moral code or national traditions of a people is certain to fail in its purpose. Unfortunately, its possibilities for good are similarly limited. It must also be remembered that propaganda is only one of many forces acting upon the individual or upon the social

group, and it is all too probable that in most situations it is not the factor that determines conduct. These natural safeguards, however, must not be stressed too far, for during periods of a revolutionary nature social habits and ethics have a way of dissolving, and the entire situation becomes much more open to manipulation by propaganda.

Some have too optimistically suggested that the best thing this country could do would be to establish a governmental commission similar to the Securities and Exchange Commission and put it in charge of supervising propaganda with the purpose of eliminating that which seems unfair. Such a commission would act as an umpire to see that all complied with rules and requirements designed to prevent fouling and to keep the play within bounds. Others, however, despair of regulatory devices in a democratic society other than those placed upon the propagandist by the fact that he must observe certain canons of taste if his efforts are to be at all productive. It is also felt that, where propaganda may be practiced by all, the competition of propagandas, propaganda combated by counterpropaganda, will in itself be the best regulatory plan and will prevent abuses from becoming harmful. Under dictatorship complete control of propaganda has been feasible because the elimination of conflict (internally) has largely been accomplished. In a democratic society, however, conflict of ideas and competition for allegiance are of the very essence of the democratic way. Certainly such a society would be inclined toward the system of regulation through competition unless it became convinced that the continuation of self-regulation threatened the security of the community. Even should this happen, it would not solve the problem of what to do about propaganda; it would merely mean that to an increasing degree propaganda would be on a noncompetitive basis.

The best thing that the individual can do is to try to understand that there is no escape from propaganda, but that he who has superior critical abilities, and will use them, can escape from the direct influences of propaganda in its more unpleasant forms.

Suggested Readings

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Chapter XVII

THE BASES OF AMERICAN FOREIGN POLICY

Introduction

International relations, as the term itself suggests, deal with the contacts and negotiations of independent governments. Important since the first appearance of kingdoms and empires on the scene of history, international relations increased in significance with the appearance of the European state system. During the last three hundred years, with the revolutions in commerce and production and in transportation and communication, they have assumed even greater importance. Meanwhile the management of such relations was made more complicated by the development of intolerant nationalism and national imperialism. The relations of ancient pastoral kingdoms and commercial city-states with one another and with the Roman Empire may have been simple, even brutally simple, but the relations of modern industrial nations and empires, as they struggle for vital raw materials, world markets, *Lebensraum*, and the right to propagate their various philosophies of life, are infinitely more complex, though not less brutal.

The foreign policy of a nation comprehends its ambitions in reference to the world scene and the devices or methods which it adopts to bring these ambitions to fruition. The devices or instruments may be peaceful (through negotiation, or through persuasion as a result of various forms of propaganda), or they may be coercive (through threat or application of military or economic force). The two kinds are frequently used in combination. Thus, by way of illustration, the United States, in August, 1941, was attempting to maintain the *status quo* and to keep open the channels of trade in the Far East. Japan was opposing this policy in an effort to establish for herself political and commercial dominance in this area. We were still using negotiation, but by abrogating our commercial treaty with Japan and continuing our trade on an uncertain

day-to-day basis we threatened to apply economic force; we had already used some economic force in that embargoes had been applied to certain materials which Japan needed and Japanese credits in this country had been frozen; we might have used more economic force through a complete embargo on exports to Japan; our military and naval forces in strategic places in the Far East constituted a threat to Japan, and when attacked by Japan we went to war in support of our position; all these things pertain to the foreign policy of the United States in the Far East.

The conduct of foreign relations of the United States is in the charge of the President, who is assisted by the Secretary of State and other appointed officers in the Department of State and by representatives of the United States in foreign countries, who compose the diplomatic service. Matters of policy are passed upon by the President, but the Secretary is usually in more immediate control of the routine of relations with other countries. It frequently happens, however, that the President handles an important or delicate situation or negotiation directly. An example is furnished by the conversations between President Roosevelt and Maxim Litvinoff, Soviet Commissar for Foreign Affairs, which preceded the establishment of diplomatic relations between the United States and the Soviet Union in 1933. A more recent example is the Roosevelt-Churchill conference in the late summer of 1941.

However, there are a number of constitutional and practical limitations on the President's control of foreign relations. Officers of the Department of State and important diplomatic officers, though appointed by the President, must be confirmed by a majority vote of the Senate. Though treaties are made only by the President and his advisers, they must be ratified by a two-thirds majority in the Senate before they become binding on the United States. The Senate has been jealous of this prerogative, and numerous treaties have been amended or rejected. The Treaty of Versailles between Germany and the victorious powers in 1919 was not ratified by the Senate, to mention only one case. Occasionally a President may avoid difficulty of this kind by calling a treaty an "executive agreement" which does not require senatorial sanction. The recent exchange of destroyers for naval bases, an action taken by the President entirely on his own responsibility and presented to Congress as a *fait accompli*, furnishes an illustration. But this device may be used only occasionally and usually in unimportant instances. Constitutionally the President does not have to consult the House of Representatives in

making a treaty; however, if the treaty calls for a money payment by the United States, that body may prevent the execution of the agreement by withholding its consent to the necessary appropriation, though this has never actually occurred. Nevertheless, the House of Representatives, elected every two years, offers a cross section of American public opinion, and a President will do well to take note of this opinion as it is reflected in debate and in the ideas of individual Congressmen. Then, too, Congress may limit the President in his control of foreign affairs by refusing to make appropriations or to enact legislation necessary for carrying into effect certain aspects of foreign policy. In the summer of 1940 it seemed clear that the possession of a large army raised by some form of draft or selective service bore an important relation to American foreign policy; yet Congress took its time in passing the legislation to provide machinery for the raising of such an army. Congress has the exclusive right to declare war, but the President, through his control of foreign affairs and through his position as commander-in-chief of the naval and military forces of the United States, may cause another country to declare war on us or may make inevitable a declaration of war by Congress.

The government of the United States is subject to popular control. It naturally follows that many groups and interests will make their influence felt on foreign policy. Various examples may be cited to illustrate this point. Two newspaper publishers, Hearst and Pulitzer, did a great deal to precipitate the Spanish-American War because, it was believed, they needed exciting news to boost the circulations of their respective papers. American farm and labor interests have done much to bring about the Philippine independence plan, not because they were advocates of self-government for all peoples capable of exercising it but because they feared the competition of cheap agricultural products and cheap labor from the islands. Shipbuilders, munitions manufacturers, and some military and naval officers have for clearly understandable reasons opposed plans for national and international disarmament. Christian churches have encouraged the government to support measures favorable to mission and evangelization programs. Various business firms have urged measures which would preserve home markets, stimulate trade, or provide protection for investments in foreign countries, as their welfare dictated. Religion and commerce, for example, have played a large part in determining our policies in the Far East. It is from such a welter

of conflicting and related and unrelated interests that American foreign policy as a whole is evolved.

It should be clear from this discussion that action in diplomatic—and in other—matters will not usually be as immediate and clear-cut in the United States as in the dictator countries. As the government is dependent upon popular support and is subject, at intervals at least, to the popular will, it has to be very cautious, especially in foreign policy, until it can determine just what the popular will is, or until it can educate the popular will to support those measures which seem expedient and salutary to those in authority. Hence the foreign policy upon close examination is likely to appear indistinct and inconsistent in many aspects, though its outlines and principles in perspective and over long periods are clear enough.

Before we enter into a discussion of American foreign policy as such, it is in order to examine several underlying factors. Geography has been of fundamental importance. The mere distance separating the United States from Europe has in itself suggested the broad outlines of the pattern which for more than a century guided this country—with many minor variations, to be sure—in its relations with nations of the Old World: namely, a policy of mutual noninterference. Though modern technology has reduced this distance, it does not seem probable that it will cease to be an important consideration. Conveniently located, sparsely inhabited, and easily obtained territories have made possible a comparatively peaceful continental expansion of the United States. The natural resources of the country—land in the earlier period, and more recently fuels, other sources of power; and metals—have made it possible to give substance to this policy of isolation by freeing the country from dependence upon outside areas for most essential raw materials. This is not to say that the United States has ever attempted a policy of economic self-sufficiency or has ever ceased to buy from or sell to other nations. But until the advent of rubber no lack of materials necessary for the creation and sustaining of a great economic system has compelled the United States to enter into active, warlike competition with other nations. In this respect this country has had a decided advantage over states such as Italy, Japan, and Germany. The proximity of only weaker nations in the Latin American area has made unnecessary until recently the maintenance of a large military machine for defense, though we have felt that our own safety made it desirable for us to protect these neighbors from foreign

domination. These geographical considerations, in the aggregate, have tended to the subordination of foreign policy and issues and the emphasizing of those relating to domestic politics.

On the other hand, historical, social, and economic factors have conditioned the geographical. Our culture has been largely European in origin, and American civilization was, at least until the middle of the last century, an adaptation of the European to the needs and conditions of a new world. The settlers of the seventeenth and eighteenth centuries and the hundreds of thousands of immigrants who have come over in every decade since 1800 (occasionally even at the rate of a million a year) have made unbreakable ties between America and Europe. They have caused us to feel, in certain respects, closer to the Old World than to some parts of the New. From the very first settlements in Virginia and Massachusetts economic ties have bound America to Europe. It was natural in the beginning for Europe to furnish the capital and the manufactured goods needed in the undeveloped frontier regions. It was equally natural for the New World to repay in raw materials. Despite the great industrial development that took place in the United States in the nineteenth century, this relationship continued in its broadest aspects until the First World War. Incidentally, it was the sudden upsetting of this relationship by that war which was in part responsible for the economic catastrophe which came in 1929, commonly called the great depression. Certain forces, then, have operated in such a way as to make complete isolation improbable if not impossible.

In the third place, a mental or psychological factor has had an appreciable influence in determining foreign policy. This factor might be termed a democratic self-consciousness on the part of a people who have long been proud of their government as the first great example of an effectively functioning democracy. In the uncertain times following the Revolution, Americans were at first on the defensive, but, as their experiment in self-government proved itself to be increasingly practicable, their satisfaction in their achievement developed into what on occasion has been almost an ill-mannered bumptiousness. From time to time there has been in the United States strong sympathy for other people who were felt to be struggling for independence and democracy, and this sympathy has, at times, been reflected in diplomacy. There was palpable friendliness for France in the early part of the French Revolution. Our interest in the Latin American republics which had won their independence from reactionary Spain and whose governments were pat-

terned, in theory at least, after that of the United States, helped to evoke the Monroe Doctrine, long a cornerstone of American foreign policy. Our overweening desire to recognize the not-yet-achieved independence of Hungary in 1849, and the rousing welcome that was given the exiled Hungarian leader, Kossuth, in 1850 illustrate the bumptiousness referred to above. Sympathy for revolutionists in Cuba helped to pull us into an unnecessary war with Spain. The United States sent more than two million men three thousand miles overseas and spent billions of dollars in an endeavor which has been rationalized as an effort to "make the world safe for democracy."

In the late nineteenth and the early twentieth century certain conditions indicated that the United States was forsaking its traditional policy of isolation, with interests confined largely to the North American continent, in favor of wider participation in world affairs. The settlement of the desirable land in the West, the example of the imperialistic exploits of European nations, and the availability of both capital and goods for export suggested the desirability of new fields to conquer. The acquisition of a colonial empire as a result of the war with Spain, the sponsoring of the "open door" policy in China, Theodore Roosevelt's mediation in the Russo-Japanese War, the commissioning of Uncle Sam as a kind of policeman through Roosevelt's big-stick policy and his corollary to the Monroe Doctrine, the sending of the fleet around the world—these actions and many others proclaimed the United States to be a great power and portended the failure of the nation to remain neutral in the great struggle which began in 1914.

The First World War and After

The First World War revealed that actual neutrality and complete impartiality in our relations with the belligerents was, in view of the commercial position of the United States and the complexity of modern civilization, almost impossible to achieve. Immediately after the outbreak of hostilities President Wilson issued a neutrality proclamation and urged that Americans remain neutral not only in actions but even in attitude. In conformity with well-established practices, belligerents of both camps were allowed to purchase supplies in the United States. Inasmuch as Britain, because of her superior sea power, was able to avail herself and her allies of our goods and prevent Germany and her allies from enjoying a similar advantage, this policy has seemed in itself to

have been partial and unneutral. On the other hand, it might be argued, in view of Germany's more adequate preparation and accumulation of materials, that an embargo on these materials to belligerents in contravention of customary practices would have been just as unneutral. Business in America began to boom as a result of the new war trade. Unfortunately, however, the cash of Great Britain and her allies began to give out, and it seemed that prosperity might give way to recession. It is not surprising that under these circumstances our neutrality policy should have undergone further developments. It was agreed that belligerents from both sides would be allowed to float loans in this country. Here again the British navy made an apparently impartial policy work out to the advantage of Great Britain (and her allies) and to the disadvantage of Germany (and hers). For what would it profit Germany to float a loan here in order to buy materials when it was not possible to get these materials to Germany? The figures involved in these loans speak eloquently of the significance of this policy. By the time the United States entered the war in April, 1917, the Allied powers had floated loans totaling almost $2,000,000,000, while their opponents had borrowed approximately $35,000,000.

Meanwhile the United States was finding her position as a neutral increasingly difficult. Great Britain, bent on the economic strangulation of Germany, was becoming more and more ruthless toward the rights of neutrals in her blockade of enemy ports. She was restrained only by fear that she would suffer more from the retaliatory measures of neutrals, particularly the United States, in the way of embargoes on war materials and food, than she would gain by unusual restrictions on their rights. Germany, on the other hand, was resentful over a situation which gave her enemies access to American resources while depriving her of a similar advantage. She was also resentful because the President of the United States could not, or would not, compel England to respect neutral rights, especially as this disregard of neutral rights was preventing Germany from getting supplies of which she was in dire need. Germany began to contemplate the use of, and to experiment with, desperate measures, which, introducing a new type of warfare, were not sanctioned by current international law: namely, the unrestricted use of the submarine.

Between the unreasonable methods of the British navy and the German use of the submarine the United States found her rights seriously infringed upon. Though both Britain and Germany violated American

rights, Britain's violations, for the most part, resulted only in inconvenience and loss of property (much of which she agreed to pay for at the end of the war), while Germany's unrestricted use of the submarine resulted in the loss of American lives. The United States protested immediately, frequently, and at length to both countries, but replies were usually delayed, evasive, conditional, and unsatisfactory. Ultimately it was the German determination to use the submarine to the utmost which brought the United States into the war on the side of the Allies in April, 1917, though, of course, there were many contributing factors, not the least of which were the economic relationship referred to above and fear of what a German victory might bring.

Before 1914 the United States, with her great size, population, and wealth, with the acquisition of a colonial empire, with her domination of the western hemisphere, had achieved the stature of a great power. Entering the First World War as she did, after it had been in progress for three dreadful years, during which the belligerents had been bled white, her strength and influence were magnified by the very exhaustion of both associated and enemy nations. Her material aid sent new blood coursing through the veins of Great Britain and France; her man power, though never completely brought into play, bolstered the sagging Allied lines during the last great German offensive in the spring of 1918; the idealism and enthusiasm of her people, as voiced by President Wilson, not only reinspirited friends but played a great part in breaking the morale of the enemy. The smashing victory which the Allies were able to win by the fall of 1918 was attributable in no small way to the material, military, and spiritual aid rendered by the United States. The delirious and spontaneous welcome with which Wilson was received on his visit to various parts of Europe in the interval preceding the peace conference was an undeniable acknowledgment of the pre-eminent position of the United States and the enthusiasm of the people for the ideals that he espoused. That this leadership was not exercised, and that this enthusiasm was dissipated without being translated into workable formulae for human betterment and peace, is perhaps the major tragedy of modern civilization.

Indeed, at the Paris Peace Conference, Wilson did try to use his position and prestige to bring about a settlement which would make it possible for nations to live in peace and harmony under the benevolent auspices of the League of Nations. But the cumulative hatred of decades, accentuated by four years of bitter conflict, and the sordid ambitions of

the victorious powers, whose appetites for security and prestige had been whetted by the sufferings they had undergone, were too great to allow generous terms to a conquered enemy. True, Wilson did get his League of Nations, but in return he was forced to agree to the Treaty of Versailles and other treaties whose harsh and inequitable terms were to humiliate and sour Germany, provide an effective sounding board for Hitler oratory, and contribute to the coming of the Second World War.

The return of the United States to a position of isolation, through her failure to join the League of Nations and her refusal to continue participation in European matters, is due to many complex reasons that are difficult to evaluate and delineate. No doubt President Wilson made a mistake in failing to take with him to Paris some outstanding member of the Republican Party, especially as the Republicans were in control in the Senate, and as ratification by a two-thirds vote of this body would be necessary before a treaty became binding. No doubt, also, there was a reaction among the people as a whole against the emotionalism, the idealism, and the internationalism of the war period. At any rate, the Republicans, under the leadership of Senator Henry Cabot Lodge, were able to prevent the ratification of the Treaty of Versailles and the adherence of the United States to the League of Nations except with drastic reservations. Wilson, feeling that the changes demanded by the Republicans would vitiate the League and weaken the position of the United States in it, refused to compromise, declaring that the presidential election of 1920 would be a solemn plebiscite which would reveal the real sentiments of the American people on international co-operation. Though this election probably was not a clear-cut referendum, as other questions clouded the issue, the overwhelming defeat of the Democratic Party killed all immediate possibility of American adherence to the League. The refusal of the United States to join the League seems to the present writer to have been immeasurably unfortunate. It is altogether possible that with the prestige of the United States the League might have functioned more effectively and might not have degenerated into what its enemies have characterized as a device of the victorious powers for the maintenance of the *status quo* and the protection of their own interests. That the League of Nations (whose principal founder was President Wilson) failed largely because of the defection of the United States is one of the bitter ironies of modern times.

The coming of the Republicans to power in the election of 1920 marked the triumph of isolationist sentiment. Yet perhaps the most im-

portant and dramatic international conference ever to be held in the New World took place in Washington in the first year of President Harding's administration. The meeting was held for the purpose of considering naval disarmament and certain questions relating to the Far East which will be treated when American foreign policy in that area is discussed. Several circumstances made it desirable for some limitations to be placed on naval armaments, which had, of course, assumed abnormal proportions during the war. Even the victorious powers, exhausted as they were by the war struggle, found the burden of their naval establishments and building programs intolerable. Then, too, there was anxiety in the United States over the Japanese navy, which was growing rapidly. Finally, the Republicans were under the necessity of supplementing their negative attitude toward the League with a positive program of popular appeal.

Though the delegates had assembled at Washington with the purpose of reducing armaments, the initial proposals of the American Secretary of State, Hughes, were breath-taking. Asserting that the only way to disarm was to disarm, he proposed a ten-year holiday in construction and a schedule of scrapping battleships already built or building that was almost unbelievable. "Thus," he declared, "the number of capital ships to be scrapped by the United States, if the plan is accepted, is 30, with an aggregate tonnage (including that of ships in construction, if completed) of 847,740 tons." And, of course, the program called for similar action by other nations. One writer asserts that in less than fifteen minutes Hughes had destroyed sixty-six ships with a tonnage of 1,878,043—more, as one British reporter put it, "than all the admirals of the world have sunk in a cycle of centuries." The Secretary's proposal was received with great enthusiasm by the press and the public generally. It was eventually agreed that naval armaments should be reduced and that between Great Britain, the United States, Japan, Italy, and France a capital-ship ratio of 5 : 5 : 3 : 1.67 : 1.67 should be adopted. Though the limitation applied only to larger ships, it was hoped that subsequent conferences would work out ratios for cruisers, destroyers, and submarines. This expectation was not realized, however, despite repeated attempts, and in 1934 Japan gave notice of her withdrawal from the agreement, effective in 1936. Thus began another naval race, which assumed greater proportions with succeeding European crises and the eventual outbreak of war.

The ten years following 1922 might be characterized as a period of

official isolation and unofficial co-operation in international affairs. The United States showed a willingness to participate in nonpolitical activities of the League, such as the prevention of epidemic disease, the suppression of the trade in slaves and opium, and the improvement of conditions of labor; but, despite the recommendations of three Presidents, the Senate refused to agree to the adherence of the nation to the World Court, an organ of the League whose special function was the adjudication of international differences. The United States, however, could not completely ignore the League and European affairs. "Unofficial" American observers appeared at Geneva, and American citizens in private capacity served on important international commissions. Charles G. Dawes, later to become Vice-President of the United States, headed a commission which set forth the Dawes plan for German reparations, which was in effect from 1924 to 1929. Another American, Owen D. Young, aided in the drawing up of the Young Plan, which provided a schedule (never carried out on account of the depression) of payments for the ultimate liquidation of reparations. Frank B. Kellogg, American Secretary of State under Coolidge, was, with Foreign Minister Aristide Briand of France, responsible for the promulgation of the Pact of Paris, a multilateral treaty through which the signatory powers renounced war as an instrument of national policy. President Hoover attempted to ease the international financial situation by arranging a one-year moratorium on intergovernmental debt payments in 1931. The United States co-operated with the League in its investigation of the Sino-Japanese affair in 1932; and Henry L. Stimson, American Secretary of State, enunciated a policy of refusing to recognize territorial changes made in violation of the Pact of Paris, which might have done much to curb the aggression of Japan if it had been supported by the great powers of Europe.

The coming of the depression, with its economic distress, and the rise of the dictator powers, with their threat to international order, made a new European struggle seem inevitable, and many Americans, disillusioned with the results of their participation in the "war to end war," the "war to make the world safe for democracy," feared that the coming struggle would involve the United States. This sentiment manifested itself in a demand for legislation which would keep America neutral (in fact as well as in word) in European or Asiatic war and eliminate as far as possible all danger of our involvement. In response to this sentiment Congress in 1935 passed a law forbidding the export of munitions

to belligerents and withdrawing protection from nationals who insisted on traveling in vessels of belligerents despite warning by presidential proclamation. In 1936 another act was passed, prohibiting loans to belligerents, and in early 1937 a joint resolution forbade the export of munitions for either of the opposing forces in the Spanish civil war. Later in the same year a new law continued the restrictions in regard to munitions and loans, "made travel on belligerent vessels unlawful, rather than at the citizen's own risk," and provided that certain raw materials enumerated by presidential proclamation might be exported on the cash-and-carry basis. This last provision, which was limited to two years, meant that these commodities might be sold to belligerents provided they were paid for at the time of sale and exported in other than American vessels. It would manifestly operate to the advantage of a belligerent or group of belligerents with superior naval strength.

The aggressive, even brutal diplomacy of the Rome-Berlin Axis in the annexation of Austria, the dismemberment of Czechoslovakia, and the seizure of Albania caused alarm in the United States and the development of a public opinion distinctly hostile to the Axis powers. There was a determined effort on the part of the Roosevelt administration in the summer of 1939 to effect a modification of the neutrality law in such a way as to allow aggressor nations to be designated by presidential proclamation and nonaggressor nations to have access to our markets. It was hoped that such a measure would place some check on the reckless diplomacy of Germany and Italy and put France and Great Britain in a position of advantage if war were precipitated by actions of Hitler and Mussolini. It was argued that a change in the law before the actual outbreak of hostilities would not be considered unneutral, whereas a subsequent change would be so considered. The proposed legislation was defeated largely through the opposition of Senator Borah, who declared that he had trustworthy information to the effect that a European war was not impending, the information of the Department of State to the contrary notwithstanding.

Soon after the war broke out in the early fall of 1939, Congress was called into special session for the specific purpose of adapting the law to the demands of public opinion in reference to the European situation. Debate in Congress revealed that public opinion had not completely crystallized. One element favored a continuance of the prevailing legislation; another favored the repeal of all neutrality restrictions, an action

which would have been quite favorable to the powers hostile to the Axis; still another element favored a middle course which would make American supplies available to all belligerents on a cash-and-carry basis (under such governmental regulation as would give the United States first choice) and reduce the danger of American involvement by keeping American shipping and American citizens out of combat areas as delimited by presidential proclamation. This plan was eventually embodied in the Neutrality Law of November, 1939. This act, though applying to all belligerents, was to the advantage of Great Britain and France, whose sea power would allow them to take advantage of the cash-and-carry provisions; it was in effect unneutral, for it changed the rules to the advantage of one side after hostilities had begun; it sought to prevent the development of an unhealthy economic relationship between the United States and Great Britain and France by forbidding belligerents to borrow here; and, finally, it sought, by preventing the loss of American lives and shipping at the hands of the warring powers, to remove what had been a source of great friction in the period of our previous neutrality, 1914–1917.

The sensational success of the Hitler regime in overrunning Poland, Denmark, Norway, Belgium, Holland, and France resulted in great alarm in the United States and contributed to a marked modification of our neutrality program. For good or for ill the impression became widespread that there was a close connection between the defense of the United States and the preservation of Britain. In the summer of 1940 President Roosevelt announced that by executive action an arrangement had been made with Great Britain by which the United States had exchanged fifty destroyers for strategic bases in Newfoundland and the West Indies. The uneasiness of the nation was further suggested by the enactment of a compulsory military service law. In the spring of 1941 Congress, at the request of the President but over bitter opposition in the Senate, passed the "lend-lease" bill, which gave the executive—in consultation with his advisers—broad power to extend aid to Britain by the "lending" of materials and implements of war. This act greatly modified the provisions of the Neutrality Law of November, 1939, and put the United States in the position of a "nonbelligerent" ally of Great Britain. In the autumn of 1941 that law was practically annulled. In December, 1941, America was drawn into the Second World War by the Japanese attack on Pearl Harbor.

Relations with the Far East

For seventy-five years after the Declaration of Independence the relations of the United States with nations of the Far East were not of great significance. In that period the population and economic centers of the United States were east of the Mississippi River. American shippers, however, were interested in the difficult but profitable Chinese trade, and after the defeat of the Chinese by the British in the First Opium War (1839–1842) Caleb Cushing succeeded in negotiating a treaty (1844) which gave to Americans trading privileges equal to those accorded to citizens of other nations. Meanwhile American missionaries had come in, and the twofold foundation of American interest in China had been established—a foundation and interest that remain after the passing of a century. Though Great Britain led the way in the opening of China, the United States, through the colorful exploits of Commodore Perry and the patient and skillful diplomacy of Townshend Harris, paved the way for the opening of Japan to Western trade and industrial and cultural influences. Soon after these men, in the fifties, had negotiated favorable trade arrangements for the United States, representatives of other nations gained similar concessions for their nationals.

It is instructive to observe and compare the responses of Japan and China to Western civilization. At first the Japanese were decidedly hostile to Westerners and Western ideas. Within a few years, however, the conviction came almost suddenly to a group of able young leaders (now referred to as the "elder statesmen") that, if Japan was to protect herself from the aggressive nations of the West and take her place as a great power, she must not fight Western civilization but must embrace it and adapt it to her needs. Between 1870 and 1900 there was an almost unbelievable revolution in the educational, political, military, social, and industrial aspects of Japanese life. Early in the twentieth century the transformed nation won recognition for herself as a great power by administering a decisive defeat to a much larger Russia while an astounded world looked on in admiration and amazement.

Meanwhile China had not undergone a similar change. The huge area and large population of this country, coupled with an almost complete absence of effectively centralized administration, were not conducive to the rapid introduction of Western civilization. Then, too, there was a

psychological inhibition in the firmly embedded belief of all citizens that China was the great nation of the world and that Chinese culture was superior to all others. Under these circumstances China struggled against Western ideas and Western nations with the result that her outlying provinces were carved off and appropriated by Great Britain, France, and Russia and her eastern coast honeycombed by spheres of influence controlled by foreign powers, circumstances which vitiated her strength, impaired her sovereignty, and outraged her self-respect.

The interest of the United States in the Far East was greatly accentuated by the unexpected acquisition of the Philippine Islands of 1898. The war with Spain had come primarily over the Cuban situation, and, when an American fleet in Asiatic waters swooped down on the Philippines, which had been under Spanish sovereignty for three centuries, even President McKinley had to consult a map to find the location of the islands. Completely victorious in the war, the United States was in a position to dictate the terms of peace. For reasons that have never been satisfactorily or logically explained, the President instructed the American envoys to demand, in return for $20,000,000, the cession of this archipelago, which is almost as far from the United States as it is possible to get, and in which citizens of this country had little or no interest. By the terms of the Treaty of Paris, Spain reluctantly agreed to give up the islands, and Americans, with eagerness and enthusiasm (and, it must be said, with success), took up the "white man's burden."

The United States, engrossed in trade and missionary activity, had not been sufficiently interested in China to participate in the partitioning and in the acquisition of spheres of influence. But the possession of the Philippines increased the stake of this country in the Far East, and the aggressive policies of other powers (including Japan) toward China caused alarm lest the commercial privileges of Americans be curtailed. Inspired by this condition of affairs, the American Secretary of State, John Hay, sought to combine altruism and self-interest by enunciating the "open door" policy, to which other interested powers rendered lip service if not faithful support. The substance of this doctrine, which had been foreshadowed by the earlier attitude of the United States, was that no power would discriminate, within its sphere of influence, in favor of its own nationals in the matter of harbor dues and railroad charges, that the Chinese tariff should be collected within the spheres, and collected by the Chinese government. Such a policy, if maintained, would do much

to keep commerce open to Americans and to preserve the administrative integrity of the Chinese government.

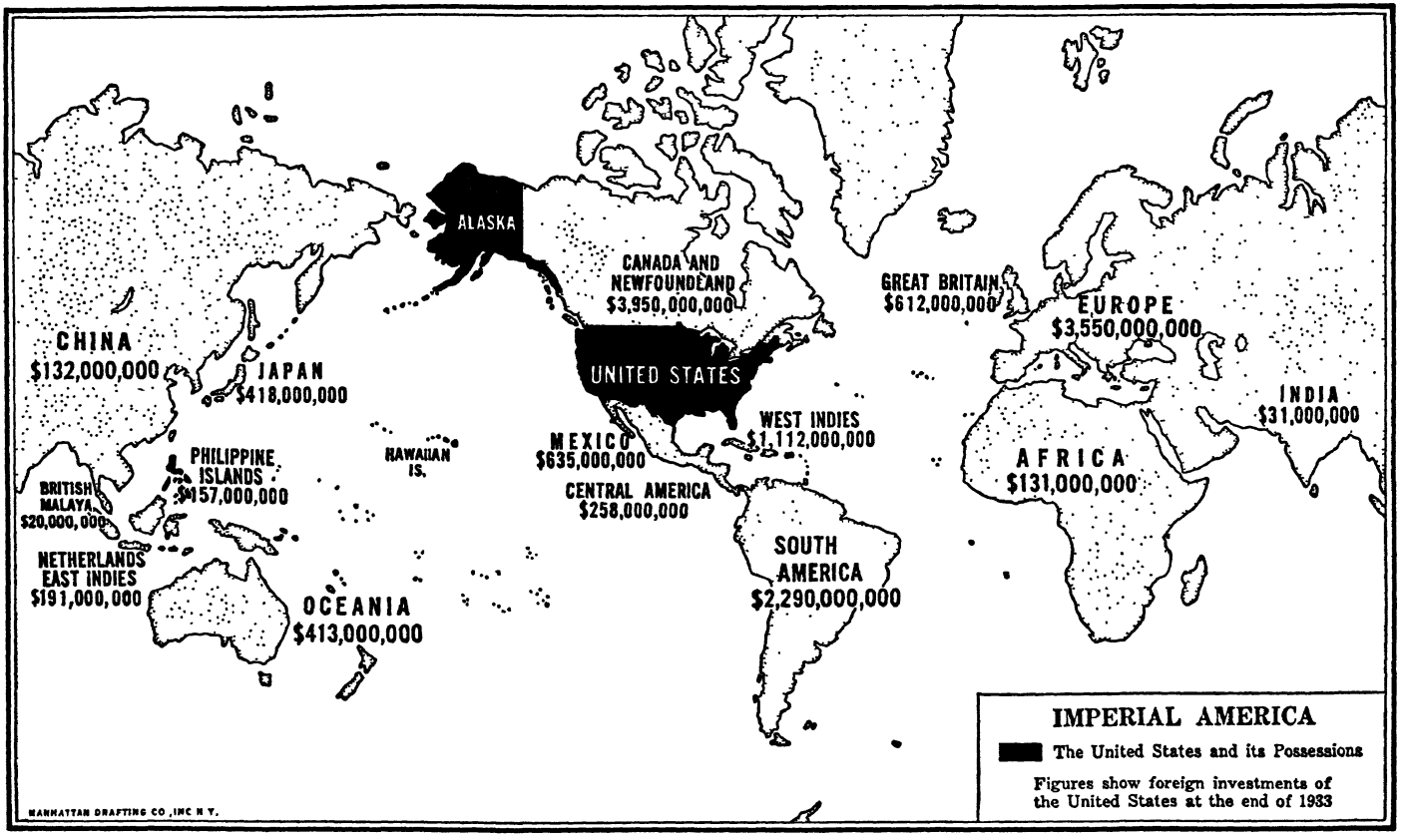
When the smoldering resentment of certain patriotic Chinese at the uninvited and unwelcome foreign penetration and Westernization burst into flame in the Boxer Rebellion of 1900, the United States co-operated with other Western nations and Japan in sending an international force to rescue foreigners who had taken refuge in the various legations at Peking. The United States received $25,000,000 of the indemnity (a third of a billion) levied by the victorious powers. As the amount was found to be greater than was necessary to meet the damage done to American property and the expense of the American expedition, the unexpended balance of $18,000,000 was eventually returned to China. This sum has been used to educate selected Chinese students in the United States and has thus been a means of fostering good fellowship between the two countries.

In the first decade of the twentieth century friction was caused with Japan over the discriminations against her citizens in the Pacific states, especially California, and over the question of immigration of her nationals of the coolie class to this country. This trouble was somewhat alleviated by the ostentatious but not very effective efforts of the federal government to persuade the states to remove the discriminations, and by the negotiation of the "gentlemen's agreement" of 1907 in regard to immigration. By the terms of this arrangement the United States was not to admit Japanese unless they had a certain type of passport, and the Japanese government would not issue such passports to members of the coolie or cheap-labor class. The "gentlemen's agreement" worked reasonably well until its summary abrogation by the passage of the general immigration law of 1924, which excluded Japanese immigrants entirely. This political gaucherie, unnecessary because the exclusion might have been obtained by more diplomatic methods, was an insult which the Japanese have taken much to heart.

It has been mentioned earlier in the chapter that the Washington Conference dealt with certain problems of the Far East. The United States was party to the Four-Power Treaty with Great Britain, France, and Japan, by which the signatories promised to respect one another's rights in the Pacific and to refer future disputes in that area to a joint conference, and which hinted at a co-operative armed effort in case the rights of the signatories were threatened by another power. At the same time Great Britain and Japan agreed to the abrogation of their treaty of

alliance, which was causing much apprehension in the United States and Canada. The Nine-Power Treaty, including the four powers mentioned above and Italy, Belgium, Holland, Portugal, and China, pledged the signatories to respect "the sovereignty, the independence, and the territorial and administrative integrity of China" and to support the principle of the "open door." Though the provisions of these treaties were constructive in that they eased international tension, emphasized co-operation, sought to protect China, and favored the maintenance of the "open door," in the aggregate, as one writer has pointed out, they constituted a recognition of existing conditions in the Far East and attempted to provide for a freezing of the *status quo*. How difficult it would be to prevent change in the fermenting atmosphere of the postwar period the next two decades were to reveal.

In the late 1920's the matter of Philippine independence was actively discussed. The Republicans, having been in power at the time of the acquisition of the Philippines, had traditionally soft-pedaled suggestions for independence; the Democrats, having opposed the acquisition in the first place, were inclined to lend a willing ear to such suggestions. The depression beginning in 1929 strengthened the hands of those who favored independence. Organized labor resented the cheap labor coming in from the islands, and American sugar-cane growers and other producers were eager to rid themselves of the competition of duty-free Philippine products. Idealists felt that the islanders, having been educated and civilized, were now ready for independence. The fearful felt that in gaining the Philippines, thousands of miles from the continental United States, we had given a hostage to fortune, and that we ought to free ourselves of this indefensible responsibility as soon as possible. Thus self-interest, idealism, and discretion joined hands to create the necessary sentiment for independence. A law passed by Congress in 1932 over President Hoover's veto, providing for independence after a ten-year transitional period, was rejected by the islanders as unfair, but a similar plan enacted in 1934 was accepted, though not without misgivings. The recent disorder in the Far East has increased the feeling of uneasiness, and a recent American High Commissioner to the Philippines has declared that the program of independence is a mistake. Whether the plan will be changed or whether the United States would feel morally obligated to fight to protect the Philippines after the passage of the transitional period is a pertinent but unanswered question upon which hinges our entire military and naval policy in the Pacific. Even a casual glance


ALASKA
CANADA AND NEWFOUNDLAND $3,950,000,000
GREAT BRITAIN $612,000,000
EUROPE $3,550,000,000
CHINA $132,000,000
JAPAN $418,000,000
UNITED STATES
INDIA $31,000,000
PHILIPPINE ISLANDS $157,000,000
HAWAIIAN IS.
MEXICO $635,000,000
WEST INDIES $1,112,000,000
AFRICA $131,000,000
BRITISH MALAYA $20,000,000
CENTRAL AMERICA $258,000,000
NETHERLANDS EAST INDIES $191,000,000
SOUTH AMERICA $2,290,000,000
OCEANIA $413,000,000
IMPERIAL AMERICA
The United States and its Possessions
Figures show foreign investments of the United States at the end of 1933
MANHATTAN DRAFTING CO., INC N.Y.

at the map will reveal that our problem in the Pacific will be greatly simplified if these islands are not to be defended. Many feel that the acquisition of the Philippines in 1898, against the will of Spain, and the retention of the islands against the will of Filipino leaders who wanted independence, are mistakes for which this country may pay dearly in money and men.

The United States has been much concerned over the recent aggressions of Japan in China, which have been in violation of the Pact of Paris and the Nine-Power Treaty. Since both of these countries have needed supplies from the United States, both have endeavored to avoid an embargo by refusing to acknowledge that a state of war exists. As sentiment in the United States has been more favorable to China than to Japan, and as an embargo would hurt the former as well as the latter, President Roosevelt has connived at this fiction of peace, and both countries have continued to avail themselves of American war materials. Recently, however, certain restrictions have been placed on exports to Japan, and more aid has been made available to China. Fear of Japan has led the United States to strengthen greatly her forces in the Pacific. Japanese success in the Chinese venture is largely dependent on supplies from the outside. Success would increase Japan's power and prestige and make her more of a menace to the United States. Under these circumstances it has seemed to many that the policy of allowing Japan to buy here materials for the conquest of China was less than intelligent. This point of view has been strengthened by the effectiveness of the Japanese attack on Hawaii which precipitated the present war.

Conclusion

Isolation from Europe in the colonial period made possible the development of a different way of living in the United States and laid the basis for a separate existence. The natural resources have made for a greater degree of isolation than would have been possible had the country been dependent on the outside for essentials such as iron, coal, and wheat. Yet the great economic development that these resources have made possible has inexorably forced American producers to seek foreign markets, a procedure which has made isolation less possible. The natural resources and the great economic development have made the United States a world power, and her position as such was dramatized by the Spanish-American War and the First World War. The already

difficult problem of neutrality has, with improvements in the technology of transportation and communication, and with the increased complexity of international economic relationships, become almost insoluble. In the present struggle, after a feeble effort at neutrality, the United States has become an ally of Great Britain.

The traditional interests of the United States in the Far East have been commerce and religious missions. The "open door" policy, if maintained, would favor these interests. In acquiring the Philippines the United States gave a hostage to fortune, for we did not have an interest in these islands and they are highly indefensible. The United States has been in a weak position in attempting to maintain the "open door" because of our distance from the western Pacific.

The United States, through the Monroe Doctrine, has opposed any program through which a European power might extend its control in the Americas or interfere with the independence of any existing American nation; from time to time the United States has intervened in Latin American countries by landing marines or establishing devices for fiscal control, for the purpose of protecting American interests or forcing a Latin American nation to live up to its obligations to citizens of European nations; this policy of intervention has been very unpopular in Latin America; it has recently been replaced by the Good Neighbor Policy, which eschews intervention and force and attempts to effect Pan-American solidarity by friendly co-operation.

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Chapter XVIII

THE CONSERVATION OF RESOURCES

Introduction

The history of this nation is essentially the record of the settlement of the country and the exploitation of its natural resources. It is a dramatic history, but, when it is viewed in retrospect, one can see that neither settlement nor use of resources has been guided by the soundest policy. For the most part there has been no comprehensive public policy in respect to the resources other than unrestrained private exploitation. Until near the end of the nineteenth century there was unrestricted immigration, and at no time until very recently had there been much control over where people settled. The policy of America has been freedom of movement and freedom of enterprise. This was a natural reaction to the restraints of feudalism, but it was not conducive to the orderly settlement of the continent or to the best long-run use of its resources. On the contrary, it provoked bitter conflicts, caused needless hardships, invited wanton waste and destruction of land, timber, and mineral resources, and left a legacy of difficult problems for the twentieth century.

It might appear that the colonists, disciplined in conserving soil and forest in their native countries, would have manifested the same zealous care of resources here. Perhaps the first comers did, but, faced with an abundance of land such as they had never known, the colonists soon lost their interest in sound principles of agriculture and forestry. In Virginia tobacco almost immediately became an important crop—in fact, about the only crop which could be shipped abroad and sold for cash or exchanged for manufactured goods. But tobacco is hard on the land. When, after a few crops, the fertility was exhausted, new land was cleared, and the old was left to be reclaimed by the wilderness.

This was not serious so long as population was sparse, but, after all the accessible land was occupied, soil destruction became a matter of grave concern to men of vision.

George Washington developed an aversion to tobacco-growing and to one-crop systems in general; in his later years he railed against tobacco as a soil-robber and ordered it off his land. In a letter written in 1787 to Arthur Young, the English agricultural reformer, he said: "There are several, among whom I may class myself, who are endeavoring to get into your regular and systematic course of cropping, as fast as the nature of the business will permit; so that I hope in the course of a few years we shall make a more respectable figure as farmers, than we have hitherto done." Two years later, while President, he wrote back to his nephew, who had been left in charge of operations at Mount Vernon: "The gullies in these fields, previous to their being sown with grain and grass-seeds, ought invariably to be filled up.... These are the only means I know of, by which exhausted lands can be recovered, and an estate rescued from destruction." Records indicate that at the time of his death he was following a seven-year crop rotation, one admirably adapted to sustain and hold the soil.

A hundred miles southwest, Thomas Jefferson was expressing concern at the devastation which had been wrought on hills his father had cleared and planted. He was even then advising a method of checking erosion which only recently has been officially recommended: namely, plowing on the contour. In describing the effects on his own land, he wrote in 1800: "It has entirely changed and renovated the face of our country. Every rain, before that, while it gave a temporary refreshment, did permanent evil by carrying off our soil; and fields were no sooner cleared than washed. At the present we lose none of our soil, the rain not absorbed at the moment of its fall being retained in the hollows between the beds until it can be absorbed."

But Jefferson was too optimistic. Not even the landowners continued to follow the sound methods urged by him, and before him by Washington. Instead, soil deterioration was accelerated. In 1832 Thomas Marshall, speaking in the Virginia House of Delegates, estimated that all the crops then harvested in Virginia were worth less than the state's agricultural exports alone had been worth eighty or ninety years earlier, when the state had only one sixth as many people. In the hundred years since, land abuse has continued in Virginia, throughout the South, and in many other parts of the nation.

Agricultural Land Abused

About 520,000,000 acres, or 27 per cent of the total land area of the United States, was originally suitable for tillage. But the methods which have been commonly practiced by American farmers have been so destructive to soil productivity that the crop-producing capacity of the nation's farm land has been much impaired. Continuous cropping with soil-depleting crops and failure to replace the depleted elements through soil-building practices are reflected in steadily reduced yields per acre. Present yields would be even lower had there not been remarkable improvement in the quality of seed. For example, the long, plump ears of corn that are so characteristic of American farms today bear little resemblance to the scrawny nubbins grown by the Indians.

The exhaustion of the land resource has been induced by the periodic recurrence of excessively low prices for farm produce, by farm tenancy with short periods of tenure, and by the general belief that private ownership of land gave the owner the unrestrained right to use or abuse it as he pleased. Until about 1890 the unoccupied land on the frontier was an invitation to exhaust one's old farm and get a new one. Now, with all good farm land occupied, agriculture must "stay put," and soil fertility must be maintained by good husbandry. That is, unless a farmer puts back into the soil as much as he takes out, he is really exhausting his capital and condemning himself to a decreasing annual income. Of course, to many people the desire to satisfy present wants is so much stronger than the fear of future deprivation that they will continue to exploit their land. To such people it appears to be entirely a matter of private choice. They feel no sense of responsibility to future generations.

Farmers cultivated about 370,000,000 acres of cropland in 1930, and ten years later only 340,000,000 acres. This might indicate that we now have more agricultural land than we need and that there is no need for conservation. But such a conclusion would be fallacious. In the first place, it is often the best soils which are most subject to erosion. Again, the processes of erosion, unless checked, become progressively more destructive. Finally, no generation has a moral right to destroy a great natural resource merely because its loss would not be felt immediately. Soil is the most basic of all natural resources, the ultimate support of all human life, and its further destruction is criminal in the light of present knowledge of conservation methods.

The greatest single cause of soil deterioration has been erosion. The Soil Conservation Service reports that as a result of erosion 10 per cent of our cropland has been permanently ruined for agriculture; another 30 per cent has been seriously damaged; and an additional 35 per cent is subject to erosion, with most of it injured to some extent. Stated differently, 50,000,000 acres of formerly good cropland have been rendered unfit for any further agricultural use, and at least three fourths of the topsoil has been stripped from another 125,000,000 acres. Most of the latter acreage is still in cultivation and can be saved only by prompt and diligent action. The only extensive agricultural areas that are not subject to erosion are the Mississippi delta and part of the corn belt.

The Soil Conservation Service, in co-operation with other technical agencies, estimated in 1937 that only 39 per cent of the land classed as cropland in the 1935 census could be indefinitely continued in cultivation under present practices, and that even with the best conservation practices not more than 82 per cent can be continuously cultivated. In other words, 18 per cent of the land in cultivation in 1935 should be retired from agricultural use. It is so inherently poor or has been so depleted of its fertility or is so badly eroded that it is uneconomic to continue to cultivate it. However great the labor expenditure, the yields will be so pitifully small that the operator is destined to get little reward for his effort. His family is foredoomed to hardship and poverty. The cultivation of such submarginal land is a cruel waste of human energy. Farming on such niggardly soil must be continuously subsidized to keep the occupants above the poverty level, and government loans, relief expenditures, and adjustment payments only postpone a solution of the problem. Such lands must eventually be withdrawn from farm production and used in ways for which they are better adapted, such as for forestry, for grazing, or for recreational areas and wild-life refuges. The people living on such lands need to be directed to better lands or into other occupations.

It was not until 1933 that steps were taken to revise basically the national land policy of the United States, not only to conserve soil, but also to bring land and population into proper adjustment. For the first time the federal government officially recognized the plight of farm families stranded on land unable to yield them a living, sometimes as isolated instances and sometimes as whole communities.

In September, 1933, the Soil Conservation Service was established to check the process of erosion by wind and water. Since that time the

Service has conducted demonstrations in representative agricultural regions to show the best methods of dealing with typical erosion problems. More than five hundred soil-conservation demonstration areas have been established. These areas have been described as "show windows of soil-erosion control." Immediately after an area is selected for demonstration purposes, a project work plan is developed. As many as possible of the farm owners within the area are induced to participate in the demonstration. Each enters into a five-year co-operative agreement with the Service. A farm plan embracing every field in the farm is worked out, and the agreement sets forth the obligations of both the farmer and the government. The farmer agrees to follow the practices stipulated in the co-operative agreement and to provide as much of the labor and materials as possible. In return, the government agrees to provide such technical assistance and such additional labor and materials as are necessary to put the plan into effect. The labor furnished by the government is provided by the C.C.C. The agreements in effect in 1939 embraced about 3,500,000 acres of cropland, which would be farmed in accordance with approved crop rotations. Moreover, terracing and contour cultivation would be incorporated into the plans wherever needed. The theory of the demonstrations was that they would be observed by farmers from the surrounding country, who would adopt similar practices on their own farms. There is evidence that this has happened to an encouraging extent.

It has been recognized from the start, however, that the erosion problem cannot be solved by federal action alone. The task is so large that the major part of it must be performed through community action. The most promising method is the co-operative attack, the co-operation of all the landowners of a drainage basin. The control of land use must begin where erosion begins, at the crest of a ridge, and continue down the slope, field by field and farm by farm, to the stream banks in the valleys below.

To facilitate this type of action, the states, at the suggestion of the Soil Conservation Service, have authorized the creation of soil-conservation districts. This new unit of local government, often following natural boundaries and created primarily for conservation purposes, offers a logical basis for community co-operation. Already about 450 districts have been organized, and it is hoped that eventually most of the erosible land of the country will be embraced within such districts. As in the project areas, the farmers of the district may enlist the assistance of state

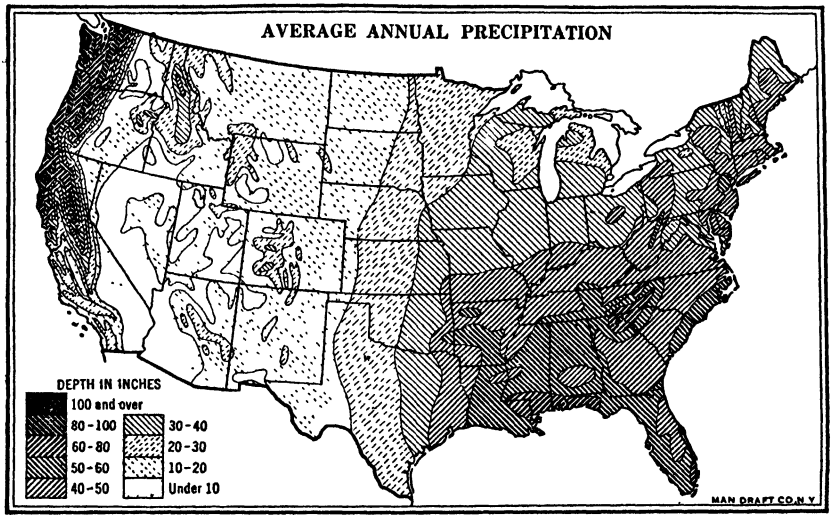
and federal agencies, but the plans and action programs should, so far as possible, be initiated locally. A much more sympathetic attitude toward conservation is likely to be developed if the local communities formulate a program and solicit the aid of the government than if the procedure is the reverse of this. There are even minor engineering projects that could be initiated and to a large extent constructed by the farmers and landowners themselves. This is particularly true of the type of project required in erosion control. It has been estimated that the work that must be done if the land is to be preserved for future generations would require 1,622,000,000 man-days of labor. The 1937 census of unemployment revealed 1,547,000 totally or partially unemployed men living on farms. If these men were provided with an average of ninety days of work a year on conservation projects, the job could be done in twelve years. Of course, this would not remove the necessity for continued care thereafter. Neither does this work include the large reclamation and flood-control projects which are beyond the scope of local co-operative action; they must remain essentially a federal responsibility. There is a place for great regional undertakings like those of the Tennessee and Columbia valleys, but the transformation of America must be accomplished mainly on small watersheds, farm by farm.

The settlement of semiarid lands in the First World War and during the 1920's was in the main a great misfortune. When the grass was plowed under, the soil was robbed not only of the shade which helped to hold moisture but of a root system which gave it anchorage. The parched soil, so exposed, began blowing away in clouds of dust. Appearing first in 1931, the dust storms became increasingly severe. In 1933 and 1934 all the topsoil was blown off at least 4,000,000 acres, and no less than 60,000,000 acres were seriously damaged. Great drifts of soil piled up along fences and farm buildings; windows and doors could not be calked tight enough to keep the dust from sifting into the houses. In the spring of 1934 the first green shoots of July wheat covered the plains, and there was a good prospect for a fine crop; a few weeks later there remained only a parched desert. In May the clouds of dust were borne as far east as the Atlantic coast, and at times the sun was blotted out. On the plains several persons died of dust pneumonia, suffocation, and lung hemorrhages induced by the dust-laden air.

Not all of the area which has been named the "dust bowl" was plowed; some had only been overgrazed. But, in either case, land fit only for light grazing had been subjected to more intensive use than it could stand. As

a result, much of the protective vegetative cover had been removed and the underground water supply depleted. An area where for centuries great herds of bison had grazed was, after a few years of careless use, well on the way to becoming a permanent desert.

Some farms are submarginal, not because the land is inferior, but because of their location. An isolated farm, remote from markets and beyond the reach of social services, not only subjects the occupants to great hardships but puts a heavy burden on the taxpayers to provide



minimum public services. In order to discourage scattered settlement in northern Wisconsin, more than 5,000,000 acres have been closed to further settlement through county zoning ordinances. Though families already living within the nonsettlement districts cannot be forced to leave and cannot be denied roads and schools, those who would like to leave are being aided to do so by state and federal agencies. As areas become depopulated, they are added to state or national forests, and the long process of reforestation is begun. Perhaps seventy-five or a hundred years hence the northern reaches of the Lake States, which have proved so unprofitable for agriculture, may again support great forests and thriving communities of lumberjacks and sawmill workers.

In the southern Appalachians, in the Ozarks, and in some other mountain areas there is a combination of land-use difficulties. These areas, too, were originally forested, but the bottom lands, when cleared, made good

agricultural soil. Even some of the upland, when cleared, was used successfully for crops and pasture, but without transportation facilities there was for a long time no temptation to cut the timber on the ridges and upper slopes. Before the coming of the railroads the farms were relatively large and well-balanced and supported the people at a comfortable level of living. But finally the highland areas were invaded by the railroads, and by 1900 most of them had been penetrated. If the railroads failed to reach them, the hard-surfaced highways did so a few years later. Transportation almost invariably led to the slaughter of the timber, accompanied by a temporary boom and an increase in population. Later, when the timber resource waned and the mills closed down, the people were compelled to wrest a living from the land. With each succeeding generation the situation has become more acute. The population has multiplied, the original farms have been divided and subdivided, the clearings have crept higher and higher up the slopes, and soil washed from the hillsides has choked the streams and damaged the drainage of the bottoms. The second-growth timber has been cut so close that years must elapse before the forests will again be an important source of supplementary income. In short, population increased as resources decreased, with the result that today, despite heavy subsidies from the outside, the average income of the people is very low. In some communities half or more of the families are on direct relief. The restoration of a balance between population and resources in these areas obviously depends on the restoration of the forest to a condition of sustained yield together with an appreciable reduction in population. The incorporation of more and more of the forest land into national forests will hasten the renewal of the timber, and the revival of industrial employment, as in the industrialization of the Tennessee valley, will help to drain off the excess population. The increasing tourist trade, attracted by the new national parks and hydroelectric developments, also offers additional employment and income. But the relatively dense population of the highland areas, combined with the dearth of level land, will invite, even necessitate, land abuses for many years to come.

The Depletion of the Range

There is perhaps no darker chapter in the history of land occupancy and use in the United States than the story of the western range. Much of the area was once considered the Great American Desert, a vast and

trackless waste, a barrier to the gold fields. Then, suddenly, it became a potential source of great wealth from livestock grazing.

The virgin range extended over the western two thirds of the United States, and, excluding nongrazable lands such as mountain tops, deserts, and dense forests, embraced about 850,000,000 acres. Naturally great differences in soil, topography, and rainfall resulted in correspondingly great differences in the kind of vegetation. The most luxuriant was the tall grass of the prairies; farther west was the short grass of the plains; then, as the country became drier and more rugged, the short grass alternated with sagebrush and was further modified by an admixture of wheat grass, June grass, buffalo grass, and other herbaceous plants. In some areas the grass grew in tufts and was called bunch grass, and it was so luxuriant in its virgin condition that explorers made frequent comments concerning it. Valuable forage occurred also in the open forests that grew on the slopes of practically every mountain range. Though there was this wide variation in plant cover, everywhere except in the desert areas there was an abundance of palatable and nutritious forage, providing pasturage to great herds of bison, pronghorns, bighorns, mountain goats, and other game.

The Spaniards were the first to use the range for domestic livestock. When Coronado entered the southern plains in 1540, seeking the fabled Seven Cities of Cibola, he is said to have brought with him a thousand horses, five hundred cattle, and five thousand sheep. Missions established in Texas, New Mexico, and Arizona between 1670 and 1690 became livestock centers soon after 1700. The more settled Indians of the Southwest adopted the grazing of sheep and ponies, and the latter soon became highly prized Indian property.

Texas proved to be especially well suited to cattle. In 1821 the Mexican government contracted with Moses Austin to bring settlers into Texas, and, enticed by liberal tracts of land, many came. The success of Austin's colonization lured so many other American immigrants that the number had reached twenty thousand when further American immigration was prohibited in 1830. The rich pasturage and mild climate so favored cattle that they multiplied rapidly, and it has been estimated that by 1860 there were 3,500,000 longhorns roaming the Texas plains. Though large numbers were shipped to the Confederate army in the Civil War years, the herds continued to increase and made Texas like a hive of bees, ready to swarm forth at the first opportunity. This came after the war, when currency inflation and rising prices in northern manufacturing centers

brought market offerings of $40–$60 for beef steers. Since the railroads had not yet penetrated into the range country, the cattle had to be driven to the railheads in Missouri, central Kansas, and Nebraska. In 1867 more than a thousand cars loaded with cattle left Abilene, and in succeeding years the demand for western beef reached such proportions that in 1871 fully 600,000 cattle were driven northward to the railroads. More than 5,000,000 cattle had been driven northward by 1885, when the extension of the railroads into the range country made the drives no longer necessary. In fact, by that time cattle were being grazed everywhere on the high plains, the use of barbed-wire fencing having been adopted as a means of keeping them away from farms and towns.

This tremendous expansion of cattle grazing was based on a great natural resource which the stockmen obtained at almost no cost, for grazing on the public domain was free to all. The discovery of the grass bonanza fired the imagination of cowboys, farmers, lawyers, bankers, and everybody with a speculative instinct, who rushed in to seek their fortunes, the poor by personal effort and the rich by investment. Many fortunes were made, but many more were lost. Promoters formed stock companies, and investors in the Old World as well as the New succumbed to the prospect of quick enrichment.

Under these circumstances overexpansion was inevitable, and it caused not only a break in the market but also serious damage to the range. With some areas carrying four times their capacity, the grass was permanently injured by trampling and overgrazing. As early as 1898 a government investigator reported that some stockmen considered that in parts of Texas "the injury has gone almost past the point where redemption is possible."

While this dangerous process of depleting the range by overuse and by too early and too continuous grazing was going on, scarcely anybody was making provision for supplementary feeding or for setting aside winter ranges. Investors, believing implicitly in the security of their capital, did not realize that they were "betting against God Almighty and a sub-Arctic winter." But they were to be suddenly and cruelly reminded. The winter of 1885–1886 was severe from Kansas southward to Texas and New Mexico, and the cattle losses were heavy. But the worst was yet to come. In the north the summer of 1886 was hot and dry, and grass was short as a result. Then in November a severe winter set in; there was one blizzard after another; the snow was deep; and it was bitterly cold. Young stock fresh from the East and from Texas died

in droves, with a mortality of 40–60 per cent. Ranges had been so closely cropped that cattle losses would have been heavy in a mild winter, but with severe cold and deep snow the lack of feed was economically fatal to many stockmen, especially to the speculatively financed corporations. Financial confidence, which started to wane in 1885, was almost completely lost, and the winter of 1886–1887 gave a body blow to the beef bonanza. Only a remnant of the range-cattle industry survived. The survivors had been sufficiently impressed, however, with the necessity of having winter forage, and they attempted to acquire ownership of as much land as possible. Since at that time the maximum acreage which one could homestead was 160 acres, cowboys were hired to enter land and for a small sum turn it over to their employer. A special effort was made to acquire land along streams where cattle could water and where wild hay could be grown.

For the next several years the history of the range was largely the story of the struggle between the big owner and the little owner, with the cattle "rustler" as an unrecognized but indisputable ally of the little owner. Agreements among the big stockmen not to co-operate with newcomers in round-ups and other group activities finally culminated in civil war. Not until the army reserves were called out and several prominent cattlemen were arrested was the warfare ended and equal rights established.

Just when security in the ownership of cattle was becoming established and less destructive range practices were being adopted, the balance was disturbed by a new factor: namely, the rapid increase in sheep. The number of sheep rose quickly from a comparatively small figure to veritable hordes. The invasion came at different times in different states, but when it arrived it started a new struggle, this time between the cattlemen and the sheepmen. Both sides were equally ruthless, and many lives as well as thousands of sheep and cattle were sacrificed in the struggle.

The inevitable outcome of such a relentless contest for range was complete utilization of forage, for the only way to prevent a competitor from using a range was to strip it clean. After fifteen or twenty years of such abuse the better forage plants were often completely killed out, and were succeeded by weeds. In other areas the grass roots were so damaged that there was little subsequent top growth and no seed crop to thicken the stand. Where the soil was exposed, the deterioration of plant life was accelerated by the wastage of two precious elements—moisture and topsoil.

The last and greatest enemy of the range was the homesteader and his plow. He was contemptuous of the stockmen, whom he looked upon as parasites, fattening on the bounty of a generous government and contributing nothing to the permanent settlement of the country. He considered himself as the only true nation-builder, for he came prepared to build and occupy a fixed abode, cultivate the land, and with his neighbors establish schools, churches, and community life. But the homesteader who crossed the hundredth meridian failed to recognize that he had entered a different environment and that neither the farming practices nor the institutions of the East and Middle West were applicable here. All his experience had been on humid lands, and this was dry land. West of the hundredth meridian the annual rainfall is less than twenty inches, too little for crops without irrigation except perhaps in the river bottoms. The 160-acre homestead, which suited the prairies admirably, was a delusion and a snare on the Great Plains. Though from twenty to forty irrigated acres would be sufficient to support a family, at least a thousand acres are necessary for a livestock ranch. In 1909 Congress increased the size of a homestead to 320 acres, and in 1916 to 640 acres, but these modifications were inadequate, and they came too late.

The railroads, sometimes encouraged by the Department of Agriculture, advertised the profitableness of dry farming on the plains. This is a system of farming by which a crop is planted only in alternate years, the moisture being conserved the year the land is lying fallow. The high price of wheat during the First World War, plus the urge to produce food as a patriotic measure, resulted in the plowing under of 25,000,000 acres of sod. Between 1910 and 1920 North Dakota alone put 10,000,000 acres under the plow. Several years of more than average rainfall increased the optimism of the wheat-growers. Many cattlemen sold their herds and began to raise wheat on the flat, loose, and friable soils. Yields were low, but with tractors, gang plows, and combines production costs were also low. For a few years there were profits, particularly on the big mechanized farms. But in the early 1920's the wet cycle swung into a dry cycle; yields fell; profits vanished; and, worst of all, the dry, powdered soil began to blow away. In the years which followed, the dust clouds grew in volume, the endless winds sweeping up the loose topsoil and carrying it in swirling clouds of dust for great distances.

Perhaps the dust storms were not an unmitigated evil, for they served to arouse public opinion to the danger and to hasten remedial action. Since the spring of 1934 the Soil Conservation Service and many of the

resident farmers and ranchers of the Great Plains have been co-operating in a variety of land-use demonstrations of soil and water conservation. Among the demonstrations may be listed terracing and contour plowing to retard the run-off of surface water; the installation of baffles at the mouth of culverts for the same purpose; the construction of surface storage dams; the planting of windbreaks; and an attempt to re-establish the native grasses. To stabilize the soil until the grass roots can get established, kaffir corn and other drought-resistant plants are used as a nurse crop. The re-establishment of the native grasses is not proving easy, but the effort is meeting with some success.

Many farms rendered useless by the dust storms were abandoned, the owners migrating to the west coast or elsewhere in search of a livelihood. It is improbable that the area can, even with sound use of the land, support as many families as were attempting to live there a few years ago. On the other hand, those who have studied the situation do not insist that the whole area should be restored to range. By creating farms large enough so that each year a major part of the land will be in grass, by plowing only alternate strips, by not overgrazing the range, and by conserving as much as possible of the water, the region can, it is believed, maintain a permanent and profitable type of agriculture.

The proper use of the short-grass country is as pasture, except for crops in the river bottoms and in certain level areas which can be irrigated. Progress is being made in that direction, but let there come a few years of good rainfall and it will be very difficult to prevent the speculators from inciting a fresh boom. Sod, re-established with great difficulty, will be plowed under again, wheat will be sowed, with rising prices land will change hands, dealers will take their profits, and then the dry cycle will reappear, bringing crop failures, mortgage foreclosures, and the inevitable dust storms. Whether the range will be saved or lost to the desert will depend on man's ability to resist the promise of quick profits and to build securely for the future.

The Taylor Grazing Control Act, passed by Congress in 1934, is the most constructive step yet taken to conserve the range land which is still a part of the public domain. The original act authorized the withdrawal from entry of 80,000,000 acres of unreserved and unappropriated public domain and the organization within this area of grazing districts to be administered in the interest of range conservation. Subsequently the President by executive order withdrew from entry all the remaining public domain, pending its classification, and grazing control was ex-

tended to another 62,000,000 acres. Stockmen are granted permits to graze only as many head of livestock as will not prevent a gradual improvement of the range. Priority is given to stockmen long established in the area and particularly to those who own enough agricultural land to produce winter feed.

The Devastation of the Forests

This country's amazing industrial development may be attributed in considerable measure to the abundance and variety of its timber resources. Nowhere else in the world does there exist so vast a forest area combined with so large a variety of economically useful timber trees. At least a hundred species are of recognized economic value, and about two hundred are considered in forest management. The original forests covered about 43 per cent of the area of the country, or 48 per cent if the open woodland of the Southwest be included. They formed two broad belts, one extending inland from the Atlantic Ocean to the Mississippi River and beyond, the other inland from the Pacific to the Rockies. The eastern belt blanketed both upland and lowland, whereas the western forests were discontinuous, occupying mainly the rainy western slopes of the mountains. The eastern forests contain both hardwoods and conifers, with the hardwoods predominating; the western forests are distinctly coniferous.

The original forests, exclusive of the brushwoods of the Southwest, embraced 820,000,000 acres. The present area considered capable of producing timber of commercial quality and quantity is now only about 495,000,000 acres. The shrinkage in forest land has occurred chiefly in the eastern part of the Mississippi River basin as the result of the extension of farm land. The reduction in forest acreage was altogether proper, for agriculture is a higher use of land than forestry. Unfortunately, however, some of the land cleared turned out to have little agricultural value, as, for instance, some very stony lands in New England and in the Lake States. Equally shortsighted was the clearing of slopes too steep for cultivation and of sandy land which was worn out after only a few years of cropping.

Even more serious than excessive clearing has been the progressive deterioration of the cover on the remaining forest land. Barely one fifth of the forest area contains any remaining old-growth timber, and much of it is inaccessible. Moreover, the second-growth saw timber is com-

monly far inferior to the original stand. New England is very deficient in saw timber, though the region was the first to become conservation-conscious and has much healthy young growth. New England forests suffered heavy losses in the hurricane of 1938. Although the forests of the South have been seriously depleted, there is natural regeneration, and growth is rapid. The greatest enemy of forestry in the South has been fire, but progress is being made in organized fire control. The western forests have suffered the least depletion, but much of the timber is inaccessible. Moreover, cutting is proceeding rapidly on private lands, and often the forest is left in a devastated condition.

The destruction of the nation's forest resource was deliberate; it was in keeping with national policy. For a long time this policy was private ownership and exploitation of all natural resources, except for slight reservations in the case of some minerals. Forest land, like other land, was transferred rapidly to private ownership, and was devastated with one of two objectives. To the farmers the trees were obstacles to be removed; their objective was to clear the land for crops. To facilitate this the trees were often killed by girdling, the underbrush was burned, and the first crops were raised among the stumps. The laborious task of removing the stumps took many years; in fact, it could be accomplished more easily after they had rotted for a time. The zeal to clear the land was so great that sometimes whole mountain ranges were burned off, though the land was not suitable for farming. On the other hand, most of the settlers in the eastern states wisely left the rougher portions of their farms uncleared. Subsequent cutting, however, has left many of these farm woodlots in a very shabby condition.

The forest lands which fell into the hands of the lumber companies were exploited solely to bring immediate profits. Instead of being considered a perpetual reservoir of wealth, the forest was considered an asset to be liquidated, just as a mine is worked out and abandoned. The purpose of the timber barons was to "cut out and get out." Since the principle of diminishing returns operates in the harvesting of timber, only the larger trees, as well as the better species, were cut during the first assault. This would have permitted another harvest later had there been reasonable care in felling the big trees and in disposing of the slash. But the operators, having no interest in the future of the forest, broke down the young trees with complete abandon and left the slash where it fell. Within a few months the latter was dry as tinder, not only inviting fires but causing any which got started to be much more destructive. A

frequent aftermath of a timber operation was a forest fire of such destructiveness that only blackened stumps remained. From the ashes there would come, in time, not a stand of the former species, but a stand of useless briers and shrubs. If by chance an area escaped the ravages of fire, there would come in the wake of the big mills the small portable mills which, like scavengers, cut everything remaining that was merchantable.

The conservation of forests began earlier than the conservation of any other of our natural resources. As early as 1828 Congress followed the recommendation of President John Quincy Adams and established a preserve of live oaks on Santa Rosa Island off the coast of Florida. This tree was especially valuable for the building of naval ships. The project was soon abandoned, but it marks an early interest in forest conservation, and the island has recently been dedicated as a national monument.

In 1876 the beginnings of a forest service were created when Congress authorized the Department of Agriculture to conduct forestry investigations and appropriated $2,000 to pay the salary of the investigator. The next year the distinguished German-American, Carl Schurz, a vigorous advocate of a thoroughgoing forest policy, became Secretary of the Interior. He proposed public ownership and administration of forest lands. The same view was held by another German conservationist, Dr. Bernard Fernow, who helped organize the American Forestry Association and in 1886 was appointed by President Cleveland to head the still small Division of Forestry. But he, like Schurz, lacked the support of an aroused public opinion.

The first major step in forest conservation was an act of 1891 authorizing the President to withdraw from entry forest lands in the public domain, and, acting under this authorization, Harrison withdrew 21,000,000 acres. Cleveland and McKinley added considerably to the reserves, but Theodore Roosevelt, an enthusiastic conservationist, withdrew no less than 60,000,000 acres. The timber barons became alarmed and through their friends in Congress got a rider attached to the agricultural appropriation bill forbidding the President to withdraw from entry any more forest land in certain designated states of the Far West. But Roosevelt was not caught napping. The government foresters had been doing some scouting and had ascertained where the best remaining stands were located; with this information Roosevelt withdrew an additional 15,000,000 acres before signing the agricultural bill. He remarked later that

the timber barons "turned handsprings in their wrath" when they discovered how they had been outwitted.

For several years the forest reserves remained without protection or utilization; they had simply been withdrawn from private exploitation. The lumbermen were perhaps not entirely wrong in their complaint that a natural resource was being locked up. One reason for this situation was that the forest reserves, like the rest of the public domain, were controlled by the Department of the Interior, whereas the Division of Forestry (called the Bureau of Forestry after 1901) was in the Department of Agriculture. Incidentally, this agency after 1898 was headed by an ardent and aggressive conservationist, Gifford Pinchot. He and Roosevelt were kindred spirits, and together they aroused public interest in conservation as it had never been aroused before.

In order to get the forests and the foresters together, Roosevelt in 1905 transferred the forest reserves to the Department of Agriculture, changed their name to national forests, transformed the Bureau of Forestry into the U. S. Forest Service, and outlined the principles to be followed in forest management. From that time the policy of the Forest Service has been to handle the national forests so that they will remain a perpetual source of timber, a protection to our watersheds, a contributing element in flood control, a refuge to wild life, and a source of pleasure and inspiration to their owners—the American people.

Since the first national forests were erected out of the public domain, they were, of course, all in the Far West. Yet within a few years the people in the eastern part of the country also demanded protection of forests and an assured timber supply. But east of the Mississippi the land was in private ownership, and hence the only way to acquire public forests was to purchase woodland from private owners when they were ready to sell. The Weeks Act of 1911 authorized such purchases along the headwaters of eastern streams, and in 1915 the first purchase was made, a block of 87,000 acres from the Biltmore estate in western North Carolina. It was the nucleus of what has since become the Pisgah National Forest. In subsequent years other national forests were established throughout the entire length of the Appalachian highlands from New Hampshire to Alabama.

In 1924 the Clarke-McNary Act authorized purchases for timber production whether or not the lands were along the headwaters of streams. This was to permit purchases in the flat regions of the Lake

States, the Gulf States, and the southern coastal plain. But for several years appropriations were small, and up to 1932 only 5,000,000 acres had been purchased under both acts. The purchase program was accelerated from 1933 to 1935 by the allocation of $45,000,000 of relief funds, and modest additions have been made each year since. In 1940 there were 160 national forests in forty states and two territories embracing an aggregate of 177,000,000 acres. It should not be thought that this area is all wooded; in fact, only about half of it is wooded, the other half consisting of range land. Whether forest or range, however, the land is handled in a manner to permit its permanent utilization and, if it is depleted, its restoration to full productivity. On the range land grazing is restricted through the issuance of permits to stockmen; as a result, the range is gradually recovering its original carrying capacity. In fact, the range within the national forests is considered the best of the public ranges. Similarly, on the forest land trees are cut when mature or when a thinning operation is beneficial, but an area is never denuded. The goal of the Forest Service is sustained yield, which means leaving the forest after each harvest in such condition that a few years later there can be another harvest. This is accomplished by always leaving a good stand of young and middle-sized trees and by carefully removing the slash which is so often a cause of fire. To suppress such fires as get started, the Forest Service has developed a highly efficient fire-fighting organization, and the damage done by fire in the national forests is relatively only a fraction of that done in privately owned forests. Multiple use is the keynote of national forest policy: timber growing is supplemented by watershed protection, the propagation of wild life, the use of the forests for recreation, and the fullest utilization of the forest resource. More than 16,000,000 people visited the national forests in a recent year.

Mineral Resources Wasted

Mineral deposits are among the most highly prized treasures of any nation, for they are the means through which industrial greatness is achieved. The extensive use of minerals is also the major factor differentiating a complex civilization from a simple culture. It is not uncommon to rank nations in terms of their per capita consumption of steel or petroleum. Mineral deposits also assume an international importance far out of proportion to their intrinsic value, for nations are vulnerable in time of war if they are without some of the key minerals. The United

States is unusually favored in the richness and variety of its mineral deposits. It is the world's largest producer of aluminum, copper, iron ore, lead, molybdenum, zinc, coal, mica, petroleum, phosphates, and sulphur. It is also self-sufficient in potash, tungsten, antimony, mercury, and asbestos. Of the nineteen minerals essential for war, it is dependent on other nations for only three: tin, chromite, and nickel.

Minerals differ from other natural resources in that they are not only exhaustible but also not reproducible. Neither are any substitutes available on a large scale. Although synthetic organic compounds such as rubber are produced successfully, there is no hope for synthetic iron, copper, gold, or platinum except as a laboratory curiosity. And, in fact, the basic element in most synthetic products has a mineral origin. The great durability of the modern automobile tire is due not to a new kind of rubber but to mineral compounds which have been added to the rubber. The tempo of modern civilization demands more and more dependence on metals, not only because of the greater strength of metals over wood and plastics but especially because of the greater refinements possible. Though often one metal may be substituted for another, a particular metal or alloy is usually more efficient or economical than any substitute.

The distribution of ores is limited areally because the rocks in which they had their origin are limited geologically. Most metallic ores are located in regions where rocks that were once deep-seated and molten are now close to the surface, and this condition is most commonly found in mountainous areas. Thus nature seems to try to compensate areas with a soil and topography unfavorable to agriculture with rich mineral deposits. On the other hand, rich deposits of most metallic minerals are concentrated in a few places.

No other nation has ever exploited its mineral resources as fast or as ruthlessly as has the United States since the beginning of the present century. It is furnishing 36.3 per cent of the world's consumption of metals and 44.5 per cent of that of all minerals. This country produces 95 per cent of the world's supply of natural gas, 88 per cent of its sulphur, 68 per cent of its petroleum, 47 per cent of its copper, 46 per cent of its pig iron, 40 per cent of its coal, 33 per cent of its zinc, 31 per cent of its lead, 24 per cent of its silver, and 11 per cent of its gold. This generosity in making our minerals available to the rest of the world ought to promote peace, but nations without essential minerals are willing to destroy much of the world's supply through war in seeking to obtain a share through

conquest. Hence reduced production in this country could hardly be attacked as provocative of war.

Though far from having exhausted our minerals, we are rapidly using up the richest deposits and those that are easiest to mine. Henceforth many of our minerals must be mined at mounting costs. It is estimated that we have coal enough to last 4,000 years, but the statement is misleading. One fourth of the anthracite coal is already gone, and the seams are only half as thick as they used to be. Our best bituminous coal is also being used up rapidly; at the present rate of consumption the rich deposits of high-grade coal in West Virginia will last only eighty-five years.

In 1935 the American Petroleum Institute undertook to appraise the petroleum supply of the United States in the light of current knowledge. It estimated that we have slightly more than 12,000,000,000 barrels in proved reserves. Consumption since then has been nearly a billion barrels a year. New pools continue to be discovered, but the amounts discovered in recent years have been less than the annual consumption. This means that scarcity and higher prices are not many years distant, and that exhaustion of the total supply of both petroleum and natural gas may be less than a hundred years off. Gasoline made from oil shales, of which we have an abundance, cannot be produced and sold for anything like present prices. Our copper reserves of the present commercial grade will last only forty years at the rate at which we are now using them. Already several flourishing mining centers of a generation ago are now ghost towns. There have been no new discoveries of lead for twenty years. The available reserves are estimated at 10,000,000 tons, which is hardly more than twenty years' supply.

The National Resources Board * in its report on technological trends said: "Despite commendable progress, waste of coal, natural gas, petroleum, and to a lesser extent, of certain of the minerals, continues on a scale so great as to deserve 'the measured use of the word intolerable.' Avoidance of these wastes is a major social problem."

Chief among the iron-ore fields of the United States are those of the Lake Superior region. Since 1854 more than 1,500,000,000 tons of ore have been taken from these fields, almost 900,000,000 coming from the Mesabi range. But production from this source is now on a decline and will be a minor element in iron production by 1950. The ore is also inferior in quality to that mined a few years ago.

* Now the National Resources Planning Board.

The earliest land policy of the United States was to sell only the surface of the public domain, reserving the minerals and leasing mining rights. This was sound policy, but within a few years the pressure on Congress to authorize the outright sale of mineral lands became so great that Congress yielded to the demand. In 1829 lead mines on lands in Missouri were opened to sale, and in 1846 Congress authorized the sale of similar reserves in Arkansas, Iowa, Illinois, and Wisconsin. This policy was extended to other areas soon afterward and to coal in 1864. California, when gold was discovered there in 1848, was unorganized territory, and miners obtained mineral lands under local customs. In 1866, after a billion dollars in gold and silver had been taken from the public domain, Congress recognized and validated the mineral rights acquired under such local customs. In other words, the general mining law became one of possessory occupation, the miner merely having staked out his claim and having expended as much as $1,000 in labor and improvements on it. In 1872 lands bearing precious metals were made subject to sale, the price of placer lands being fixed at $2.50 an acre and lode claims at $5.00 an acre, though certain states were later exempted from the act.

As a result of conservation sentiment developed during the administration of Theodore Roosevelt, there was a fundamental change in our mineral land policy. Beginning with the coal and oil classifications and withdrawals of 1906, and an act of Congress of 1914 providing for the leasing of coal lands in Alaska, the new policy was extended to include the leasing of potash lands in 1917, and by subsequent acts to other minerals in the public domain. Private individuals and corporations, therefore, must now lease the right to mine coal, oil, gas, or phosphate on federally owned land and on about 35,000,000 additional acres on which the mineral rights were reserved. No leases are granted to operate on national parks and monuments or on Indian reservations. Private individuals may, however, still acquire the right in fee to metalliferous minerals, and owners of all land which was not a part of the public domain own the subsurface as well as the surface rights. Since much of the land east of the Mississippi River was never a part of the public domain, the coal, oil, gas, and other minerals of this region practically all passed into private ownership.

Private ownership and exploitation under competitive conditions have unquestionably discouraged conservation. Since mineral resources are definitely limited and exhaustible, any needless waste is to be avoided.

Yet the Committee for Mineral Policy of the National Resources Board did not recommend any large-scale acquisition by the government of minerals now in private ownership. It recommended the purchase and retirement only of a portion of the coal reserves and of some submarginal coal mines. It recommended also the holding in public ownership of tax-delinquent mineral deposits until the minerals are needed, after which the deposits should be leased by the government. Since so much of the waste in the extraction of coal, oil, copper, and other minerals arises out of unrestrained competition, it proposed that the antitrust acts be relaxed and that the mining industry be permitted to co-operate under federal supervision. The police power of the states might also be exercised more fully to prevent unnecessary loss, destruction, or waste.

Suggested Readings

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Chapter XIX

AGRICULTURE

Introduction

From 1900 until 1914 the economic position of the American farmer was comparatively good. A high birth rate and the yearly influx of thousands of immigrants increased the demand for farm products at home. At the same time, in a relatively free world market, American agricultural goods were sent to Europe in great quantities. And, since American production failed to expand as rapidly as foreign and domestic consumption, the prices of agricultural commodities rose steadily. Blessed with a high income and with low taxes and mortgage-interest rates, the American farmer enjoyed a prosperity which had not been his since the Civil War.

Unfortunately this modest prosperity was violently upset by the First World War. One of the immediate results of the war was a five-year boom in American agriculture; a more enduring result was a crushing agricultural depression from which the American farmer has yet to extricate himself. The European war was but a few months old when the urgent requirements of the armies began to shove the world price of agricultural staples upward. The price of wheat in the United States rose above $1.00 a bushel, then above $2.00, and by 1917 reached a peak of nearly $3.00. Corn, cotton, pork, and other agricultural commodities experienced the same dizzy climb. Drunk with expectations of unheard-of profits, the American farmer rushed to expand his production.

At the entrance of the United States into the war, the necessity of feeding our own army of four million in addition to those of the Allies moved our government to make continuous patriotic appeals to the farmer for more and yet more expansion. The twin slogans "Food Will Win the War" and "If You Can't Fight, Farm" impressed the farmer with his duty. Added to patriotism was the spur of self-interest implicit in the commodity prices listed in the daily papers. As late as 1919 wheat was selling for $2.50 a bushel, corn for $1.59 a bushel, and cotton for

$.38 a pound. With the scramble for more soil, land prices went up to amazing heights. Many farmers borrowed money to buy additional land at prices inflated to three times their ordinary level. Labor scarcity led the farmer to plunge deeper into debt to buy expensive machinery with which to take care of his increased acreage. At the same time the standard of living on the American farm reached a peak which had never been equaled. Automobiles were bought; sons and daughters were sent to college; expensive pianos decorated the corners of front parlors. American farmers, it is estimated, gained $5,000,000,000 in purchasing power during the war years. But this did not improve their financial position; their mortgage debt in 1920 was almost two and a half times what it had been in 1910. Even more ominous for the future was the fact that within five years 40,000,000 acres of previously uncultivated soil had been added to the crop acreage of the United States. Not only was this added production destined to have a depressing effect on prices, but much of the land plowed up was much better adapted to pasture or forest than to tillage.

During the decade following the war the number of acres farmed in this country decreased slightly, but farm production continued to expand. The increased use of power machinery, the growing application of scientific farming, and the more liberal use of fertilizer, the price of which was lower in the twenties than before the war, all contributed to the annual increase in volume. On a million fewer acres in 1932 the farmer grew 18 per cent more crops than he had in 1919. With 8 per cent fewer hogs in 1931 than in 1918, pork and lard production in the later year was 18 per cent greater by weight. By 1932 the average American farmer was producing enough food for eighteen persons: enough for his own family of four, for twelve other Americans, and for two foreigners.

The Causes of Agricultural Decline

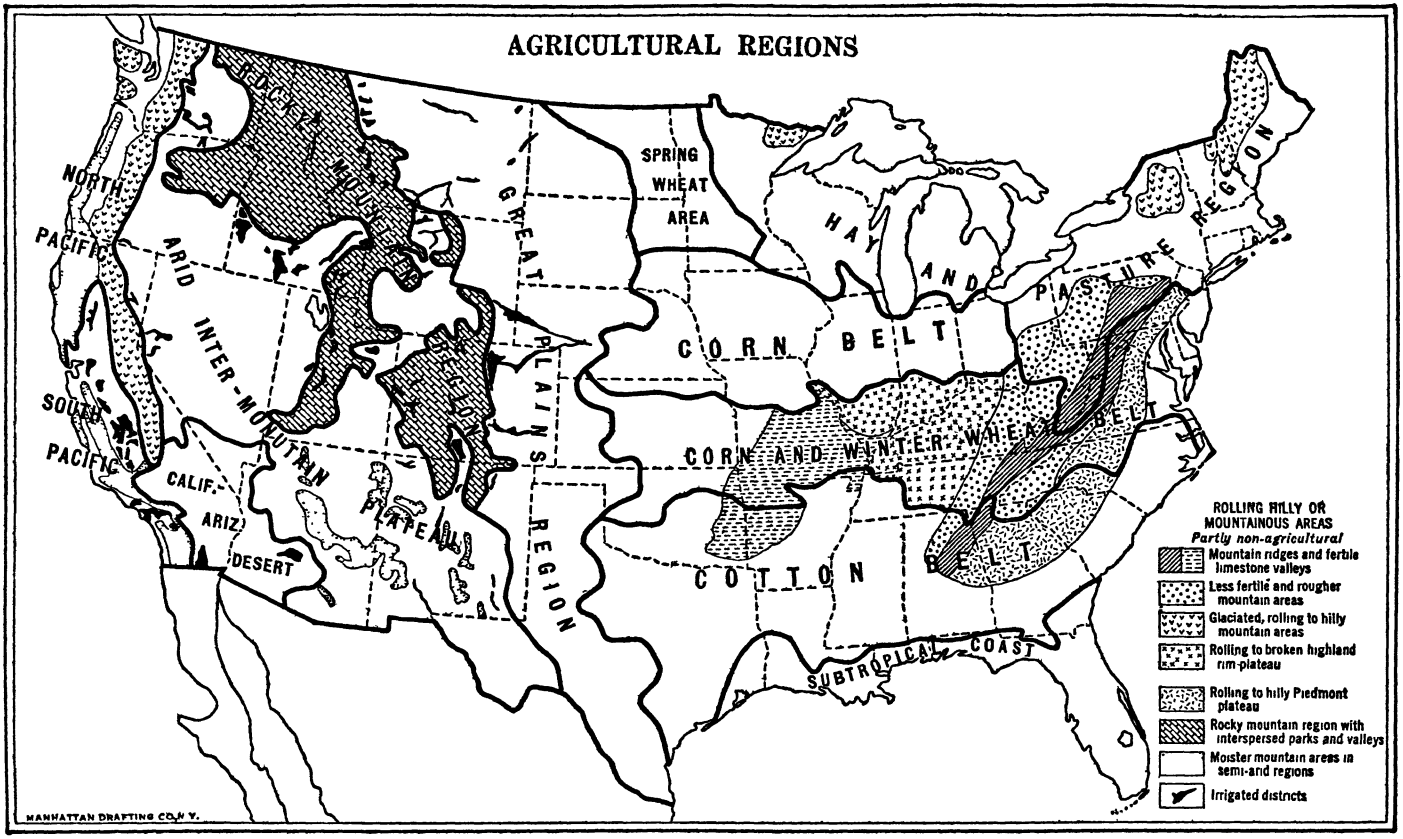
By any standard, seemingly, this sharp ascent in the efficient production of foodstuffs should have brought prosperity to the farmer. But paradoxically, as the farmer raised more crops, his total annual income was lower, even in the most prosperous years the country had ever experienced. The answer to the crazy riddle of receiving less for producing more lay not in the fields but in the world's market places.

Throughout the war years America exported to Europe approxi-

mately twice as much foodstuff as in the years immediately preceding. When peace came, however, millions of Europeans returned home from their armies to resume production on farms and in factories. Moreover, the war had left every European belligerent nation with a staggering burden of debt. To raise as much foodstuff as possible at home was one means of living within a restricted national income. This European impulse toward agricultural self-sufficiency was further quickened by the war experience of the Central Powers. Pushed to the point of starvation and defeat by the British wartime blockade, the governments of the vanquished nations were determined that it should not happen again. Campaigns were launched to promote greater domestic production of all major crops. Each additional pound of foodstuffs raised curtailed the American farmer's chance to sell his products abroad.

Europe's urgent need for food during the war had not increased farm production in the United States alone. Reacting to the high world prices, farmers everywhere had driven the plow into hitherto untouched soil. By 1932 world farm land, exclusive of that in the United States, had been enlarged over the 1914 figure by an estimated 100,000,000 acres. Thus, in a dwindling postwar European market, the American farmer faced more and more competition from new farms in Australia, New Zealand, Canada, Argentina, and Brazil. And in the race the odds were against the United States. The rich virgin soils, cheap land, lower taxes, and lower standard of living in the less advanced industrial countries, all placed the American farmer at an extreme disadvantage. As once the products of the new soils of the Mississippi valley had undersold products of the more exhausted areas of the eastern United States in the European markets, they were now in turn being undersold by the products of even newer and richer land.

The international financial position and the tariff policy of the United States in the postwar world likewise hindered the American farmer in disposing of his surplus in European markets. We had been a debtor nation in the prewar years, and the shipment to Europe of American farm products had annually helped to pay the interest and some of the principal of that debt. The war, however, had changed the United States from a debtor to a creditor nation. Thereafter, instead of receiving American goods, European countries needed to send goods to the United States in lieu of gold, which they did not have, to rectify the international balance. Unfortunately for world economic stability, the American high-tariff policy in the twenties made that impossible. Des-


AGRICULTURAL REGIONS
NORTH PACIFIC
SOUTH PACIFIC
ROCKY MTN. REGION
ARID INTER-MOUNTAIN
CALIF.
ARIZ.
DESERT
PLATEAUS
GREAT PLAINS REGION
SPRING WHEAT AREA
HAY AND PASTURE REGION
CORN BELT
CORN AND WINTER WHEAT BELT
COTTON BELT
SUBTROPICAL COAST
ROLLING HILLY OR MOUNTAINOUS AREAS
Partly non-agricultural
Mountain ridges and fertile limestone valleys
Less fertile and rougher mountain areas
Glaciated, rolling to hilly mountain areas
Rolling to broken highland rim-plateau
Rolling to hilly Piedmont plateau
Rocky mountain region with interspersed parks and valleys
Moister mountain areas in semi-arid regions
Irrigated districts
MANHATTAN DRAFTING CO., N. Y.

perate in their need for international credits, European countries naturally bought from those who bought from them. Argentine beef, Canadian wheat, Australian mutton, and Egyptian cotton were increasingly traded for European manufactured goods at the expense of the American farmer.

Just how serious this loss in the European market was to the American agriculturist is clearly reflected in the annual trade statistics. In 1921 the United States exported 500,000,000 bushels of cereals to Europe. By 1926 the figure was 210,000,000 bushels, and the decline was even more rapid after the world-wide depression of 1929. From 1928 to 1932 American cotton exports dropped from 571,000,000 to 345,000,000 pounds, tobacco from 123,000,000 to 64,000,000, and lard from 72,000,000 to 31,000,000. True, these were bad years in all types of international trade, but farm products suffered by far the heaviest loss. In 1922 agricultural commodities made up 50 per cent of all American exports to Europe; by 1934 that figure had been reduced to 35 per cent. During the election year of 1932 American farm exports were lower than they had been for forty-two years.

The condition of American agriculture, seriously affected by a continued loss of foreign markets, was made even more critical by a complex set of internal factors. Changes in the modes of life, the demands of fashion, evolving techniques, mechanization of farms, and politics, all operated in the postwar years to restrict the domestic use of agricultural products. Living in better-constructed houses with improved heating facilities, the average urban American no longer needed to eat or wear as much as his country cousin. The businessman's quick lunch, style's dictation of silk and rayon instead of cotton and wool in clothing, and the sudden feminine desire for slenderness contributed to a decreasing use of American staple crops. Prohibition of beer and whisky and the substitution of vegetables and dairy products for wheat and meat in the interest of a well-rounded diet led to the same end. It has been estimated that since the First World War American consumption of cereal foods has declined one hundred pounds a person a year. Similar trends are evident in wool, cotton, beef, and pork.

At the same time that the application of the gasoline engine to the plow and the cultivator was enabling the American farmer to produce more, it was actually in some ways contracting his market. By 1933 the motor had displaced 9,000,000 horses and a smaller number of mules and oxen. The feed grains from 35,000,000 acres of land, which had been

necessary to feed this work stock, were now added to the surplus on the market. Finally, one other factor was of great importance in shaping domestic demands. By 1932 the increasing rate of the country's growth in population had already touched its maximum and was declining. A slowing up of the American birth rate, combined with a sharp curtailment of immigration by the acts of 1921 and 1924, was responsible for the reversal of a historic trend. The American farmer could no longer count upon feeding a constantly and rapidly increasing population.

The increased production of American farm products in the twenties, coupled with a diminishing foreign market and a slowing down of domestic consumption, could result only in the creation of an unmarketable surplus of farm commodities. The surplus, in turn, inevitably led to ruinously low prices for the producer. The ensuing agricultural depression, however, would not have been so severe, even with low farm incomes, if the farmer's expenses had declined along with his earning power. But with the rest of the country enjoying a mad prosperity until 1929, agricultural expenses had increased. Taxes, because of the demand for better schools, roads, and other public services, had mounted year by year. By 1930 the aggregate local, state, and federal tax bill had increased in seventeen years by 355 per cent, a burden which the farmer had to share. Until 1929, at least, the price of the manufactured articles which the farmer had to buy from the city rose yearly. After the depression the disparity in price between farm and factory products became even more pronounced. Thus from 1928 to 1931, while the price of cigarette tobacco fell by 50 per cent, the price of cigarettes, despite lower wages, went up. Interest charges on the inflated farm mortgages and other debts remained almost constant throughout the twenties.

Caught between lower incomes and rising costs, American farmers found their position becoming steadily worse from 1921 to 1929. After that date their condition became really desperate. Comprising more than 30 per cent of the nation's population, farmers received 21 per cent of the national income in 1919, 10 per cent in 1929, and less than 6 per cent in 1932. Translated into human terms, these figures represented bleak poverty, crushing bankruptcy, and misery for hundreds of thousands of once independent, or even prosperous, farm families. Foreclosure sales, which had not been unusual in the twenties, became common in the early thirties. In the three years from 1932 to 1934, 16 per cent of all American farms were sold by force. The historic "agricultural lad-

der" by which the American farm youth had progressed from farmhand to tenant farmer to landowner was now operating in reverse. Whereas tenancy was the status of 25 per cent of the farmers in 1880, it had reached the alarming proportion of 42 per cent by 1935. For the remaining independent owners the signs of the times were written on unpainted barns, worn-out equipment, and fields unfertilized and eroded.

Republican Agricultural Reform

All through the twenties the farmer had publicized his serious condition by demands on Congress for agricultural relief. But the conservative-minded, business-dominated administrations of Harding, Coolidge, and Hoover were reluctant to attempt curative or even ameliorative action. The Packers and Stockyard Act which placed the stockyards and western packing concerns under federal supervision and regulation, the Federal Intermediate Credit Act which granted easier credit to agricultural co-operatives, and the Capper-Volstead Co-operative Act exempting co-operatives from the Sherman Law were the only legislative successes the farmer had in the earlier part of the decade. And, of course, none of the three acts even approached the central agricultural problem of decreasing income and increasing costs.

Midway in the twenties two proposals were put before Congress to raise the domestic price of farm products. Both the McNary-Haugen and the export-debenture plan had the same basic idea. Behind a protective tariff favorable domestic prices for farm commodities were to be maintained by segregating the entire unsellable surplus and dumping it abroad at any price it might bring. In the McNary-Haugen plan a government board was to be responsible for foreign marketing. Under the export-debenture proposal a government subsidy of exports out of custom receipts was expected to remove the surplus. Neither plan, however, was put into operation. President Coolidge vetoed the McNary-Haugen bill on two separate occasions, and the export-debenture plan failed to win congressional approval.

With the advent of the depression the condition of American agriculture became so critical that President Hoover recognized the necessity for governmental action. Accordingly, the Agricultural Marketing Act was passed late in 1929. According to the language of the act, its purposes were (1) to organize farmers into co-operatives in order to regu-

late the flow of agricultural products into the nation's markets, (2) to investigate and to advise "as to the preventing of overproduction," and (3) to stabilize agricultural markets.

The history of the administration of the act is enlightening. Though the financial aid to farm co-operatives stimulated the whole American co-operative movement, the attempt to stabilize marketing and prices was a dismal and costly failure. At one time the Federal Farm Board and its two offshoots, the grain and cotton stabilization corporations, had purchased with government money 250,000,000 bushels of wheat and 3,500,000 bales of cotton in an effort to raise the price of those commodities. As long as the government continued to purchase, a slight temporary increase in prices occurred, but immediately after it went out of the market the collapse came. The net results of the transactions were that the federal government was left with millions of dollars' worth of unsellable cotton and wheat, a larger national surplus of these commodities, and lower prices on the open market. Foreshadowing the Agricultural Adjustment Act, the Federal Farm Board concluded that no comprehensive farm relief was possible without production-control.

From today's viewpoint the advice of the Farm Board seems eminently sound. Throughout the twenties the American farmer's only answer to ruinous prices had been to produce more. This, in turn, had created in the face of shrinking markets a larger surplus, which resulted in still lower prices and further agricultural distress. In contrast to his predicament are the illuminating statistics from the farm-equipment industry. The farmer, from 1929 to 1933, increased his production while his prices fell to less than 60 per cent of the 1929 level. The equipment industry, in the same period, reduced production by 80 per cent and experienced a price reduction of less than 10 per cent. Clearly one of the chief difficulties of the farmer was the necessity of selling in a competitive market and buying in a noncompetitive one. And with 6,000,000 scattered farmers in the country, there was little hope of enough voluntary co-operation to solve the distressing problems arising from the central fact of overproduction.

The New Deal Farm Program

What the farmer could not do for himself the Roosevelt administration attempted to do for him after the election of 1932. The Agricultural Adjustment Act passed in May, 1933, had the three main purposes of

(1) increasing agricultural purchasing power by increasing farm income, (2) lightening the load of farm mortgages, and (3) raising the farmer's income to the level of 1909–1914. Arguing that the country could never fully recover from the depression until the purchasing power of farmers, constituting almost a third of the nation's population, had been restored, the administration justified the act as a recovery measure.

The Agricultural Adjustment Administration was empowered to prevent a surplus of agricultural goods by the control of production on individual farms, and in the event of an existing surplus to remove it from the market. To this purpose contracts were made with individual farmers in which the farmers agreed in return for money payments to reduce their accustomed acreage of surplus crops by a certain percentage. The land taken out of production was not to be planted in competing products, but was to be used for soil-conservation purposes and for producing foods for home consumption. If a surplus developed even with acreage reduction, the Federal Surplus Commodity Corporation stood ready to buy up the excess and distribute it to the needy. Furthermore, the Agricultural Adjustment Administration made commodity loans to farmers who held their crops off the market in storage. Finally, to prevent great overproduction, in the summer of 1933 thousands of rows of cotton were plowed under and 6,000,000 brood sows and pigs were slaughtered and converted into fertilizer.

The first A.A.A. was frankly admitted to be only temporary and experimental legislation. In fact, the act was only in force a short while when the impossibility of controlling production on an acreage basis became obvious. The Kerr Tobacco Control Act and the Bankhead Cotton Control Act remedied this defect in part for those two crops. And undoubtedly other major amendments would have been made subsequently had not the Supreme Court in a sweeping decision in January, 1936, declared a major part of the act unconstitutional.

One month later Congress enacted a piece of stopgap legislation in order to gain time to restudy the whole question of farm relief. The aims of the hastily enacted Soil Conservation and Domestic Allotment Act were in part those of the first A.A.A. and in part to conserve and rebuild fertility in the nation's soil. Nearly $500,000,000 a year was to be distributed to farmers who converted a stipulated part of their farm lands from staple-crop production to a soil-improving program. The program, to be supervised by federal and state officials, involved the

planting of soil-building crops, the construction of terraces, and other erosion control measures. It was hoped that through the acreage conversion a surplus of foodstuffs would be avoided. But again reduction in acreage did not mean reduction of production. The liberal application of fertilizer and more intensive farming, in fact, often produced a larger crop on fewer acres. In 1937 almost 19,000,000 bales of cotton were produced in the South. Since the domestic consumption and foreign shipments were but a fraction of that figure, cotton prices toppled, and the cotton farmer again faced destitution.

As a result of the agricultural surpluses of 1937 and consequent low prices, Congress passed a second Agricultural Adjustment Act in 1938. More comprehensive than any farm legislation previously passed and based upon an intensive study of previous acts, the program, it was hoped, would be in its essentials permanent. The broad aims of the 1938 act were to retain the soil-conservation program, to provide for a national "ever normal granary," to obtain an income for farmers at parity with the 1909–1914 level, and to increase both domestic and foreign consumption of American farm products. The "ever normal granary" was intended to ensure production large enough for domestic consumption, for potential exports, and for a reserve against possible bad crop years, but not so large as to cause a depressing effect on prices.

Under this act the required production of major crops is figured in advance by agricultural statisticians. The estimated total acreage necessary to produce the crop is then allotted among the states and counties, and finally among individual farmers, on the basis of their planted acreage in previous years. Farmers who plant just the allotted number of acres and who co-operate in the soil-conservation program are entitled to parity payments; these are outright government subsidies, the total of which varies from $200,000,000 to $500,000,000 a year. The rate of payment for the commodities covered is computed on the basis of the extent to which the value of each commodity has fallen below its 1909–1914 purchasing power. Small farmers get proportionately more for acreage reduction than larger landowners, and in no case is the payment more than $10,000.

In addition to parity payments, the act also provides for commodity loans to farmers who place a part of their crops in storage. These loans are designed to encourage orderly marketing so that not all the farmers will dump their total crop on the market at one time and depress the price. They have the additional purposes of storing reserves for years

of short crops and of establishing a floor under the prices of certain staple commodities. However, commodity loans cannot be made on the five major crops—cotton, corn, wheat, rice, and sugar—unless growers of the products accept a marketing quota for the following year. The provision protects the government from sustaining a heavy loss on its loans when huge surpluses drive the price of the staple down below the amount of the loan. When two thirds of the farmers agree by ballot to a marketing quota, then each grower is given a proportionate share of the national market. If he sells more than his quota, he must pay a penalty ranging from two cents a pound on cotton to fifteen cents a bushel on corn.

Beyond attempting to raise the farmer's income by restricting his production, the present farm program also hopes to expand consumption of American farm products both at home and abroad. Domestically there is little expectation of increasing the sale of wheat. Even the poorest people buy almost as much bread as they can eat. But a lack of purchasing power among the lower third of the nation's population undoubtedly restricts greatly a proper consumption of commodities like milk, butter, meats, vegetables, and fruits. Until 1939 the principal method in use to increase consumption of these products was direct purchase and distribution to local relief agencies. In that year the food and cotton stamp plans were devised to increase the buying power of low-income families. Orange-colored food stamps are sold to families on relief, and with every dollar's worth of orange stamps fifty cents' worth of blue stamps are given without charge. The orange stamps may be used at the grocery store to purchase any commodity; but the blue stamps may be used only in buying foods designated by the Department of Agriculture as surplus foods. (In the summer of 1941 the food-stamp plan reached 5,000,000 people and distributed $10,000,000 worth of food a month.) The arrangement benefits the farmer, the family on relief, and the grocer, at the expense of the government.

To encourage the exporting of more farm commodities, the Department of Agriculture supported the extension of reciprocal tariff reductions under the Trade Agreements Act. It also proposed in 1939 a world wheat and cotton agreement between exporting nations, hoping, of course, to obtain a larger share of the world market for American producers. But the outbreak of the Second World War in September, 1939, shelved the proposal. Instead of immediately expanding America's exports of foodstuffs, the Second World War, unlike the First, further

curtailed our already declining foreign markets. In the first eight months of war our total farm exports fell 63 per cent below those of the corresponding eight months of the preceding year.

Auxiliary, and yet supplementary to the main tasks of reducing the surplus and raising the farmer's income, many other phases of the agricultural situation have been taken up in the New Deal. To stop the tremendous number of farm bankruptcies, a number of acts were passed in 1933 and 1934 dealing with agricultural credit, mortgage refinancing, and moratoria. Two billion dollars was appropriated and used to acquire farm mortgages for the purpose of reducing both the rate of interest and the principal. By 1935 the total mortgage debt on American farms had been lowered by 17 per cent, almost half of the long-time farm mortgages of the nation being held by the government.

Of no less concern than the mortgage problem was the spectacular increase in farm tenancy referred to previously. The 2,600,000 tenants in this country today may be roughly divided by their type of holding into three main classes. At the bottom, and by far the lowest economic type of tenantry existing, is the southern share cropper. Supplying nothing but his labor under annual contract, he usually starts and ends the year in debt to the landlord. Consequently, most of the 776,000 "croppers" in the South, a little more than half of whom are Negroes, are under the owner's almost complete domination. A semipeon, the cropper must usually buy, sell, plant, and work at the landlord's directions, an arrangement not conducive to his own material betterment. A second type of tenant is the share tenant who supplies his own tools, work stock, and seed, and who generally must give from one fourth to one half of his crop to the owner for the use of the land. In 1930 more than half of all farm tenants in the United States were of this type. In the last classification are those aristocrats of tenants who rent for a cash sum and whose leases extend from one to ten years.

Tenancy as such, of course, is not an evil, especially when it is a step on the way to individual ownership. But apparently the rungs had dropped out of this agricultural ladder, and by 1930 the country was faced with the problem of a large and permanent tenant class on the one hand and a large number of absentee landholders on the other. Such a situation usually leads, as history has well proved, to the impoverishment of land, landlord, and tenant, to ignorance, strife, and human degradation. Almost one out of every three tenants in the country moves every

year. With no attachment to a particular plot of earth, and forced by grinding poverty to extract every penny possible from the soil, the mobile tenant has no incentive to improve or even conserve the soil's basic fertility. And, as the soil grows poorer with each passing tenant, the people who live from it cannot do otherwise. Poverty leads to poverty, and nature does violence to those who have violated her.

Recognizing the tragic implications of this evil cycle, the government, by the Bankhead-Jones Farm Tenant Act, began in 1937 to lend money to deserving tenants at a low interest rate so that they could purchase their own farms. For the more needy cases, at the time incapable of ownership, small loans were advanced for the purchase of tools, seed, fertilizer, and livestock. To obtain the loan the tenant agreed to follow a farm-management program set up for his farm by a farm supervisor. The program usually calls for a maximum amount of self-sufficiency, with the raising of livestock, the growing of feed crops, and the cultivation of a garden as integral parts. To encourage the tenant to apply conservation measures, the government also has endeavored to get his annual lease changed into a long-time holding. But the present sum of $10,000,000 a year granted to tenant farmers for the purchase of farms and the somewhat larger sum for more personal rehabilitation is still an inadequate answer to the problem. If tenancy increases in the future at the rate at which it has been increasing, five times that sum would not take care of one year's increase, to say nothing of the millions who have long been tenants.

Broadly speaking, a farming class over the long run can be no richer than its soil. And certainly one of the reasons for increasing farm poverty in the United States is the steady deterioration of the nation's soil. From the uplands of Georgia and the Carolinas, where, it is estimated, 60 per cent of the land has lost from four to sixteen inches of topsoil and subsoil, and the dust bowl of Nebraska and Oklahoma, to the far Pacific Northwest, erosion, caused by men's greediness and lack of foresight, spells disaster and poverty for this generation and future generations. Largely ignored until the twentieth century, the problem of rehabilitating soil as well as farmer has been of major concern to the authors of the present agricultural program. Within the space of three years, from 1935 to 1938, no less than five congressional acts have dealt with it. To protect land against further erosion, to reclaim already eroded soil, to shift land from unprofitable uses to other uses, to improve forest preserves, to con-

serve and to control the nation's water resources, are component parts of the expansive and expensive program to save the nation's soil and the class living upon it from threatened destitution.

Conclusion

Any attempt to estimate the success or failure of the New Deal farm program at the present time can only end in the most tentative judgments. The full value of many points of the program, especially of the long-time soil and human rehabilitation projects, cannot be calculated for at least another generation. And for projects already completed eight years is far too short a time to obtain the proper perspective necessary for an objective appraisal.

The New Deal record of agricultural accomplishments, as stated by government officials, is impressive. In the seven years from 1932 to 1939 cash incomes of all farmers in the United States rose from approximately $4,500,000,000 to $8,500,000,000. Reflecting the increased prosperity, the number of forced farm sales dropped 69 per cent in six years, and the nation's total farm-mortgage debt was reduced to $2,000,000,000. Without a doubt farm prosperity has contributed to general national recovery. Mail-order sales to farmers have more than doubled in the seven years, and the sale of farm machinery has increased by 371 per cent. Because of the increased purchasing power of farmers, thousands of city workers, manufacturers, middlemen, retailers, and railroads have profited.

By government loans totaling $370,000,000, more than 800,000 farm families have removed themselves from relief rolls to become self-supporting. By the same means many have changed their status from that of tenants to that of independent operators. Diversified farming, in part an answer to the distress of staple-crop economy, has been encouraged by the farm program, especially in the South. The farm co-operative movement, stimulated by government encouragement and loans, has made impressive gains. Fourteen thousand small co-operatives have been organized in order to obtain government loans with which to purchase farm machinery too expensive for individual ownership. Rural electrification co-operatives have put up 260,000 miles of wire to bring to 700,000 farm families the benefits of low-cost electricity.

Farmers tilling 80 per cent of the nation's farm land, it is estimated,

have participated in the conservation program. In one year 26,000,000 acres were diverted under the program from soil-depleting to soil-building crops, 41,000,000 acres were planted in new cover crops, and contour plowing was practiced on 7,000,000 more. Largely through the government's encouragement 5,000,000 tons of limestone and 300,000 tons of phosphate fertilizers were added to the nation's soil. Throughout the range country millions of acres of barren lands have been reseeded with native grasses, and thousands of ponds have been constructed to provide for livestock during future dry periods.

Against that record, however, critics have marshaled an imposing array of counterfacts. They have pointed out that some of the increase in farm income has come not as a result of government activities, but from general business improvement, and that the decline in farm mortgages, because of government grants, is mostly a change from private to public debt. The conversion of livestock and the destruction of cotton when people were hungry and ill clad have been severely condemned. It is charged that the decrease in farm production resulted in higher prices for foodstuffs when urban masses were already underfed and in the discharge of farm laborers at a time when unemployment was already widespread. Spending money on conservation of soil fertility, and especially on opening new farm lands in the West by irrigation, when the one great problem of agriculture is the surplus, is held to be indefensible. Moreover, it is charged that the artificially raised prices of farm products within the United States have made us less able to compete in foreign markets. As we have decreased our acreage, foreign countries have increased theirs, and the total of American agricultural exports has fallen. The loss of exports creates a greater domestic surplus and a demand for further restrictions on crop production.

During the summer and autumn of 1941 the New Deal's eight-year effort to revive agriculture appeared to be completely successful. Taking farm prices as an index, agriculture after twenty lean years was waxing fat. The nation's commodity markets showed that prices paid to farmers had, in many cases, doubled within a year. An increase in American consumption due to the rearmament boom, the lend-lease program, the 1941 equivalent of the great quantities of relief supplies sent to Europe during the First World War, and Allied purchases of food, all had by September sent the prices of farm produce soaring. But the past can well testify that the present temporary agricultural prosper-

ity is based upon insecure foundations. For at the end of the war and reconstruction the problems facing the American farmer will surely return, probably in an intensified form.

In the long run there is little hope that the United States can compete successfully in the world agricultural market unless the American farmer's standard of living is substantially reduced. If that standard is to be preserved, the farmer will have to depend almost entirely upon a home market which artificially lifts prices through crop restriction. But even then the bothersome surplus will undoubtedly continue to grow. For new technical developments and scientific farming are continuing to produce more from less. At present the Department of Agriculture estimates that half of the nation's existing farmers could grow everything needed. Vegetables grown in chemical tanks at ten times the normal rate of yield have already been sold in the large urban markets. If technology moves on, the farmer will have to move with it. And the choice of ways offered by the present structure of society appears to be either a sharing of the market under increasing governmental supervision or mass destitution and a permanent peasantry.

Suggested Readings

Black, John D., *Agricultural Reform in the United States* (New York, McGraw-Hill, 1929). A technical discussion of the postwar farm depression and suggested plans of agricultural reform.

Ezekiel, Mordecai, and L. H. Bean, *Economic Bases of the Agricultural Adjustment Act* (Washington, D. C., Government Printing Office, 1933). The best short study of the American farmer's difficulties prior to the New Deal.

Gee, Wilson, *The Place of Agriculture in American Life* (New York, Macmillan, 1930). Excellent short interpretative study of the interrelationship of agriculture with commercial development.

Planning for a Permanent Agriculture (Washington, D. C., Government Printing Office, 1939). An official statement by the Department of Agriculture of the aims of the New Deal's farm program.

Achieving a Balanced Agriculture (Washington, D. C., Government Printing Office, 1934; revised 1940). Invaluable comprehensive review of the work of the Department of Agriculture since March, 1933.

Schmidt, C. T., *American Farmers in the World Crisis* (New York, Oxford University Press, 1941). A careful, unbiased inquiry into the effects of New Deal legislation upon American agriculture.

Chapter XX

MODERN BUSINESS

IN EARLIER times men watched the rain clouds for indications of prosperity. In our day we watch the business barometers. Whether or not John can go to college depends upon car loadings, department-store sales, or the condition of bank credit—in brief, upon the condition of "business."

"Business" often refers merely to one's occupation, but we are using "business" to refer broadly to that nonagricultural part of economic life in which commodities and services are produced for sale. The purest type of "businessman" is the merchant who buys goods for sale at a profit. Yet manufacturers and bankers, transporters, those engaged in various service industries, such as laundries and barber and beauty shops, and even professional men, are engaged in, and dependent upon, business. The function of American business is to satisfy the economic needs of our people. It is through it that we get our food, clothing, housing, medical care, educational opportunity, amusement, and income for retirement in old age.

In this chapter we are to consider some of the chief characteristics of our American business system. In the following chapter we shall deal more fully with the demand for its improvement through government action.

With relatively minor exceptions our traditional business system is one of free enterprise, or private capitalism. It thus depends, for the satisfying of the needs of the people, upon the unhindered initiative of individuals or groups (commonly organized in partnerships or corporations) to engage in the production and buying and selling of goods and services, and in lending, borrowing, hiring, and leasing. This takes for granted that persons are protected in the private ownership and use of property and that they will act selfishly—that is, that they will use property, or hire or sell it, so as to bring the greatest possible advantage to themselves. They will also employ laborers at the lowest possible wages, or, if they are employees themselves, they will seek the highest

possible wages. Within the "rules of the game," gradually set up by custom and law, and with the important exceptions to be noted later, modern business is one of "free competition."

An Exchange Economy

The first thing to be noted about this business economy is that it necessarily involves operation through highly developed specialization (division of labor) and peaceful exchange. Man is the only animal which deliberately exchanges, and he does this much more now than in earlier times. Especially in America, almost everything is produced for sale. Probably 95 per cent of the goods consumed by the readers of this book are "store-boughten." As pointed out in Chapter XIX, even the farmer is now mainly dependent on purchase and sale. Some 60 per cent of the American people live in urban areas, and nearly all of these depend upon the sale of commodities or the sale of their own labor, and upon the purchase of what they consume. Most of the things which one consumes come through a long and complex series of prices, wages, fees, rates, and other charges.

Since nearly everything is produced for sale, our economy is moved, not directly by the real wants of the people, but indirectly, through monetary demand. This is a "pecuniary" society. A thing will be produced only if its expected sale price in terms of money will cover its monetary cost. Also the manner in which it is produced is decided upon the basis of pecuniary considerations. And the selling price must not only cover the cost; it must also cover the risk of loss, for someone must advance the entire outlay, generally before it is known what the sale value will be. This is, therefore, not only a pecuniary economy, but also a profit-and-loss economy. Our economic wants are satisfied through business operations conducted in monetary terms at the risk of individuals who seek thus to get not only pay for the use of their resources but some surpluses with which to satisfy their own needs, or, perchance, to make a fortune.

It would be difficult to designate the most important fact in our economic or social history, but this fact, that ours has become an elaborate exchange economy, is one of the most significant. It must be ranked, along with the discovery of fire, the domestication of plants and animals, or the invention of the steam engine, at the very top of the list. The most baffling and dangerous problems that modern man has to face,

both within the nations and among them, grow not out of the difficulty of producing goods but out of the difficulty of making this complex exchange economy function. If nations experience revolution, if millions are killed, or if our civilization destroys itself through international war, probably it will be in the main because of internal and external conflicts growing out of our modern economy of exchange.

The terrible conflicts in which Europe has engaged during the past two or three hundred years have been in large part due to the fact that her area was tending to become one economic area while it was still divided into a great number of political "sovereignties."

The Recent Origin of Modern Business

Modern business is of very recent origin. During most of man's long economic history families or small groups have lived mainly a self-sufficing existence. In medieval Europe and colonial America—indeed, in both continents until much later—many goods were produced at home for home use. To be sure, there were towns during the earlier times, with craftsmen who produced for sale, and also merchants and bankers, but they served a small percentage of the consumers and for most of these only a very small percentage of their needs. The Commercial Revolution about 1600 saw an increase mainly in international trade, but only very slowly did this seriously affect the life of the local people, except that of a few who lived in large cities or who were concerned either in producing or in processing some foreign trade good, such as wool or copper. Even these people usually produced other commodities for their own use: the farmer produced his food and housing as well as his wool, and the weaver or the coppersmith lived on a plot of land from which he and his family secured much of their living.

Even a century and a half ago in a typical American community it was almost as rare to find a good which had been produced outside the community as it is now to find one produced inside it. Whereas on the frontier almost everyone was obliged to produce the goods required for himself and his family and therefore to work on his own account, nowadays four out of five Americans who work for a living are employed by others. Not even their employers consume the produce of their labor; they sell it to others. Typical Americans are employees who depend upon their wages to buy the goods and services which they require. Another indication of this is the small percentage of the people now

engaged in farming, which of all the occupations has the greatest tendency to be self-sufficient. A century ago cities were both few and small, and some three fourths of the people depended on agriculture. Now only a fifth get their living by this occupation. The census figures illustrate this matter very clearly. In 1790 only 3.9 per cent of our people lived in towns of 8,000 or more, whereas in 1930 places of more than that number held 49.1 per cent of the population. Since 1880 all incorporated places of 2,500 or more inhabitants have been classed as urban, and about 99 per cent of the farm population lives outside such areas. In 1880 only 28.6 per cent of our people were urban, whereas preliminary figures for 1940 show this percentage doubled to 56.5. But the motorcar has brought a further change, which requires correction of these figures. There is now a large "rural nonfarm" population living in the country. Preliminary estimates give these people as more than a fifth of the total. This gives a total nonfarm population of 77 per cent of our people. Nearly all these, as well as many farmers, such as the producers of cotton, tobacco, and dairy products, live almost wholly from the exchange economy.

How recent this almost universal exchange development is may be seen in the more complete statistics of occupational change during the past few decades. Those occupations associated with specialization, with the buying and selling of goods and services, with finance and transportation, have been growing very rapidly. There is also a larger number in manufacturing, of course, making goods for sale. Figure 1 indicates how overwhelmingly dependent we have recently become on exchange occupations.

It will be observed that, whereas the proportional increase in workers in agriculture fell far behind the increase in population, the increases in all the other occupations shown kept pace with that of population, and that some outran it by several hundred per cent, public service rising more than 2,000 per cent. Not only has economic life ceased to be self-sufficing and become a life of specialization and exchange, but, as a factor dominating the lives of all the people, much of this change has occurred largely within the memory of the older people now living—a fact of great significance. The change from an economy of partial exchange to one almost wholly of exchange has been so gradual that most people, especially most older people, can scarcely be convinced of it or of the revolutionary changes which this demands in our business and governmental policies. It is a commonplace of social science that modern technological and business practices tend to outrun our understanding and

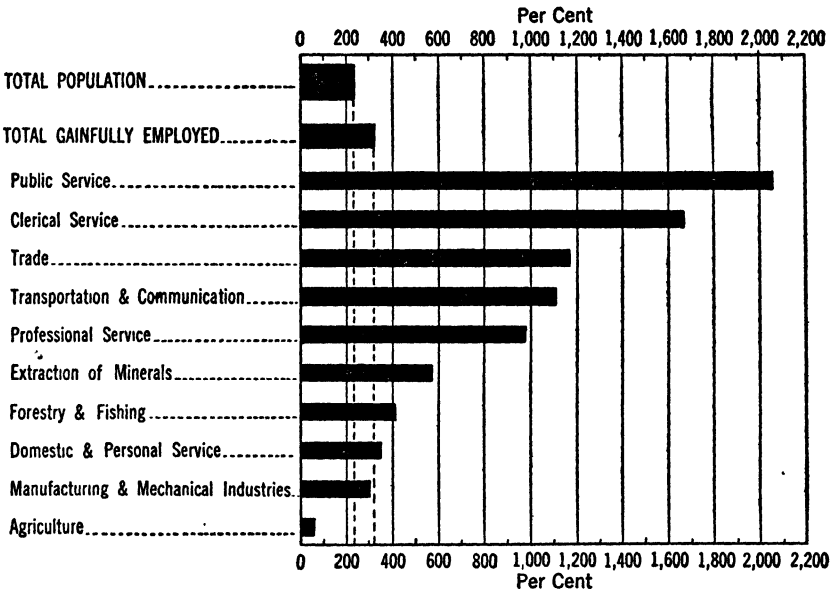


FIGURE 1. INCREASE IN POPULATION AND IN GAINFUL EMPLOYMENT, 1870–1940, BY OCCUPATION

Redrawn, by permission of the Stanford University Press, from a chart in *Occupational Trends in the United States*, by H. D. Anderson and P. E. Davidson.

treatment of them. It is with reference to this great new exchange element that our political and social institutions are lagging most.

A Complex Social Affair

The great fact regarding a specialized (exchange) economy is that people are interdependent. Old-fashioned economic life was an individual, or at most a family, or local community, affair. Modern economy is a *social* affair in the very broadest sense of that term. No longer does a person secure his living as did Robinson Crusoe or the early American settler. He now gets it by co-operation through specialization and exchange with a great many people whom he will never see. The typical American is awakened in the morning by an alarm clock made in Connecticut; he gets up from a bed sheet of Mississippi cotton made in North Carolina, a mattress made in Virginia, and a bed made in Michigan; he steps on a rug made in Philadelphia, and dons a shirt made in New York,

a suit from Chicago, a pair of shoes from Massachusetts, and a tie from New Jersey. He breakfasts on oranges from California, coffee from Brazil, sugar from Cuba, milk and butter from an adjoining state, bread from Kansas, rice "shot from guns" in Iowa, and a piece of ham from Illinois covered with mustard from a factory in Pittsburgh. He rides to his office in a car which was made in Detroit from materials gathered from a dozen states, which rolls on tires made from rubber grown in Sumatra, is propelled by gasoline from Texas, and is lubricated with oil which spent the last few million years in Pennsylvania. In the production, manufacture, transport, sale, and delivery of all these articles, hundreds or thousands of individuals have already co-operated. Whether he engages in agriculture, mining, manufacturing, commerce, or finance, it is certain that the typical American does not produce goods for himself but contributes in some fashion toward the supplying of some one specialty or perhaps many specialties, to a great many other folk whose voices he will never hear. Whether such a person is "sociable" or not, he is engaged in the most complex social effort known to history. Whether he likes it or not, he lives by being a social animal.

Not only, therefore, does this economy call for new political alignments; it has made necessary new and revolutionary ethical attitudes and relationships between man and man. Brothers must "love one another" because from primitive times they have been members of the smallest co-operating human group. Treason has been the most heinous of crimes because the members of the nation must unite for the common good of all. The "business" economy now makes "all the world kin" because it is so interdependent. The individual is no longer "on his own" but relies as much upon others for his needs as does the newborn babe upon its parents and the members of its family. Loyalty and good faith must now extend far beyond the family, even beyond the nation, and essentially to the whole of mankind. Like the teachings of the Jewish prophets and of the Hindu seers, the new economic world demands that "under the four heavens all men be brothers."

Big Business

One of the most important corollaries of this later exchange development is that ours is more and more an economy of "big business." In a self-sufficing economy there is local production for use by the pro-

ducers. In an exchange economy there is production for exchange (sale). In the early stages this exchange was with near-by people, but with the advance of trade and of both production and transport techniques the market has been gradually widened until it now includes the entire nation for most products and a large part of the world for many of them. This is so familiar to the young people of the present that it is a commonplace. But, as stated earlier, this revolutionary change took place only a few decades ago. It became possible only with certain technological changes sometimes called the mechanical revolution.

The chief technical development making this possible has been the application of effective mechanical power, as seen in the steam engine and the dynamo, to both machine operation and transport. Along with this have gone many other changes: those in applied chemistry; the developments in communication, such as the telegraph and the radio; the great organization of markets; the growth of banking and finance and of our gigantic business organizations. But the crucial developments have been: (1) practical central power, such as steam and electric current, (2) cheap transportation, such as the railroad and now the truck, and (3) mechanisms which replace and supplement the human physique in production, such as the spinning machine, the automatic loom, the steel-rolling mill, the steam shovel, the steam hammer, the nail-making machine, and the almost countless other semiautomatic devices. This equipment can be used only when transport facilities make markets large enough to absorb huge quantities of goods.

This means that the number of business units has become relatively much smaller and that each unit is much larger. Between 1899 and 1933 the number of manufacturing establishments in the United States decreased by about one third, while the number of wage earners in them increased by about one fourth. There are fewer but much larger businesses now. Not only are mining, manufacturing, and transport concerns exceedingly large, providing goods or services over wide areas, but banks and merchandising houses are being organized into "chains" which employ great capital and great numbers of workers and clerks, and serve millions of customers. Such giants as U. S. Steel, General Motors, and American Telephone and Telegraph are becoming increasingly typical in vital fields of production. Indeed, only nations whose raw-material supplies and markets are very large can support modern industry on a scale large enough to be efficient.

The Productivity of Modern Business

Modern business is much more productive than earlier business. Specialization, by permitting mass production and the use of elaborate machinery, has brought about great gains in productivity. Various attempts to estimate these gains have been made, but they are often of little meaning because the products have changed. Modern machine-made articles are standardized and often, though not always, of less artistic value than the earlier handmade articles, but they usually have high practical merit.

One of the great advantages of the new system is the mechanical power which accompanies it. Ingenious persons have calculated that the typical American has in his machines the equivalent of 100 mechanical slaves to work beside him. In 1879 the average American manufacturing worker used 1.25 mechanical horsepower. In 1929 he used 4.86 mechanical horsepower. Machine tenders turn out a far greater amount than did the men before them who worked by hand. The spinning-wheel operator may turn out half a pound of good yarn in a day, but a good cotton-mill spinner will turn out eight hundred times as much. By the use of the automatic power loom, it is possible to produce at least a thousand yards of cloth per weaver per day, whereas with the hand loom the product would be not more than ten yards. Hand methods produced about six pounds of iron per worker per day in India in 1807, or, roughly, one ton per year. In 1929 in the United States the amount of iron converted into the better product, steel, was nearly 100 tons per worker. In 1899 the output per automobile worker was 1⅔ cars. In 1937 it was ten cars of much better quality. One need only watch newspapers come off a modern press, or cigarettes from a cigarette-making machine, or imagine men with hand shovels in competition with others who use steam shovels, to realize how productive this present business system has become.

Indeed, the very productivity of our business has become a cause of difficulty. So rapidly has the number of workers required for some of our industries decreased that there has been little left for some to do. Leisure should be desirable: but no work means no income. This is commonly called technological unemployment, but it is partially due to better systems of business organization and management and to changes in the regions of specialization. In due time these men may be absorbed

in other occupations, but up to the present this process has often been too slow.

The Disadvantages of Our Business System

Enthusiastic supporters of our business life frequently expatiate on the higher standards of living which are now maintained with ever shorter hours of labor. These people sometimes fail to take account of all the advantages of the simpler life and also of some of the disadvantages of modern work, such as its intensity, its irregularity, and its uncertainty. Of course, the greatest change which modern business has brought, and the greatest disadvantages which it possesses, grow out of the intricate relationships involved in an economy of almost world-wide exchange. Especially in its more recent developments our business life has become remarkably unreliable. Probably not since the famines and pestilences of medieval Europe and Asia has there been such widespread suffering from lack of income as occurred from 1920 to 1940 in Europe and America. The pre-exchange economy was in a superficial sense "natural." Food for the family depended upon the fall of rain, the growth of grass, the giving of milk by cows, the ripening of fruit, etc. It is impossible to overemphasize how different the present economy has become. It is not that income was certain and now has become uncertain. But it is a fact that, added to all the uncertainties of climate and other natural forces, we now have the much greater uncertainties of a social and economic nature, such as styles, fads, inventions, wars, unemployment, wages, and prices.

Under the self-sufficing economy people were dependent upon local conditions, and they often suffered. Drought, if severe enough, meant famine. Modern transportation has widened the economic area, and famine is generally allayed by the easy importation of food from other localities. But this widening economic area has subjected the individual and the local community to other forces which frequently are destructive.

Practically every item produced is subject to a long series of price and credit transactions before it becomes ready for use by its consumer. It is as if every pound of wool or bread, every quart of milk and every square foot of leather, had to be delivered to its consumer by way of a dangerous and uncertain voyage lasting for weeks, months, even years,

over a stormy sea. And the storms which beset the ocean are not a whit more violent than the economic hurricanes which sweep over this business world, which frequently mean that goods are not even produced, that, even though goods are produced, people are deprived of the means of purchasing them. It is often thought that business can be "natural" like the growing of grass. This is not true. And, until one fully realizes the far-reaching complexity of this exchange element, which is now added to simple biological and physical production, one cannot begin to appreciate the seriousness of modern economic problems and how much they differ from earlier ones.

Adam Smith, one of the fathers of modern economic study, who wrote his famous *Wealth of Nations* in 1776, made specialization and the division of labor the heart of the economic system. He seemed to think that in this tendency of men to specialize and then "truck and barter" he had discovered the clue to human economic welfare. In the desire of everyone to better his own position he thought he saw the certainty that each person would produce the most he could of the best quality of goods in order to exchange them to the best advantage with his fellows. In this Smith saw an Unseen Hand looking after the welfare of mankind.

It appears now that Smith was too optimistic and that an exchanging world is not so benevolent as he thought. In fact, long before Adam Smith, when the exchange economy was in its early stages, thoughtful persons saw that it involved great difficulties. They observed that there was no direct and always fair way of determining the rate at which the units of one good should exchange for the units of another. In terms of money, it was next to impossible to determine what was a "fair price" either for a man's labor or for any concrete good. For persons engaged in exchange there now appeared the opportunity to secure "unlimited" gains, to forget their relations to their brothers and to drive unbrotherly bargains. Plato, Aristotle, and great thinkers both before and after them in many countries saw the heart of the problem in the question "What is a just price?" After more than two thousand years this is still one of the major problems of our exchange economy. Our Antitrust act, our Interstate Commerce Commission, our Social Security Act, our various agricultural and labor acts, all are aimed essentially at the problem of guaranteeing that prices shall be "fair"—fair for a whole series of things, including the giving of a person's daily or yearly labor to some trade or profession. Some of these earlier thinkers were concerned with eternal

welfare and the effect of unfair treatment on both the victims and the perpetrators. The medieval religious philosophers felt that the perpetrators endangered their own souls' salvation. This is by no means a dead issue, but our more immediate practical problem is to see that the victims of price and wage mistreatment do not experience here and now something akin to the medieval conception of hell.

The crux of the matter is that, though the *productive possibilities* of a highly specialized and mechanized exchange economy are very great, they involve such a maze of social and financial relationships (often international in scope) that the net result may be less desirable than the result of the self-sufficing economy. This is because the exchange machinery so frequently "stalls," leaving people without income, even destroying their store of savings. The basic elements of income must come to a family in a steady and unfailing stream, or the result is serious trouble. At best there is a lessening of comfort, and more serious cases bring deterioration of character, disease, and death.

In order to test Smith's optimism let us glance at the effects of exchange on the economic welfare of the peoples of the past. Certainly it is suggestive that the most brilliant spectacles of civilization have developed in urban centers in which people necessarily live by exchange. Most of the great achievements in art, literature, science, business, and statecraft have come from such centers as Athens, Constantinople, Alexandria, Rome, Paris, and London. Yet these great things have been the work of only a few; and frequently they have been accompanied by wholly terrible conditions for the "lower orders" who supported the smaller numbers of the upper classes. In the cities of antiquity the lower people were slaves. In all these metropolitan centers, not omitting present-day London and New York, there has been an army of unfortunate proletarians, which, unable to reproduce itself, has been maintained by a constant inflow from the country. It is this "rabble" in the great "centers of culture" which, as in old Rome, in Paris during the French Revolution and again under the Commune of 1871, has backed the revolutions and committed so many atrocities.

Now the truth is that this is the principal group which in the past has been *fully dependent* on exchange. One reason why exchange seemed to work so well in Adam Smith's day was that the advantages of exchange were just then increasing, and especially that, unlike the former urban proletariat or the average American of today, most people of his time were only *partially dependent* on distant exchange. They secured

many of the advantages of specialization but avoided its most serious disadvantages. Most of the industrial workers of Smith's year, 1776, were still living on small semiurban farms, and they or their families did enough work on the land to supply their basic needs. A garden, a few chickens and ducks, a cow and a pig or two, together with poor but permanent housing, meant that, whatever the disturbances of trade, employment, wages, or prices, the family life could go on. People were protected against the worst shocks of modern business but could at the same time take advantage of the best features of an exchange economy. While secure themselves, they could give much time to their own specialty—almost a surplus product—and by its sale could purchase the surpluses of other specialists. They were far better off than the completely urbanized and specialized group in the few great cities then, and much more secure than proletarians now. These last, as we have seen on all too many occasions, especially during the past quarter century, are so completely dependent upon prices, wages, and employment that when these fail they cannot satisfy even their *basic* needs. Generally it is impractical for the modern wage or salary worker to own his home or to live where the family can produce its own food. His supplies of food, clothing, medical care, etc., come only for regular outlays in cash. Even the rent must be paid weekly or monthly, or the family and its belongings will be in the street. Stoppage or marked shrinkage of money income, even for a short time, spells ruin for a family. (The broader question of unemployment is treated in Chapter XXIV.)

The Need for a Steady Flow of Income

The steady flow of income to families is even more important than we have yet indicated. Indeed, this "purchasing power" which comes back to industry as it is spent by consumers is the lifeblood of the entire system. This is a further aspect of modern economic life which has recently become far more obvious and more serious than before. Even a century ago a large share of the American people's wants was satisfied directly by their own efforts. It was then safe for everyone to cut his expenditures as much as possible and "save" all he could because people were less dependent on the purchases of their produce by consumers. Difficult as it is for old-timers to accept the fact, too much saving at the expense of spending is now ruinous. The reason is that failure to buy results in the drying up of markets, the stoppage of industry, unemployment, lack

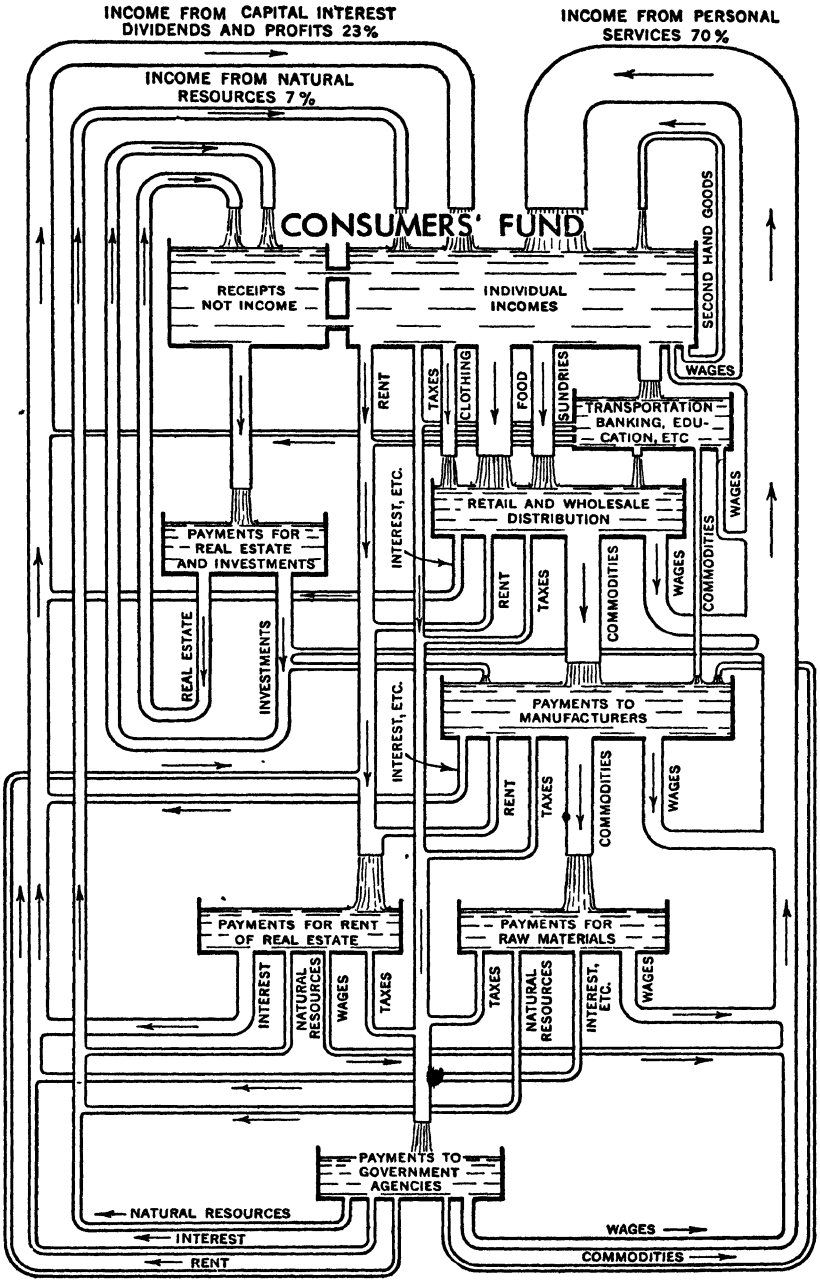


FIGURE 2. THE CIRCUIT FLOW OF MONEY

Redrawn, by permission of the Pollak Foundation for Economic Research, from *Money*, third edition, revised, by William Trufant Foster and Waddill Catchings (Houghton Mifflin Company).

of income, and the clogging of the stream of purchasing power upon which everything in the exchange economy, including business prosperity and family income, is dependent. Anything that stops the flow of some large group's expenditures through the economic "machinery" throws that machinery as much out of balance as the failure of one or two of its cylinders unbalances an automobile.

The accompanying chart (Fig. 2) draws upon what we know of hydraulics to illustrate the dependence of our economic system upon the steady flow of purchasing power.

To maintain this steady flow of purchasing power is difficult enough. But perhaps the most serious aspect of this elaborate "machinery" by which the wants of modern people are satisfied is its delicacy and the very great difficulty of keeping it in order. In the first place, the term "machinery" is wholly inadequate. The parts of a machine are made to fit one another; once set in mesh, they do not change their relative positions. The business economy is wholly different. Its parts continue to change while it is working. It is as if some of the wheels of a car grew larger while others shrank.

In business the amount of any particular good demanded changes with styles and fads. A hat manufacturer who sold 200,000 hats a year in the late 1920's sold only a fifth of that number five years later. Suspenders once disappeared but have now returned. Meanwhile the workers and others dependent upon that product were "suspended" in midair, so to speak, without income. This branch of the men's clothing trade was making no contribution, hence was drawing no pay and was spending no funds to support the other industries, like housing, clothing, food, and gasoline, which had formerly been dependent upon it for purchasers. This sort of disturbance and maladjustment runs through our present business life.

In using such terms as "pump-priming" and "machine" we are resorting to figurative language. Business is most essentially a system of relationships, mainly between human beings. Besides a host of physical entities, such as farms, railroads, banks, factories, machines, and raw materials, it exists most essentially in the practices of the people. It involves, moreover, the psychology of men in the mass. How people act, therefore, how "business goes," depends upon a great many things almost beyond finding out. Of course, the conditions even within a country vary greatly. A Negro share cropper's reaction to the offer of higher wages

or to a certain sales appeal is not the same as the responses of an urban clerical worker. Economists have been severely criticized because they have been unable either to explain business difficulties clearly or to cure them. Frequently these economists have been compared unfavorably with the natural scientists, such as doctors of medicine. The truth is that, although everyone thinks that he "knows about business," the diagnosis and treatment of business ills are perhaps more complex and difficult than the diagnosis and treatment of the ills of the human body. The human body and the ills which beset it probably are essentially the same as they were three thousand years ago, and they have been studied during all that period. No such statement can be made about business. It existed for only a few people, if at all, three thousand years ago. There were no such things as modern money and credit. In fact, mass employment, mass production, universal trade and exchange, all were unheard of. It is only within the past two centuries that they have assumed their present form. Furthermore, nearly all the elements in a modern economic problem have changed several times since they were first known and studied. Money is one of the most all-pervasive institutions of modern business and is as vital to the body politic as is the blood stream to the human body. But it has undergone several metamorphoses even within the past century. Once, as metal, it had only the value of an equal amount of the same metal for other uses, such as dentistry or jewelry. Yet it still performs its functions although it is made of paper and cannot be exchanged for metal. Once it played so small a part that every individual was urged to save it with the greatest care. Now, if the owners of money refuse to spend it, there is a crisis, and the entire economic system fails to function. In fact, no one can even guess what part money will play a few decades in the future. Totalitarian governments boast that they have freed themselves from such bourgeois entanglements, and the President of the United States has recently sought to "remove the dollar sign" from the problem of American aid to Great Britain.

Indeed, the knowledge which modern people have of their economic system is yet only comparable to that which people had of the human body two thousand years ago. We know that it has a number of interdependent parts and that these must function together; but just what the relations between these parts are, or whether or not there is a fundamental "seat of life" for business, as the heart or brain is for the human body, we do not know.

Working for Less Urgent Needs

Let us look at some other peculiarities of our business system. Production in this economy, unlike that in a self-sufficing family economy, is not for the purpose of satisfying the most urgent demands. A family would produce food and clothing according to the needs of the various family members. Under the exchange economy this is not done. Often the things which are most urgently needed, such as good housing, healthful food, and warm clothing, are exceedingly scarce in the families which need them most. Neither do the working people of such communities spend their labor and resources to produce these things. Rather they may be working furiously to produce articles which have no relation to the urgent needs of life and health in their homes or even in any other homes. Men whose children are barefoot, hungry, and illiterate may spend their years in the mines digging out diamonds to satisfy the vanity of people already surfeited with wealth. They may build rich men's yachts, and their wives and daughters may weave silk fabrics which they cannot afford to wear.

The reason for this strange procedure is, of course, that in an exchange economy things are produced only for those who have the wherewithal to pay for them. In an economy of private property those have large incomes who have property; so, frequently, production is for those persons who already have an abundance.

The Concentration of Control

A large business represents a great social effort and might be directed in any one of a variety of ways. Presumably all the workers or all the workers and investors in it might vote on all decisions. Or the consumers might own and direct it as they do a consumers' co-operative. Or such a business could be operated by the political unit, the state. But Occidental business practice has followed most naturally and effectively the custom of earlier times in which the owner whose capital was being risked assumed the control and responsibility. When the corporation arose, the owners retained control, although some very small clique with little ownership now often acquires actual direction. Rapid innovations, large-scale operations, and cost-reducing technological developments have given unheard-of chances for profit to the fortunate owners or control-

lers of these gigantic businesses. Millionaires are no longer remarkable. Even the yearly salaries of the leaders of great concerns reach to half a million, and their returns from investments are often more. The reinvestment of these fortunes concentrates the ownership of the productive equipment of the country more and more in the hands of a very few. It is estimated that about 40 per cent of all our business wealth is owned by the two hundred largest nonfinancial corporations. Another estimate is that less than 1 per cent of the population owns 94.3 per cent of the country's corporate wealth. Nearly all savings are made by that 10 per cent of the families with the highest incomes. In 1929 the richest 1.2 per cent of the people got as much income as the 60 per cent who were poorest.

This concentration of wealth has come about in a great variety of ways and for a variety of reasons. It is accumulated by inheritance, more especially because the rich tend to intermarry with the rich. Some of it has been accumulated by unfair means, but in general it has been secured by able and alert persons who took advantage of profitable opportunities and who were lucky. By bad luck others often became poor. When business expands as it did in the nineteenth and twentieth centuries, and when it is profitable to centralize, someone is sure to gain control. When the numerous feudal states of Europe coalesced into a few great kingdoms, only a few lucky and able leaders, sometimes also unscrupulous, rose to the top as kings. The evolution of big business in all the modern countries just as surely brought a small number of men to great fortunes and great economic power.

Monopolistic Tendencies

This centralization of control in the hands of a few great "captains" modifies the smooth working of our economic "machine." As already stated, capitalistic business is supposed to operate on the basis of "free competition," and in the early stages, before a very large section of the economic life of the community was subject to distant exchange, and while the producing units (business firms) were small and numerous, this may have worked fairly satisfactorily. As businesses grew larger and the economies of large aggregations became predominant (as in the oil industry), the battle for survival became deadly. One of the first and most characteristic ways of meeting severe competition was to "fight it out." But under these new conditions, even though it was actually possible

and probably economical for one concern to take over the wider field occupied by several, this was suicidal for all but the most efficient, progressive, and alert, or the most unscrupulous. Since most were trying to enlarge their businesses, the fight usually led to "cutthroat competition" —that is, to selling below cost. Of course, the large operator could sell at low prices in the competitive areas and make it up by high prices elsewhere. The large firms therefore tended to become larger and the small to be forced out of business. In some cases there were attempts to reach price agreements, but usually someone would be tempted to make more money by disregarding the agreement. Such agreements were contrary both to the common law and to statute law, especially after the passage of the Sherman Act of 1890. After trying to outlaw various devices which would allow combination and control of prices, we still find ourselves with much larger corporations and also with various practices by which competition is either wholly avoided or very much restricted. There have been trusts, pools, holding companies, "gentlemen's agreements," and many amalgamations. More recently there have been trade associations which distribute information about such things as stocks of goods and current prices. (In some businesses such devices are not needed: the competitors are so few, and each of them controls such a large share of the market, that it would be foolish to cut prices heavily.)

These "administered" prices have introduced much more rigidity into modern business than earlier small-scale business possessed and have greatly reduced the power of the economy to extricate itself from periods of maladjustment, such as are caused by wars. The effectiveness of trade unions in keeping up wages works in the same direction. When overproduction should be met with lowered prices, and possibly with lowered wages, this may not be done, and action may be postponed until it is too late. "Big business" is our worst offender regarding prices, and one of the great problems of our time is due to the fact that its prices tend to remain rigid while those of agriculture fluctuate wildly. An example of this for the years 1929 and 1933 is shown by the following figures:

	Percentage Drop	
	production	price
Agricultural commodities	6	63
Agricultural implements	80	6
Motor vehicles	80	16

Financial Control

Not only is the control of our business highly concentrated, but it gives the key positions and the best gains to persons other than those who do manual work. There was a time when the farmer, the blacksmith, and the fisherman not only secured the chief returns from their work but had their peculiar appearance and peculiar characters, acquired in great degree from their occupations. Now the worker in a fish cannery tends to become one of a large number of wage-earning machine-tenders, as is the man in a steel mill. Even the work on the land tends more and more to be done by persons with little or no direct ownership in the business. Ownership and labor are much more separated than even in medieval agriculture. And the trend continues. The tendency is now away from that earlier one in which the "good worker" tended to secure the greatest advance. The best returns are now gained by those who are in the "business end" rather than in physical operation. Fortunes are made by those who obtain strategic positions in management. There has been much complaint that the men who "know" and operate businesses are ignored by the profit-maker. The engineer is displaced by the promoter or the banker, who, like an absentee landlord, tends to have no interest in the property except that it shall swell his bank account. Other men make the fortune from Buick's car. The great Ford fortune may be the exception which proves the rule. It should be remembered, also, that inequality of wealth and income is characteristic of all highly developed civilizations throughout history.

The period of great capitalistic development—namely, since the Industrial Revolution in the latter half of the eighteenth century—has had two chief phases, "industrial capitalism" and the more recent "finance capitalism," which is characteristic of our day. The very fact that more than three fourths of our business wealth is owned by corporations shows how great is the advantage of those who own, or through banking and financial connections control, these corporations. The two hundred largest corporations increased their share of the total corporate assets from 40 to 60 per cent in the twenty years ending 1929. There are several great finance-capitalist groups in this country: the Morgan, the Rockefeller, and the Du Pont. It is said that more than a fourth of American corporate wealth is by means of financial power brought under the influence of the house of Morgan.

The fact of its corporate organization has also made our business much more speculative than it would otherwise be. Rapid development in a country of great resources and rapidly expanding population would tend to make our business speculative, but our stock markets have intensified this tendency. The great quantity of corporate securities issued (some $70,000,000,000 worth of assets) has provided a highly speculative "investment" for the idle funds that are nearly always available. The prices of these securities sometimes rise and fall on pure speculation. Thus it is not merely in the "floating" (starting) of new companies and in the control of their policies that the financiers make profits. It is also from "frenzied finance," speculation in corporate securities, often much to the disadvantage of the actual operation of the corporations. Indeed, so great has this stock-market business become and so threatening to the business operations of the country that it has been necessary for both the trade itself and the government to set up far-reaching regulations (especially under the Securities and Exchange Commission) which provide severe penalties for fraudulent practices. The speculative nature of modern business is one of its conspicuous characteristics and one of its greatest weaknesses.

Investment versus Spending

Another aspect of this financial control is the fact that it divides the community into investor and worker classes. When the amounts of capital were small, it was common for employers to own small shops and to work with their men, and differences of income were comparatively slight. These industrialists and merchants by their family purchases also shared in creating the demand for the common consumer goods. Most of them also saved and invested small amounts in the maintenance of the material instruments of production, such as buildings and tools.

With modern large-scale production this situation is changed. One group of persons becomes the owning group; it receives more income than it can consume, and there is no place for the surplus to go except into investments; its profits and interest, when reinvested, provide the great plants and their equipment. Generally the income of the other group is only sufficient to provide a living, and with its larger numbers that group makes up the principal consuming class—the "consumer demand." It is the wage payments passing through the hands of this group

which take off the main stream of final consumer goods and return to industry the recurrent stream of purchasing power which keeps it running. In this way the productive capacities of the nation are at the same time "distributed" between the capitalists and the laborers and, in the main, respectively "invested" in capital goods and "spent" for current consumption. Of course, this is not strictly accurate, for some money is saved and "invested" in durable equipment by the workers and some is "spent" for consumers' goods by the capitalists. But by and large the statement is true.

When account is taken of the dynamic aspect of modern business, together with the grand scale on which it is conducted, it is clear that the differentiation of spending and investing classes both works toward great inequality and produces a very unstable situation. The distribution of the annual produce between the employers and the employees is essentially the distribution of the annual produce between investment (or savings) and annual consumption. Now there is at any given time a proper division of production between goods and services for current consumption and goods such as machinery and plants for further use as productive equipment. A wise farmer always makes a proper allocation of his resources to these purposes. Some of his labor produces food from his dairy, but some also keeps the dairy barn in repair. But it is only by chance that the wage bargaining between employers and employees assigns to the one group approximately what should be invested and to the other approximately what should be currently consumed.

If the employers are too successful in keeping down wages, they themselves will have too much to invest, and there may be an oversupply of factories or railroads. On the other hand, if the workers secure too much, the railroads and factories will be inadequately kept up, and the country will be placed in a situation similar to that which follows a destructive war.

The Business Cycle

The various types of maladjustment, especially rigid prices and wages on the one hand, an improper division of productive capacities between permanent equipment and goods for current consumption on the other, are the principal ways by which the business world is occasionally led

on to what is the most virulent of all the ills with which it has to contend. This is the business cycle, of which the most deadly phase is the depression stage.

This tendency of business prosperity to wax and wane in something like rhythmic form has been increasingly marked since the development of exchange economy, but in the past century it has become extremely serious. The worst experience which either the United States or the world as a whole has had with it occurred during the 1930's. The usual word "rhythmic" has been used here and is based on past experience. It is, of course, theoretically uncertain whether or not "good times" will ever return again under the present economic order. Some economists have suggested, only half in gruesome jest, that this latest depression is most like the one called the Dark Ages, which continued for centuries and disappeared only with a new set of conditions.

No two business cycles have been just alike, and it seems obvious that a variety of influences generally work to bring them about. Business conditions are always undergoing some change. Population advances or recedes; inventions open up new opportunities for investment, labor, and profit. Rising prices create optimism and lead to commitments; falling prices create fear and reduce the normal orders and demands for labor. Wars destroy wealth and reduce the purchasing power of those who owned it. War or pestilence reduces population and the demand for goods. Even bad crops or depleted mines reduce the incomes of large groups, create ghost areas, like Cripple Creek and the Dust Bowl, and cause the markets of others to fail. One defaulter refusing to meet his obligation causes several others to be unable to meet theirs. The entire system depends, as we have already seen, upon the continuous flow of purchasing power through the exchange system.

It is now thought that the recurrent cycle is an inherent part of our capitalist order. When prices and wages are low, goods can be produced cheaply and sold cheaply. If general social and political conditions are favorable, persons will buy; indeed, they must buy in order to live and maintain civilized existence. Upturn in one line brings wage payment, rent, profit, interest—that is, purchasing power which may be used to create demand in other industries. All this leads to demand for raw materials and machines, for credit at the bank, and to corresponding high earnings all round. Optimism soon prevails everywhere, and, when prices begin to rise, everyone becomes a buyer. If it is not for his own current consumption, it may be to store up for future use when prices are ex-

pected to be still higher. Soon it is realized that the value of money is falling and the value of goods rising. Everyone wishes to dispose of money and get goods, and this pushes the price rise still further. The same influences work on the stock market and on the markets for both consumers' and producers' goods. Before anyone fully realizes it, everything is at boom prices, and many purchases are purely speculative. Then owners of goods and securities become nervous lest the prices should drop. Everyone hopes to hold on until the peak is reached and then suddenly to sell and escape with the largest possible amount of money. Presently confidence is shattered, and the entire structure crashes. The process of reaching bankruptcy may take years, and during that time there are unemployment, lack of investment, continued liquidation. Disorganization and distress are comparable to what they are in a nation whose armies have been conquered.

This is the crowning cataclysm of our once vaunted "automatic" economic "machine." It is due not to the physical processes of production but to the failure of that new element which has now come to dominate economic life, the system of division of labor and exchange. What was so helpful in the early stages, while the basic needs of most of the people were satisfied directly, proves to be exceedingly unreliable when an attempt is made to extend it to the entire economic system, especially to a world economy. As the adoption of this system was the most portentous fact in our recent social history, so the solution of the dilemma which it involves is one of the most serious tasks which the human race has had to meet.

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Chapter XXI

GOVERNMENT AND BUSINESS

WE HAVE seen in previous chapters that our cultural tradition has been that economic life should be carried on by free-acting individuals who seek the best earnings possible for their resources and who even hope for and expect profit. We have taken great pride in the *laissez-faire* economic philosophy according to which political authority did nothing more than guarantee that competition should be fair.

Yet there has never been a time when there was not some discussion as to whether the government ought to do more than this, and in recent years this has come very much to the fore. Frequently this has been the cry from an interested party or parties for government help or protection. Some of these calls have been purely selfish, but many have been due to difficulties caused by some change in economic technique, organization, or practice. Such changes are usually due to the ripening of the new exchange economy, with its increasing complexity and its ever-enlarging units. In some countries where, because of limited resources or peculiar situations arising from the depression or from war, the economic difficulties have been especially great, governments have already advanced toward the control or even the direction of economic life. The United States has introduced under the New Deal changes which are in some respects revolutionary, but, as compared with Italy, Germany, and the Soviet Union, we are still essentially under the system of "free enterprise."

Government Has Generally Interfered in Business

Probably there has never been a country whose government did not interfere to some degree with the economic activities of its people. Indeed, since one of the most important interests of all the people of a country is the economic, it would be unthinkable for a government to ignore that field.

Laissez faire is a relative term and was adopted at the end of the mer-

cantilist period when government had been interfering with everything. No reforming philosopher of that time, however, wanted the government to abandon business to its own devices entirely. Complete *laissez faire* would ignore highways and railroads, money, and labor conditions. Even "free enterprise" requires that the government not only lay down the rules but assert itself vigorously and eternally in enforcing them. If modern opponents of "government meddling" were to draw up a list of particulars for government action in behalf of business, it would be a very long list.

Current discussion of this question in the United States frequently takes for granted that the trend toward more government influence in business represents a break with historical tradition. But, in so far as there is a consistent tradition in this regard, it is one of interference by government rather than the lack of it. In ancient Egypt the entire country was looked upon as the king's "farm," and the people were literally "his." There is a relic of this even in our own power of "eminent domain," which the government reserves over each piece of land for which it grants ownership. Though there has been no consistent practice for all countries, the most nearly accurate statement would be that within the past two hundred years we have passed through a cycle during which there has been a change from a period of much government activity in business, through a period in which it became gradually less and less, to the present period, in which it is tending to increase again.

The Anglo-Saxon Tradition

Probably the chief reason why Americans take the absence of governmental interference so much as a matter of course is that both our inheritance from the British Isles and the geographical and social conditions under which we have lived in this country have been especially favorable to almost unbridled private initiative. England had a long period during the Middle Ages when, as in the rest of Europe, both agricultural and urban life were strictly regulated. In early modern times she was one of the chief areas where the mercantile philosophy was practiced; the rigid rules applied earlier by the municipalities were enforced on a national scale by the new national governments. But even during that time there was a development of individual freedom in England which was uncommon in other countries. This is illustrated by her

welcome to religious refugees from France and elsewhere during the Reformation and the religious wars. Apparently this was due not only to the fact that Henry VIII was personally ready to defy the pope but also to the fact that England was very much more secure across the Channel than such countries as France and Holland, both of which might be and frequently were attacked by land. As in our own times, the sense of security felt by England inclined her government to be very lenient toward criticism from within. This promoted a feeling of freedom and independence in the people which was carried over into every aspect of life.

England's success in colonization, in distant trade, and in the development of her industry, shipping, and finance which came with the shift of the economic center toward the New World, gave further reasons for her to depend upon the spontaneous efforts of her business people. The New World of commercial opportunity was to England a newly opened frontier.

American Conditions Conducive to the Independence of Business

When our ancestors landed in America, they entered upon the development of a relatively unoccupied continent, whose resources, in relation to the number of inhabitants, were indeed "fabulous." There seemed no need for their careful preservation by the government: rather there was willingness to free them in order that unchecked individual initiative might develop them fully. Under the stimulus of ever-beckoning opportunity we Americans have carried the principle and practice of economic freedom further than it has even been carried before. Recently we have realized that freedom frequently became license and that what we sometimes took for development of opportunity was really its destruction; but until now it has been exceedingly difficult for people who have shared that tradition to believe that any other system can be so productive or so wholesome for the human spirit as that of "free private enterprise." That is the American heritage. In only slightly less degree it is the heritage of the entire English-speaking world. It grows in the main out of the expanding "frontier" conditions of economic opportunity in which these peoples have lived for some three centuries.

Government Determines the Bases of Economic Life

The basic institution on which our business life stands is private property. Even a self-sufficing economy is dependent upon this principle. The economic group, whether it be the family or the tribe, must have the essentially exclusive right to some area of land and the goods which it will produce. But this would be impossible unless the community guaranteed it.

This is equally true of an exchange economy. Whereas in the self-sufficing economy the land may be heritable but inalienable, the exchange economy generally introduces freedom of disposal. This becomes freedom of contract regarding the exchange of commodities and services of most kinds. This in turn leads to a guarantee of the sanctity of contracts, forcing individuals and groups to bring their performances up to their promises. Police and courts thus become necessary. Further guarantee that economic relations shall be on a satisfactory basis is secured through laws against misrepresentation, taking money under false pretenses, and the like. Since it is possible for individuals to take advantage of others even under the appearance of free exchange, it was early found desirable to restrict actions tending toward monopoly. The exchange economy has been based on the idea that competition would be "free" and that no group would form a "conspiracy" to secure an advantage over others. This continues as an important element in our current laws against "restraint of trade" and other "unfair" practices. Most important of these are the Sherman Antitrust Act (1890), the Clayton Act (1914), and the Federal Trade Commission Act (1914).

It has been exceedingly difficult for either the law-makers or the law-interpreters to be consistent. Exceptions have been made in favor of trade unions, and even corporations have been checked only from "unreasonable" restraint of trade. Regardless of the law, thoroughgoing competition has been impossible to secure, and the monopolistic tendencies, though somewhat less blatant in recent years, have persisted. More and more types of business have failed to remain fully competitive. Indeed, large-scale production tends in many industries to result in control of the entire field by a few very large concerns, as in our meat-packing, steel, and automobile industries. In self-preservation such concerns either tacitly or explicitly follow policies which will prevent too decisive a struggle among them.

Facilities Which Promote and Standardize Economic and Social Welfare

With the growing importance of exchange in modern economy, governments have taken action aimed to make it more effective for all concerned. One of the most important things is a satisfactory "means of exchange." In early times exchangers had to barter their goods. Gradually they adopted certain commodities, such as precious metals, as media of exchange. For centuries the governments took no cognizance of this but merely let the taker of this material "beware." In parts of the Orient today it is customary for the individual to question and test every coin, partly as to its weight but especially as to its metallic content. Gradually governments began to coin money and to guarantee both weight and content. Finally they issued paper money "convertible" into the metallic standard. In the use of credit instruments and institutions, individuals were first left free, then regulated. Even the Bank of England, the greatest central bank in the world and the one with the greatest public responsibilities, is still a privately owned institution. In the United States banks are privately owned, but all their chief policies are under the control of governmental agencies. In all this the government is attempting to promote business welfare by maintaining a satisfactory unit of purchasing power and standard of deferred payments, and to guarantee safe and helpful banking services under reasonable conditions.

Older and more obvious government services are the transportation facilities: roads and bridges, navigable rivers and canals, and, especially important, dock and harbor facilities, lighthouses, and buoys. Air fields and beacons are now added as a special service for those who travel by air. The postal service was once privately operated, but the government now considers it essential and furnishes it even at a deficit. Schools and various specialized institutions for instruction are provided, and there is no thought of making them self-supporting. This newer field of government activity seems to be related to the changed economic situation only in that specialized skills and higher general intelligence are required with the higher levels of productivity, and that people with larger incomes and more leisure demand better opportunities for personal development. Democratic government requires higher levels of efficiency, and money spent on public education is considered a good public investment.

Related to the educational service are recreation facilities such as parks and playing fields. These could not or would not be furnished by private persons. They are, however, necessary to a wholesome life for the great masses of the people who now live in cities. Like public education, they are provided for the less fortunate by levies on society in general.

Government Encourages Some Businesses

Government in the United States has directly encouraged several types of business. Even the frontier has frequently led to government interference in business rather than the lack of it. Sometimes direct grants of money have been made by the local, state, or national government. Sometimes these governing units have bestowed land, such as that needed as right of way for a railway or as building site for an industrial plant. Recently the city of Savannah not only gave an excellent site of several hundred acres for a large paper mill, but first improved it with both roads and harbors, and the county agreed to forgo taxes for a number of years. In the early days of railways our federal government granted them lands estimated as equal to the combined areas of France and Germany. Often there were both money grants and exemption from taxes. When an industry has special relation to important national interests, such as armament, the government may do all these things and then guarantee the cost of plant extensions over a period of time.

The import tariff has been a chief example of government encouragement of industry in the United States. In this case the reward to the industries concerned has come not through direct grants but through the limitation of foreign competition, allowing the protected industries to sell their products to the home market at higher than the internationally competitive prices. Whenever such favoritism is shown to private interests, there develops a wild scramble to claim some special national importance and thus to share the favors. The "infant industry" argument is advanced, with the assertion that, though costs are high at first, they will soon become low, and that the entire nation will profit greatly by the presence of the industry.

If we consider questions of national defense, the manifold aspects of national interest, and the numerous influences which determine reasonable expenses of production and reasonable prices, there is no definite answer to the question what industries should be granted assistance or protection and to what extent. The machinations of business interests

to gain governmental favors for their types of activity are among the serious handicaps of the modern competitive economy.

Natural Monopolies

Until recently the most significant aspect of the relations of government and business has been the action taken by governments regarding those industries which were not normally competitive in nature. Such businesses have been called "natural monopolies" to distinguish them from artificial monopolies set up by the collusion of interested persons and from certain relatively small competitive businesses which could operate under as favorable conditions of economy as could one large single concern.

In countries where the tradition of government control has been more marked, such as countries formerly under Roman rule, like France, or countries closer to feudalism, like modern Germany or Japan, there has been more readiness to classify industries as natural monopolies. Before the French government would allow the construction of extensive railways, it set up an elaborate plan based on the theory that railway transportation was a natural monopoly and could not be left to the vagaries of competition. In Great Britain private enterprise was given a much freer hand, and it was only by halting steps that the government gradually established successive degrees of control over railways. The United States followed the British lead in these respects, both because of cultural heritage and because of the peculiar frontier conditions already referred to.

These natural monopolies are essentially the same as those industries called "public utilities" or industries "affected with a public interest." It will be seen that this is not a classification which can be made in the nature of things and for all times and places. In origin the classification goes far back to a very simple, mainly self-sufficing economy. A farming business conducted to satisfy the wants of the farmer and his family directly might well be left subject to the decisions of the owner. A man's house was then "his castle," and the individual could "do what he would with his own." This attitude applied to nearly all businesses, but even then there were exceptions. The business of operating a ferry across a river involved a "public interest," and it became the duty of government to see not only that the lives and goods of passengers were made safe but that reasonable prices were maintained. Tacit agreement that other

occupations were similarly of public concern led to the requirement, for example, that professional men such as physicians and lawyers possess certain standards of proficiency.

Nowadays most things are made, not to satisfy the maker's wants, but for sale to others. As this exchange economy spread to most branches of economic activity, many industries became "affected with a public interest." However, for a long time only slight regulations were introduced, and only recently has our pure food-and-drug legislation (see pages 433–435) replaced the principle of "let the buyer beware."

Moreover, the growing urbanization and centralization of industry, together with the spread of the effective economic and political unit over larger areas, such as the United States, have clearly clothed several types of activity with important public interest, and governments have assumed more and more extensive shares in determining their policies.

In cities nearly all street construction has become a community interest. It is desirable that curbing and sidewalks be standardized, though property owners may be required to meet most of the charges. Gas, water, and electric systems are typical "natural monopolies" which can be most economically furnished each by a single concern. This was not recognized in the beginning, but it was soon found to be wholly unfeasible to count on competition among rival producers to furnish these things economically. Indeed, most municipalities are now too small to support an economical producing unit in electricity, and the trend is now toward much larger units operating over wider areas. In either case some governmental body must either grant the franchise and retain a check on both services and charges, or itself own and operate the plants.

What has been said here applies also to street railways or subways and to telegraph and telephone systems. In the countries of the old world these services are generally owned and operated by the local or national governments.

In the United States the tradition of private enterprise has been stronger. Franchises have been granted with monopoly powers over long periods. In general, the controlling bodies have come to be state public utility commissions with power to regulate both the extent and quality of the services and the rates charged. An unfortunate aspect of this situation has been the influence exerted on local governments by these utility interests. The organization of these various concerns in holding companies which often extend over several state lines has finally led to

the demand for their control by the federal government through the Securities and Exchange Commission.

The public utility which in the United States has produced the greatest amount of debate over the relations of government to business has been the railroads. We have already mentioned the encouragement given to railroad building in the earlier period. The policy of allowing private enterprise to go its own way was applied to railroads as to most other kinds of business, and comparatively little trouble was experienced for a few decades. Gradually, however, as the transport system matured, and especially as competition between roads developed, many abuses appeared. Where there was trunk-line competition, as on separate roads between New York and Chicago, large shippers received rebates from the published schedules. Low rates were also made for areas with effective competition, and the difference was made up by higher charges at isolated points where no effective competition existed. Higher charges were often made for a short (included) haul than for a longer one with the same conditions. Passes were distributed to legislators, judges, and big customers. Sometimes there was collusion with interested business groups who controlled or joined with a railroad management to "fleece" a rival group. Farmers and ordinary shippers were "charged what the traffic would bear." During the period of populist unrest several mid-western states suffering from agricultural depression passed "granger" laws in an effort to curb these "evil practices." It was soon found that most railway business was interstate and could be controlled only by federal regulation. The Interstate Commerce Commission was set up in 1887 and by degrees has taken more and more far-reaching steps in control.

At first only the most meager controls were grudgingly allowed, but the Transportation Act of 1920 leaves to the railroad companies little scope for initiative except in efforts to better their service. The charges, types of equipment and service, numbers of trains, various financial and business arrangements, all must be endorsed by the Interstate Commerce Commission. At first railroads were scrupulously denied the right to agree upon rates or to enter pooling agreements, but this is now completely changed. Far from forbidding co-operation between separate roads, we now aim at something akin to the regional systems first planned and used by France. (Even Great Britain adopted similar measures after the First World War.) Not only has it become the duty of the com-

mission to secure the grouping of the roads in these "systems"; it now seeks to "co-ordinate" the railway business as a whole. Some of the most prominent students of our railway questions now advocate ownership and operation by the federal government. In a little more than fifty years we have moved from a position in which private property in a public utility or natural monopoly was given every freedom except the freedom to refrain from competition, to the present one in which government controls nearly all the basic decisions and works to create a monopoly of the service.

With the increasing efficiency of large concerns in such businesses as mining, steel-manufacturing, and the making of agricultural implements and automobiles, and especially with the dynamic character of modern business and the delicacy of the conditions on which its successful operation depends, many persons have felt that governments must extend their "regimentation" to many branches of large-scale industry. This was especially true during the recent great depression, when such businesses closed their doors, reduced the supplies of commodities in the markets, and turned their employees out on the streets. In Great Britain and the United States enormous sums were paid out in relief to support the unemployed, but in Germany, Italy, and the Soviet Union the governments decreed that production be continued and employment furnished. Many of the earlier New Deal measures, especally the N.R.A. and the A.A.A., were branded as regimentation. In some fields later developments in this country have been toward less governmental interference. The chief difference appears to be, however, that the United States has not taken the drastic step of *requiring* businesses to produce and provide employment.

Special Treatment in Special Emergencies

Though recent governments have not developed a consistent policy toward interference in business such as was implied in the attitude toward free competition, freedom of contract, and the regulation of natural monopolies, we have had during the past few decades much more government interference in business than ever before.

A new policy involving a new but yet unformulated theory has been forced upon traditionally democratic governments in recent years, especially by the great depression. Though interested "pressure" groups have always secured specially favorable legislation, such legislation was

ostensibly adopted because it contributed in some way to the national interest. Navigation acts and protective tariffs have been voted because the industries favored by them were needed for the safety and defense of the country or because they would contribute greatly to general prosperity. The argument was always that this was an *investment* which would give large returns to the national, as against any private, interest. Such was the supposition when land was granted for the building of railroads. It was the tacit assumption that with the exception of incompetents and unemployables no individual or group had a *right* to ask for downright aid. The most that the government owed any normal individual or family was a fair field in which to compete for a livelihood.

With the coming of the great depression this attitude was somewhat modified. The Soviet Union, Italy, and Germany had already put much more of government into economic life. Great Britain had undertaken the protection and rationalization of industries and paid the unemployed laborer his dole.

The New Deal government declared that nobody should go hungry. This new American doctrine was justified not as an investment but as the fulfillment of responsibility. Whereas a short while ago (as noted in Chapter XX) it was the custom to despise as shiftless and "no account" the man who "thought that the world owed him a living," the debt is now acknowledged, and the government has assumed the position of guardian to provide that living. The government accepts without question the task of supporting millions of able-bodied men and their families, possibly with a return in labor, but in many cases without. Also it takes a hand in any industry, such as agriculture or silver mining, with only secondary attention to adjustments which the industry was formerly forced by economic pressure to make for itself. Indeed, the government's policies frequently increase rather than decrease the maladjustment responsible for the difficulty. And more and more these governmental policies are followed simply on the ground that it is the business of a government to utilize the national wealth (taken from some of its citizens in taxes) to look after any others who are in difficulty. It almost appears, indeed, that several of the Occidental countries have passed to such a stage of the individualistic exchange economy that the government is to assume a wholly different role. We have seen that there are more and more industries "affected with a public interest" which everyone admits must be subjected to governmental regulation or control, and that several of these are probably passing to actual government owner-

ship and operation. This means that the government is more and more not merely the referee of economic contests but a participant in economic responsibility and administration. It raises money, not for the "general welfare," but to help out whatever group happens to be in difficulty.

Occasionally this policy of governmental responsibility for individual or group welfare is put forth publicly. Some advocate an amendment to the Constitution making it the duty of the government to provide every able-bodied adult an opportunity to earn a living at a decent (American) standard. This means, of course, that the government now does *owe* its people a living. If this is true, then no special theory is needed to justify such governmental aid as has been granted to the industries already mentioned. The people who live from these industries deserve the concern of their government as do the children of a family the concern of their parents. Farmers, laborers, insurance companies, and silver miners are a part of the nation's family and must be recognized and looked after. It is doubtful whether many economists or political scientists would yet openly sponsor such a theory. Theories, however, generally appear after practice has been well established.

There is evidence from some of the older countries in which all economic and social problems are more mature that modern capitalistic economy has become involved in such difficulties as will require much more of direct interference than we have thus far approved. However, since with their achievement of economic freedom a few generations back people also achieved the freedom to starve, perhaps it is only to be expected that a government which is forced to accept responsibility for the economic welfare of its people may at the same time submit them to certain "regimentation."

The chief question which the advanced countries now must face is the way in which this new governmental responsibility is to be discharged. Industrialism was accompanied, at least until the First World War, by a parallel growth of parliamentary government, now loosely called political democracy. This was perhaps natural so long as these economic developments did allow the individual much greater chance for personal development and much more immediate concern in many policies of government, especially in those which were concerned with the amelioration of the conditions of the lower classes. But with the recent development of government control in economic life there has been a shift to highly centralized governments, which some see as the adaptation of cen-

tralized business control to government. Many think that this change will be permanent and note that it is the exact opposite of the superdemocratic control of economic life envisaged by such early socialists as Karl Marx nearly a century ago.

This centralized control has become dictatorship in the Soviet Union, Italy, and Germany, and in the United States the federal government is fast taking over more and more control of economic life. Reasoning that the control of American business life is perhaps as highly centralized as any other, some say that so much of government in business will lead inevitably to "dictatorship" here.

It must be admitted that this is a real danger, especially when it is noted how great is the influence of American business ideals and practices upon such institutions as the church and education. Unlike religious organizations in other lands, the American church is frequently in the hands of businessmen. Unlike the institutions of Great Britain, Germany, and France, the American university is organized and administered mainly by business methods. Perhaps the clearest example of this is the dominating position held in nearly every American college or university by one man, the president. In so far as his power is subject to a check, this is largely in the hands of a board of trustees, which often corresponds to a considerable degree to the board of directors of a business company. Not only does the head of our college bear the same title as the head of a great railroad, banking, or manufacturing concern, "president," but all these bear the same title as the head of the federal government and usually dominate as much in their respective spheres. One may find reason for this great personal power and influence in the dynamic character of all life in the United States, educational as well as business, when frequent and quick decisions have been necessary. Business has not yet lost its dynamic character, and, so far as we can see into the future, there is no likelihood that it will do so. Indeed, its pace seems to grow faster and its changes to become more revolutionary.

However, a much more democratic control of our governmental and economic life is still possible. In the European countries already mentioned the "dictatorships" have been in part the rule of strong cliques, and there have been peculiar situations growing out of near collapse after military defeat or out of especially trying economic, social, and national conditions. Even in American business there are persistent efforts by both public and business to stabilize the economy, and these, because our frontier is disappearing and our economy maturing, may have per-

manent results. There are several very large groups retaining democratic control over extensive business operations. The most conspicuous of these are the co-operative organizations of nearly all the European countries. These have been placed in the shade by present military operations, but they have shown remarkable power of adaptation and amazing tenacity, most conspicuously in Sweden and Finland, but also in Denmark and Norway. Co-operative capacity has been exhibited by both rural and urban people.

These people have lived under rather unusual conditions, political, economic, and social, which have made their economic democracy more easily administered. Until disturbed by the present European upheaval, they had been allowed for decades to pursue the even tenor of their ways because their existence as "buffer" states was agreeable to their more powerful neighbors, who wished to keep one another at a safe distance. Economically, too, they were more dependent on a type of agriculture which allowed for a high degree of intelligent individual action and called for a considerable degree of co-operation—for instance, in the marketing of dairy products and in the handling of various other food products. The economies of these countries shared in a way the great economy of modern Europe, yet they were not quite of it. They sold their produce to the large industrial and commercial cities about them, and they drew shipping, fodder, and manufactures from the economies of the neighbors whom they fed. The demand for their produce was both great and steady, and they were able to support a standard of living higher than that of many of their customers in Great Britain or Germany.

These people, furthermore, were particularly fitted for this democratic co-operation. Highly unified as to race and culture, they readily got on together. Traditionally industrious, thrifty, self-disciplined, and self-respecting, they were ideally fitted for democratically controlling these everyday affairs.

What are the prospects that Americans, by co-operative effort and under government leadership, will be able to handle democratically the great business concerns by which our country lives? The functioning of our legislatures, state and federal, is not yet very encouraging. Our questions are too big and difficult for such large and untrained groups. Neither does our civil service give sure promise, especially when compared with the corresponding services of older societies.

One development, however, has been prospering in this country. That

is the commission, either elected or appointed, to control industry in the public interest. In a great variety of businesses, such as railways, banking, securities, and communications, we have developed commissions that command public trust and exhibit the capacity to become expert in the handling of complex problems.

The great "American dream" has met with many difficulties. Men in the wilderness might be free, but the very abundance of resources first called for more labor, and this was supplied by the most logical means which European culture had to offer—slavery. The next device to solve the one-sided man-land ratio was the machine—but before long the machines had threatened to enslave their masters. Industrialism and the highly developed arrangements for exchange which accompany it have created problems more serious than slavery or the protective tariff. Though American individualism has often run riot, there is still reason to believe that our traditional determination to remain democratic will successfully meet this great test and that the American public, in spite of large-scale industry, will remain the master of its own destiny.

Suggested Readings

Beard, William, *Government and Technology* (New York, Macmillan, 1934)

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Chapter XXII

THE CONSUMER

"CONSUMPTION is the sole end and purpose of all production." So wrote Adam Smith in *The Wealth of Nations*, one of the most influential books of modern times. Yet both in Smith's day and in ours the nature and welfare of consumers have had little direct consideration. Man's organic and psychic needs seemed obvious and personal. The traditional philosophy of *laissez faire*, which Smith did so much to establish, assured us that competitive production and rational haggling in the market would make the world safe for consumers. The dynamic individualism of the Western world has been too absorbed in the development of new lands, the remaking of old civilizations, and the creation of new goods to have much concern for the ultimate consumer.

The Rise of Planes of Living

The rise of planes of living during the modern period gives impressive support to the optimistic view that the consumer's welfare may be left safely to "unconscious co-operation" and the working of impersonal forces. Until the depression and the Second World War, cheerful observations that "yesterday's luxuries are today's necessities" and that now poor men enjoy commodities unavailable to Roman emperors often expressed too complacent belief in indefinite material progress. Nevertheless, it is clear that basic and comprehensive improvements in the material conditions of life have occurred.

Even after we allow for the incompleteness of our factual information about the daily lives of Elizabethan artisans or eighteenth-century farmers in Virginia, the great multiplication of articles long familiar, the introduction of new commodities and services, and the changes in the means by which they are obtained show that this revolution in consumers' satisfactions is the counterpart of fundamental and dramatic innovations in science, technology, and organization. A rough estimate

suggests that no longer than a hundred years ago a consumer had only about seventy-two wants, involving sixteen necessities, and that now he has 484 wants, involving ninety-four necessities. Bus rides and fountain pens are new goods which now are necessities to some persons. In colonial America a person might make a choice among some three hundred items for all different purposes. At present a diligent shopper in a city may choose between 278 dentifrices for substantially a single purpose. Ninety thousand different commodities and services may be utilized directly or indirectly by a representative family in the course of a year. It must be admitted that much of the apparent increase of goods is explained in terms of new organization, which leads us to buy articles, such as bread and garments, which were formerly made within the household. Furthermore, many items counted separately are essentially alike. On the other hand, the reality of the increase appears in the employment of millions of Americans in the production of goods, such as automobiles, motion pictures, and radio programs, which were nonexistent a few decades ago.

A study by Rufus S. Tucker in *Barron's* of October 23, 1933, may illustrate the rise in planes of living in the United States since 1790. The author found that from 1791 to 1932 money wages had risen at the annual average rate of 1.8 per cent. The cost of living had gone up during the 141 years at the annual average rate of 0.8 per cent. Real wages, the commodities and services which money wages would buy, had risen on the average at the rate of 1.0 per cent a year. Of course, there had been ups and downs. Real wages fell most rapidly during wars, 1862–1865 and 1915–1918, and during other periods of expansion of credit, such as 1835–1837 and 1853–1857. They rose fastest just after wars, in the periods 1814–1817, 1865–1871, and 1918–1923. A qualification necessary in an interpretation of the figures is that they measure the changing fortunes of wage-earners who continued to hold jobs. In years of depression and unemployment, such as 1797, 1820, 1837–1838, 1893–1894, 1921 and 1930–1933, the real income of the whole group of wage-earners no doubt declined. A more favorable change not indicated by the statistics is the increase of services from public agencies, such as schools and health offices. Tucker concludes: "There is no example in history of a growth in the purchasing power of wage-earners comparable to that here shown. Not only did the population of the United States increase forty-fold since 1790, but the per-capita amount of goods and services consumed by the working classes quadrupled. This is indeed a striking achievement

and raises a strong presumption in favor of the laissez-faire economic system under which it was accomplished."

The real gains by wage-earners represent persistent and substantial improvement of the mode of life of the nation. The explanation of this improvement in terms of *laissez faire* assumes other factors which should be recognized explicitly. In addition to the very important condition of free enterprise, there are the related forces of new machines, new methods, and improved organization. The corporation is as significant as the machine. Great accumulations of capital have been plowed back into industry. Perhaps even more basic than any of these causes have been the virgin resources of two continents and the devotion of so many of the best minds—those of inventors, technicians, and managers—to the making of things and the increase of wealth.

The Role of the Consumer in the Economic System

In the system of *laissez faire*, the free economy, which is traditional in the United States, consumers are both the reason for production and the arbiters of the economic process. By their choices and rejections, which are individually insignificant but collectively decisive, they direct the current of production and control the flow of money incomes. That is, by their actions as buyers they determine what shall be produced, which enterprises shall make or lose money, the proportions in which land, labor, and capital are combined in production, and the prices which may be obtained in the market by the persons who supply these agencies of production. This highly simplified statement rests on the observation that in an economy which is both specialized and free each consuming unit, such as a family, must find some means of supplying to others goods which will be taken in exchange for the things needed to satisfy its own wants. The needs and gain-seeking of the specialized and free producer lead him to offer commodities and services which satisfy the wants of others. If his products harm others, they are refused. If he supplies wholesome and desirable goods, he is rewarded in accordance with his efficiency. If his prices are high or if quality is poor, competitors eliminate him. If his prices are low and if quality is good, he prospers. "He profits most who serves best."

This account of the consumer's function in selecting among and regu-

lating the activities of producers is true in a fundamental sense. There must be buyers for goods to be sold. In fact, the problems of an economy limping through prolonged depression with many plants and millions of men unemployed threw into stark relief the dependence of producers upon consumers. Mass production requires mass consumption. Yet this is only one side of a two-way relationship between consumer and producer. On the other side, sellers actively stimulate new wants by making individuals aware of novelty, shame, or prestige. The initiative of producers, the character of their offerings, and sales pressures profoundly influence both the supply of goods and the satisfaction of existing wants.

Moreover, buyers do not always want what is good for them and for society. A dollar spent to satisfy a perverted taste weighs just as heavily in the market as one offered for the most wholesome goods. Furthermore, consumers cannot possibly have all the time and the expert knowledge required to judge accurately the merits of many goods which they use. This makes competition between buyer and seller one-sided. Differences in financial resources make the bargaining still more unequal.

Even if men as consumers were more rational, better informed, more alert, and more equally supplied with purchasing power, difficulties on the side of production would obstruct the perfect working of the free economy. Men as producers differ in intelligence, energy, ethical standards, and financial resources. They are, therefore, unequally successful in anticipating consumers' desires and in responding to the signals given by eager purchase of some goods and neglect of others. Their response is still more varied because the supply in some instances can be increased readily, as in the case of cotton cloth when mills are running on a part-time basis, and in other instances cannot be increased substantially for a long period, as in the case of plantation-grown rubber. A further difficulty in the way of letting consumers' choices guide production into the right channels and call forth just the right flow of finished goods is that some producers deliberately limit competition. This is characteristic of the use of patents and copyrights. The self-destructiveness of competition among enterprises supplying electric power and light, telephones, telegrams, gas, water, transportation, and motion pictures tends strongly toward monopoly. These exceptions to our traditional individualistic rivalry are so numerous as to make combination appear almost as natural and important as competition. To the extent that this is true the consumer can no longer reasonably expect to play fully the part which the philosophy of *laissez faire* assigns to him.

In the actual world there has, of course, never been a perfectly free economy. The consumer in the present economic system is in very significant degree the final arbiter of production. In addition to free and rational choices, however, there are customary, habitual, and impulsive actions. Buyers respond to the sellers' arts. They seek their interest as best they may in markets which are changing mixtures of competition, custom, combination, private monopoly, public regulation, and public monopoly.

Defending and Assisting the Consumer: THE NEED FOR DEFENSE AND ASSISTANCE

With all qualifications, the plain fact remains that American consumers have freedom, power, and enjoyment in large measure. Why, then, should they attempt to get more? In addition to the elasticity of human wants, the answer is that the majority of the people of the United States, although they are richer than the citizens of any other large nation, still have very modest incomes and tend to spend more than they make. The National Resources Committee estimated in 1939 that for the year 1935–1936:

> One third of the nation received incomes of $780 or less. Their average income was $471. Spending on the average $563, including gifts and taxes, they had a deficit of $92.
>
> The middle third of the nation had incomes ranging from $780 to $1,450. The average of this group was $1,076. Since their average outlay was $1,095, their average deficit was $19.
>
> The highest third had incomes varying from $1,450 to more than $1,000,000. Their average income was $2,959. Spending on the average only $2,393, their average savings were $566.

For 1929, a year of higher prices and wages, it was estimated that to maintain in this country a family of four in comfort and decency would require $2,100. More than 59 per cent of the families, however, had incomes of less than this amount.

In addition to limited incomes, consumers' handicaps include (1) some misrepresentation and fraud; (2) a great deal of confusion of weights, qualities, and conditions of sale; and (3) personal insensitiveness to the ancient warning, "Let the buyer beware!"

Basically, the way for the consumer to have greater satisfaction is for

the community to produce more and better goods. Great improvement of the material conditions of life may be attained by wiser consumption, but the wisest consumer must have existing goods. Moreover, proposals to "share the wealth" of existing goods by simple redistribution reflect an understandable yet naïvely static and mechanistic concept of the nature of wealth and income, which actually flow from dynamic and organic activities. Incomes are produced by work and the use of property. Almost as completely, the substance of wealth depends upon accompanying activities. Thus the amount of wealth embodied in a factory or a store depends upon the effectiveness of its use in production. The Ford Motor Company and Sears, Roebuck and Company are outstanding illustrations of this. Even the value of a residence changes with the fortunes of the neighborhood. The production of commodities and services can be modified, controls can be shifted, and the products can be diverted to new hands, but there must be the flow of goods or the recurring needs of consumers will go unsatisfied. This obvious truth, our traditional economic individualism, and a significant interest in production as an end in itself have combined to limit efforts by consumers or by others in their behalf.

Despite the bias toward leaving the consumer's welfare to his own efforts and the beneficent working of the competitive system, there are now impressive private and public undertakings to defend and assist him. Some of them, such as budgeting, education in buying, honest advertising, and the provision of specific descriptions of packaged goods, enable the consumer better to play his role in the competitive economy. Other arrangements, illustrated by the Federal Food, Drug, and Cosmetic Act of 1938, supplement and correct the working of the free economy within the general limits of the traditional system. Undertakings of a third type, such as consumers' co-operatives, public regulation of the utilities, and municipal operation of water systems, depart more fundamentally from the traditional competitive system. In a fourth type, illustrated by public schools and programs of social security, men as consumers obtain benefits from enterprises directed toward the broader objective of the interests of citizens and the welfare of the community. These last enterprises represent extensions of the functions of government which are defended on the ground that they promote ends of great public utility which would not be attained if left to private enterprise under *laissez faire*. They are discussed in Chapters XIII and XXI.

The other three types of defense and assistance of the consumer require further study here.

HELPING THE CONSUMER TO PLAY HIS ROLE IN THE FREE ECONOMY

Consumers are learning that Providence and the government help those who help themselves. A way to begin which is widely recommended, possibly by some who find it easier to give advice than to follow it, is to plan expenditures and to buy shrewdly. A budget of the use of income does not increase the number of dollars, but it may bring greater satisfaction for each dollar spent. The economist's ideal of spending is attained when the consumer cannot possibly increase his satisfaction by shifting a single dollar from what is actually bought to any alternative purchase. This assumes that the consumer wants the right things and that he buys rationally and efficiently. Changes of our wants and the inherent difficulty of applying quantitative measurements to them, in addition to the hazards of the market, make complete realization of this ideal unlikely. Yet attempts to reach it are worth while. According to one serious estimate, careful planning and buying may obtain as great satisfaction from $1,000 a year as $1,200 or $1,300 yields to the impulsive or habitual buying which actually occurs. Of course, planning takes time and energy, and shrewd buying deflates the exhilaration of a fling on payday.

Businessmen give much protection and assistance to consumers and might give more. Advertising is the most conspicuous and controversial aid. Perhaps $1,500,000,000, about 3 per cent of all expenditures by consumers, is the nation's bill for advertising. This varied and colorful appeal to buyers stimulates wants, gives information, enables producers to increase volume and reduce cost, and supports papers, magazines, and radio programs. Valuable as this service is, it lends itself to serious abuses. Exaggeration, distortion, and downright fraud had become so formidable that in 1911 *Printer's Ink* and the Associated Advertising Clubs of the World promoted organization to raise the standard of advertising and to prosecute violators of law. Better Business Bureaus now attempt to protect honest merchants and consumers from unscrupulous dealers. Their chief weapon is publicity, which accomplishes much and would do more if consumers were more alert and less credulous. The National Association of Better Business Bureaus has adopted for businessmen a ten-point

Fair Trade Code for Advertising and Selling, beginning with "1. Serve the public with honest values, 2. Tell the truth about what is offered," and concluding with "10. Avoid all tricky devices and schemes . . . which prey upon human ignorance and gullibility."

A few dealers supply tests of the quality of wares. R. H. Macy and Company of New York City inaugurated in 1927 its Bureau of Standards, which in the first eleven years of service tested 234,000 samples of merchandise. The Household Finance Corporation has issued useful bulletins on clothing, foods, furnishings, household articles, and accessories for automobiles. The Good Housekeeping Institute is a more debatable case. Articles tested and approved, without charge to the manufacturer, receive the *Good Housekeeping* Seal of Approval. This seal appears in the magazine's advertising and as a label on the approved products. Purchasers are assured that an approved article is as represented and that those proved to be defective will be replaced or the buyer will have his money back. This sets up a presumption that approved goods will be reasonably satisfactory. It does not give sufficient help to a buyer trying to compare prices and qualities. Indeed, although Dr. Harvey W. Wiley testified that during his seventeen years as head of the Institute he refused more than a million dollars' worth of advertising, the magazine must be torn between obligation to its readers and consideration of receipts from advertisers. In 1941 the Federal Trade Commission ordered *Good Housekeeping* to change its practice in issuing seals of approval and guarantees.

Producers' aids to consumers as consumers rather than to buyers who take goods off their shelves are exceptional. In the United States 169,000 manufacturers and 1,654,000 retail stores operate to make a profit from a national market of continental proportions. Under the pressure of gain-seeking and competition, sellers are likely to regard the consumer as "just another natural resource to be exploited." Of course, most producers have a pride in their product and a warm, human desire that the buyer may get his money's worth in wholesome goods. Only drug stores and similar enterprises are in business for the sake of health, however, and they cannot stay in it long unless they pay expenses.

Not expecting protection and assistance from the majority of sellers, careful buyers may turn to private agencies and to the government. The American Medical Association's magazine *Hygeia* supplies sober and realistic information about foods and drugs. The American Dental Association provides lists of approved preparations. Consumers Research

and Consumers Union, established in 1929 and 1936, supply both general and specific information to subscribers. The general *Bulletin* of Consumers Research may be had for one dollar a year. The confidential service at two dollars a year presents technical findings and rates articles as "recommended," "intermediate," or "not recommended." Each of these organizations has less than one hundred thousand members. Their finances depend upon membership fees and receipts from publications. Their specific ratings are confined largely to trade-marked articles. The laws of libel allow them far less latitude in reporting on wares of others than is permitted to dealers advertising their own goods. Their combined effect upon the vast American market is thus narrowly limited, but they may offer to the consumer the kind of aid which will grow.

A few state and local agencies provide specific information for consumers. Of these the State of North Dakota is the extreme example. It publishes the results of tests by the state chemist of foods, drinks, drugs, and feeds, stating the brand name and the manufacturer's name. In New York City the Consumer Service Division of the Department of Public Markets, Weights, and Measures presents a five-minute radio broadcast. It reports on the current supplies and prices of goods and makes suggestions on cooking. The broadcast is estimated to reach 1,500,000 housewives.

Agencies of the federal government issue many bulletins and reports. The Consumers' Counsel Division of the Agricultural Adjustment Administration has since 1933 supplied free the biweekly *Consumers' Guide*. It attempts by publicity and comparison of prices in fifty-one cities to prevent unreasonably high prices. The editors publish factual articles in intelligible language under such titles as "How Much Cream—and Air—in Your Ice Cream?," "False Bottoms Up," and "Do You Want to Buy Sheets by Standard or by Guess?" The Department of Agriculture offers *Present Guides for Household Buying*, a pamphlet of twenty-five pages, and *A Fruit and Vegetable Buying Guide for Consumers*, a sixty-page bulletin, for five cents each. A full list of "government publications of use to consumers" requires eighteen pages in Price List 76, issued by the Superintendent of Documents. The Bureau of Fisheries of the Department of Commerce supplies a *Market News Service*. From the Consumers' Counsel of the National Bituminous Coal Commission come publications with the titles *How Much Heat*, *The Consumer Speaks*, and *Know Your Coal*. The Department of Agriculture goes on the air in *Housekeepers' Chats*, a daily release to three hundred radio stations. The

Bureau of Home Economics, beginning in 1923, has supplied the most comprehensive and systematic information regarding food, clothing, shelter, household supplies, budgeting, and health. An amendment of the Food and Drugs Act in 1934 authorized the administrators of this act to inspect the packing of sea foods upon request by the packers. The inspected company is obliged to place prominently on its label the statement "Production Supervised by United States Food and Drug Administration." The packers of canned shrimp were the only ones to request inspection up to 1938. In the salmon industry 92 per cent of the firms voted against inspection.

Although trade is inseparable from weights and grades, the confusion of standards is one of the most stubborn obstacles to rational behavior on the part of consumers. It is not easy to establish standards, especially of the grades or qualities of wares, but at the present time even the most prudent buyer is baffled by vague or irrelevant descriptions, special vocabularies peculiar to the trades, and multiplicity of brands and containers. Of 10,500 labels of canned goods recently studied, only 10 per cent had clearly intelligible terms such as *Grade A* or *Fancy*, except that in one group, corn, 18 per cent were clearly labeled. The inventiveness of advertising copy writers was put to unnecessary strain to devise 254 different phrases to describe the sizes of canned peas. Language is enriched and the consumer impoverished by grading asparagus as Colossal, Jumbo, Extra Select, Select, Extra Fancy, and Fancy, a sequence in which Fancy represents the poorest grade. The first grade of eggs in Illinois is designated by the letter A, in Iowa by the term Special, and in New York by the word Fancy. The Department of Agriculture recognizes four grades of eggs: first, U. S. Special; second, U. S. Extra; third, U. S. Standard; and fourth, U. S. Trade. In the Silverware Manufacturers' Code the symbol A-1 was demoted to indicate the sixth grade. The other grades were: first, XXXX; second, XXX; third, XX; fourth, AA; and fifth, A +. Distinguishable grades of milk are emerging, but the first grade is still offered under the various terms A, AA, Selected, Special, Baby, Raw, and Guaranteed, and the second grade under the terms A, B, Standard, and Raw. Some improvement has been attained. In the case of milk, more than seven hundred municipalities have adopted the definitions of grades proposed by the United States Public Health Service and the Bureau of the Dairy Industry of the Department of Agriculture. The National Bureau of Standards has assisted in reducing the number of different sizes of cans in commercial use from two hundred

to twenty-seven. Canada uses only eleven different sizes. In the United States further simplification is desirable. The sizes most frequently used are No. 1 Tall, No. 1 Eastern, No. 2, No. 2½, and No. 303. Nos. 2 and 303 appear very much alike, yet the second of these two may be put inside the first. Four of the No. 2 cans contain as much as five of the No. 303, yet different quantities of the same products in the two cans often sell at the same price.

Further improvement is possible. It is not really necessary that a buyer judge soap by the charm of the debutante who endorses it or the quality of canned milk by the sportive capers of fairy-tale cattle which distract the attention of readers seeking the broken fragments of honest fiction. Businessmen who buy in large lots have found that objective standards are manageable and economical. A yarn mill does not buy cotton in general but Strict Middling cotton, Strict Low Middling, or some definite one of the nine different grades. The American Standards Association, including twenty-six industrial associations, eight departments of the federal government, and eleven technical societies, helps five hundred different organizations to co-operate in voluntary establishment of standards. Governmental agencies increasingly buy by specification rather than on the basis of slogans and pictorial suggestion. The National Bureau of Standards, which succeeded the Office of Standard Weights and Measures in 1901, prepares specifications and makes tests which are estimated to save the federal departments as much as $100,000,000 a year. The consumer, who typically buys in small lots, has not the time or the means to match the efficiency of large purchasers. May he not, then, reasonably expect the government to establish and enforce more standards as well as to supply information? State departments of weights and measures already do much to protect consumers and honest sellers, especially in the cases of gasoline and groceries. Ten states require that eggs be graded. Forty states specify how many pounds of fruits, vegetables, and grains shall make a bushel. The net weight of packages of foods and drugs entering interstate commerce must be shown on the package. Under the National Bureau of Standards' "willing-to-certify plan," some 10,000 firms have voluntarily asked for listing as being ready to guarantee to purchasers upon request that the goods supplied by them conform to federal or specific commercial standards. So far this plan is serviceable mainly to large purchasers. The ultimate consumer might be greatly assisted if the plan were extended to provide for nation-wide publicity for those firms whose products meet the requirements of

demonstrable standards. This would, of course, put heavy responsibility upon an agency subject to political control.

CORRECTING RELATIONS BETWEEN THE CONSUMER AND THE ECONOMY

In addition to private and governmental attempts to help the consumer more effectively to play his part in the free economy, there are other arrangements which either restrain producers or strengthen consumers without making fundamental changes in the traditional system.

The community has in particular and exceptional cases decided that individuals are not competent unaided to achieve wise use of goods. Thus the use of alcoholic beverages was from 1920 to 1933 the object of national control under the Eighteenth Amendment to the Constitution. Colonial and local governments licensed and regulated the sale of intoxicating liquors long before the American Revolution. Maine adopted state-wide prohibition in 1846, and many states and localities still impose some measure of restraint. Those which legalize the sale of liquors commonly provide for public regulation of the conditions of sale. Narcotic drugs are a less controversial example of exceptional need for governmental restraint of buyer and seller. The prevention of fraud by mail is another responsibility of the government, which officials of the Post Office Department have borne with credit since 1872.

Extended governmental intervention to protect the consumer in the purchase of goods was revived in this country in the middle of the nineteenth century. In 1848 Virginia enacted penalties of fine and imprisonment for "any free person who shall knowingly sell any kind of diseased, corrupted, or unwholesome provisions, whether for meat or drink, without making the same fully known to the buyer," and penalized similarly any "who shall fraudulently adulterate for the purpose of sale any drug or medicine, in such manner as to render the same injurious to health." Agitation for federal regulation began after the Civil War, but it was not until June 30, 1906, that the first Pure Food and Drugs Act passed both houses of Congress. The first bill had been introduced in 1889, and a total of 140 bills had died without enactment. By the act of 1906 Congress for the first time introduced the principle "let the seller beware" into market relations in which the burden of wariness had lain most heavily upon the buyer. Administered by the Department of Agriculture, the provisions of the act reduced the volume of injurious and

flagrantly adulterated commodities, despite inadequate budget for enforcement, long delays in the courts, and small penalties. The total appropriation for the Food and Drug Administration of 1937 was $1,968,637, a sum less than the annual outlay of each of several leading national advertisers. The federal expenditure for enforcement was 1.5 cents per capita; in the same year the estimated total cost of all advertising was $11.54 per capita. Trials of offenders sometimes went on for years, in the case of the sellers of one medicine for ten years. Penalties for sale in interstate commerce of an adulterated or misbranded product were fines of not more than $200 for the first offense and $300 for each later offense, or imprisonment for one year. From 1906 to 1931 only two convicted persons were imprisoned. The sentence of one of these was remitted, and the other sentence confined a poor alien. During the period 1932–1935 fines ranged from one cent to $4,500. A manufacturer fraudulently claiming that his patent medicines would benefit sufferers from rheumatism, Bright's disease, and diabetes was fined five cents. A chronic offender in the sale of misrepresented citrate of magnesia paid $4,500.

Along with inadequate enforcement, the Pure Food and Drugs Act of 1906, and the six amendments of 1912–1934, failed to cover the field of food and drugs. Standards for foods were not required. Actual supervision of production in factories applied only to shrimp. Cosmetics and most forms of advertising were beyond the reach of this statute. On June 6, 1933, Senator Royal S. Copeland introduced Senate Bill 1944, often called the Tugwell Bill, which provided for wider coverage and severer penalties. It applied to cosmetics and curative devices. False advertising of foods, drugs, and cosmetics was prohibited. The bill required more specific information on labels and provided that factories might be forced to operate under a federal permit if necessary. Hearings, compromises, revisions, and delay buried the measure. On January 3, 1935, Senator Copeland introduced Senate Bill 5. This bill was so favorable to those it was intended to regulate that most consumers' organizations opposed it. Congress adjourned in June, 1936, without enacting it. Again, in the Seventy-fifth Congress, in January, 1937, Senator Copeland introduced a bill, but there seemed little chance of passage. Action of the legislatures of Maine and Louisiana imposing intrastate regulations suggested, however, that in the absence of reasonably adequate federal regulation a diversity of state controls might seriously impair the national market upon which large-scale producers depend. A more compelling impulse to congressional action came from the death in 1937

of seventy-three or more persons as a direct consequence of taking a drug called Elixir Sulfanilamide. Only six of the 240 gallons produced were sold and used. Had the rest not been seized by the Food and Drug Administration, the deaths might have numbered more than three thousand. If the word "solution" had been used on the label instead of "elixir," the consumers would still have died, but the offending manufacturers would have escaped criminal action under the act of 1906. After a report with recommendations from the Secretary of Agriculture and further consideration in Congress, Senator Copeland's bill in modified form became law as the Federal Food, Drug, and Cosmetic Act of June 25, 1938.

The first six chapters of the new act provide for substantially increased protection of consumers. First, it is more inclusive, covering cosmetics and curative devices as well as foods and drugs. It requires more definite information on labels and limits the use of deceptive containers. Second, control over food is extended. Foods containing poisons naturally present as well as added poisons are subject to regulation. Prohibited adulteration is more comprehensive, including, for example, production or storage under unsanitary conditions. Third, there is greater control over drugs. Those intended for diagnosis of illness or for changing a person's weight are subject to regulation. In prosecutions it is no longer required that a manufacturer be proved to know that his false labels are false, as was necessary under the previous act. Fourth, enforcement is possibly strengthened by authorization of more inspection, wider jurisdiction of federal courts, and heavier penalties, extending to a fine of $10,000 and imprisonment for three years. On the other hand, Chapter Seven of the act weakens enforcement by providing explicitly for review in the United States Circuit Court of Appeals of regulations legally protested by producers. Moreover, the Secretary of Agriculture must hold public hearings upon the issue, change, or repeal of many of the regulations, and after the hearings ninety days must elapse before the regulations take effect. Obstructive calls for repeated hearings may delay enforcement longer.

In the course of discussion of Senator Copeland's earlier bills, the Senate had favored administration by the Food and Drug Administration of any federal control of advertising which might be approved. The House wished the Federal Trade Commission to have this authority, arguing that the problem of advertising extended beyond food and drugs. The two bodies remained deadlocked on this issue for four years,

but finally, in 1938, the view of the House prevailed. Congress amended the Federal Trade Commission Act, making "any false advertisement" unlawful and setting forth elaborate and necessarily complex descriptions of the offense:

> The term "false advertisement" means an advertisement, other than labeling, which is misleading in a material respect; and in determining whether any advertisement is misleading, there shall be taken into account (among other things) not only representations made or suggested by statement, word, design, device, sound, or any combination thereof, but also the extent to which the advertisement fails to reveal facts material in the light of such representations or material with respect to consequences which may result from the use of the commodity to which the advertisement relates under the conditions prescribed in said advertisement, or under such conditions as are customary or usual.

Enforcement follows the usual procedure of the Federal Trade Commission. Violators of the law are given an opportunity to show why an order to cease and desist should not be issued. Formal orders by the commission to cease and desist from specified false advertising are subject to review by the courts. The commission seems to prefer negotiations with offenders with a view to voluntary abandonment of questionable or unlawful practices. For example, certain automobile finance companies were persuaded to stop advertising a "6 per cent plan" of installment payments. The commission encourages trade associations such as the National Retail Dry Goods Association to prepare and adopt rules of fair trade practice. It is too early yet to judge the working of this law, which leaves so much to the wisdom and energy of the commission.

Fundamental Changes in Consumer Relations

Increasing the knowledge of buyers and fixing the conditions of competition of sellers are quite consistent with the traditional system of economic individualism. There are, however, other arrangements which change more fundamentally the relations between the consumer and the economy.

CONSUMERS' CO-OPERATIVES

Consumers' co-operatives in our country are now a very restricted example of basic change. There are relatively few of them. Members

were 0.56 per cent of the population of the United States in 1935, while in Denmark the percentage was 8.70, and in Great Britain it was 16.08. Excluding the Soviet Union, there were in all countries 19,500,000 members of consumers' co-operatives, some 17,000,000 members of credit unions, and more than 1,000,000 members of housing co-operatives. These enterprises multiplied in the United States after the First World War and especially after the depression beginning in 1929. In 1940 the number of co-operatives had risen to 11,000, with 3,000,000 members, and carrying on business amounting to about $500,000,000.

The purposes of co-operatives are: (1) to gain advantage in quantity, quality, and price for the members; (2) to oppose combinations and monopolistic price-fixing by introducing the competitive power of an organized group; and (3) to work toward the substitution of co-operation for profit-seeking competition. Perhaps members of most American consumers' co-operatives who look beyond the immediate objectives of lower prices and patronage dividends think of operating within the traditional system. Producers organize in corporations and trade associations. Laborers have their unions. Why should not individuals as consumers seek the power of organization too? Nevertheless, the difference between co-operation and individualistic competition should be faced. Many co-operators have faced it, both the Rochdale pioneers in England and officials of present-day co-operatives in California having said openly that dislike of competition and belief in co-operation were important reasons for their part in the movement.

Consumers' co-operatives in the United States are concerned with a wide variety of commodities and services, including groceries, students' supplies, gasoline and oil, farmers' supplies, funeral services, hospital savings, insurance, and credit. The retail co-operatives distributed $183,000,000 worth of goods in 1936, and credit unions made loans amounting to $112,000,000. Yet these transactions were small in comparison with the total retail trade of the previous year, $33,161,276,000, and the $48,458,000,000 of loans and discounts outstanding on June 30, 1936.

Agencies of the federal government have assisted co-operatives by providing information and financial support. The Bureau of Labor Statistics, the Farm Credit Administration, and the Consumers' Counsel Division have published bulletins showing how consumers' co-operatives should be organized and managed. The Farm Credit Administration supervises the Federal Credit Unions which were authorized by Congress in 1934. The Tennessee Valley Associated Co-operatives, though largely

of the productive type, have enabled consumers to obtain electrical equipment at low cost.

In general, co-operatives have achieved only a limited development in the United States, and most of the successful ones have been rural rather than urban. One clear reason for the small importance of co-operatives in retail trade is the difficulty of surpassing the efficiency of the conventional stores. Moreover, wage-earners in the United States are better paid, move about more, and have less fixed class feeling than most of the European workers who organized and supported co-operatives. The co-operatives run into additional obstacles in the state laws on corporations, which were intended for private enterprises operated for profit and regulated by competition. Although thirty-five states had enacted measures to facilitate co-operative organization up to 1937, there remained legal barriers to the limitation of each member's control to one vote whatever the number of his shares, and to the denial of voting by proxy. In five states there was doubt of the legality of paying patronage dividends to nonmembers. Although one state, Wisconsin, is preparing a basis for co-operation in the future by requiring under a statute of 1935 that instruction in co-operative marketing and consumers' co-operation be given in the schools of the state, it appears improbable that these undertakings will soon be a major factor in the national economy.

PUBLIC REGULATION AND PUBLIC OPERATION IN TIME OF PEACE

Many vital commodities and services have long since been set aside as ill adapted to competition. Railroads, telephone and telegraph systems, facilities for power, light, water, and gas, postal services, bus lines, and the radio are "natural monopolies of organization." Numerous competing producers tend to destroy one another or to combine. Accepting the inevitability of this tendency, a community usually resorts either to public regulation or to governmental operation in order to protect consumers and the public interest. The working of these parts of our economic system is discussed in Chapter XXI. Whether the monopolistic organization is nearly complete, as in the case of the telephone, or is only partial, as in the case of the railroads, the free choices of consumers do not regulate directly the prices charged or the conditions of service. Instead of the haggling of the market, governmental officials, acting either as members of regulatory commissions or as operators of governmental enterprises,

determine the immediate terms of sale and have authority over the volume of output which is available to consumers.

GOVERNMENTAL SPONSORING OF PRICE-FIXING

Price-cutting is the traditional instrument of competition. The fall of prices of many basic commodities, coupled with heavy unemployment between 1929 and 1933, raised in dramatic form the question whether price-cutting might not be a deadly weapon. The program of the National Recovery Administration, in attempting to restore employment, to increase production, and to bring prices which had fallen much back into line with those which had fallen little, had the effect for a time of suspending the antitrust acts and abandoning price competition. To represent the interests of consumers the Consumers' Advisory Board, along with boards representing labor and industry, had advisory—not authoritative—responsibility in public hearings, conferences, and recommendations for prices and production under the codes. The Consumers' Advisory Board took the position that, though "destructive price cutting" should be eliminated, "whenever it is proposed to increase private power to control prices it should be vigorously urged that this grant be accompanied by arrangements for public control competent to cope with this greater power." Since the members of the Consumers' Advisory Board represented everybody in general but no one in particular, their immediate influence was less effective than that of the boards representing trade associations and labor unions. The practical consequence, therefore, was that prices were revised upward and fixed on terms set by representatives of private enterprises and labor. Nevertheless, even before the N.I.R.A. was voided by the Supreme Court, the spokesman for consumers, together with the more powerful influence of difficulties in administering the codes and outspoken criticism by dissatisfied business interests, had an important part in bringing the policy of the administration around to the old principle of "a competitive price made in an open market."

Price-fixing by agreement among sellers received a new and powerful impulse from the multiplication of "fair-trade laws" enacted by forty-two states and sheltered from the Sherman Antitrust Act by the Miller-Tydings Act of Congress. Under these laws producers of trade-marked goods may enter into contracts with retailers fixing the minimum prices at which the goods shall be resold. Persons acting under the fair-trade laws of the states are exempted from prosecution for conspiracy under

the Sherman Act. One defense of the laws is the doctrine, approved by the Supreme Court, that price-cutting may cause loss of good will to the producer. The goods most frequently affected have been drugs, cosmetics, books, and liquors. The California statute assisted in the establishment of a profit margin of 45 per cent on 1,216 articles. R. H. Macy and Company of New York reported that the prices of 2,602 branded items brought under the fair-trade law had advanced over their previous competitive levels. Of these, 1,124 cosmetics rose 8.6 per cent, and the prices of 709 books increased 17.4 per cent. The clash between illegal price-fixing under the antitrust laws and compulsory price-fixing under the fair-trade laws is not entirely reconciled by the idea that the antitrust laws are intended to restrain big business and the fair-trade laws to aid little business.

More comprehensive than the fair-trade laws are the state laws prohibiting sale below cost or requiring a given percentage of mark-up. Minnesota requires that retailers mark up their goods by at least 10 per cent. Recommending that New York adopt the Massachusetts Unfair Sales Act, the president of the Massachusetts Food Council stated in the New York *Times* of January 5, 1941:

> The Massachusetts Food Council, Inc., a voluntary trade organization created by the food industry in this State to police the Massachusetts Unfair Sales Act, has brought, in the short period of two years, a distinct halt to below-cost selling and has definitely stopped unrestrained competition. Reports show, for example, that the Massachusetts grocers' mark-up is 15 to 17 per cent greater on staple items having a quick turnover than New York State grocers, or any grocers operating without the protection of a well-enforced State Unfair Sales Act.

The Consumer in a Peacetime Economy

The consumer as the end and purpose of the economic process is the beneficiary of a marvelously specialized and productive organization. Powerful machines and distant workers labor to serve him. He is, also, the victim of pressure to keep up with the neighbors, of the cajolery and reiteration of advertisements, and of some shoddy or even harmful goods. Although he buys a few articles by shrewd bargaining with the seller, he takes or leaves most goods at prices which are fixed by impersonal forces of the market, modified by custom and influenced increasingly by private combination and public authority.

The persistent rise of planes of living during most of the last century

and a half coincided with an expanding economy of larger home markets, colonial opportunities, and mounting foreign trade. Frontiers of new business beckoned in geography and technology. Now, for the last decade at least, the geographic frontier is closed. It is hoped that raising the purchasing power of consumers will open a new frontier in the home market. If industry can find the means of utilizing creative invention and flexible organization in the service of masses of consumers, the expanding desires of the common man will call from agriculture and industry an ampler flow of better goods. But, for either private or governmental enterprise to have a chance to develop and serve this new home market, there must be an effective limit upon war and war economy.

The Consumer in a War Economy

When a nation commits itself to war or to effective preparation for war, the individual's economic interests as a consumer must be subordinated to his obligations as a citizen. In writing that "defense . . . is of much more importance than opulence," Adam Smith emphasized the basic truth that freedom is more vital than wealth and that security against aggression is greater than material prosperity. In war, the consumer ceases to be the "end and purpose of all production."

Along with the fundamental shift of purpose from consumers' satisfactions to political and military power, war necessarily introduces new driving forces and different regulations of the economy. It imposes national policy upon profit-seeking and suspends much of competition in favor of public control.

Thus, as our defense program gained momentum in the summer of 1941, the consumer began to feel the effects of reduced availability of familiar goods, rising prices threatening inflation, and tentative multiplication of governmental controls of production, transport, and prices.

Suggested Readings

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Chapter XXIII

THE LABOR MOVEMENT

The Nature of American Unionism

Throughout the last decade perhaps no domestic issue has so persistently interested the general public, filled newspaper headlines, and excited the business classes as has the labor question. The American labor movement, lethargic in the twenties, suddenly became dynamic in the thirties, and in doing so started a national debate between the friends and the critics of organized labor, a debate which at times showed more venom than comprehension, more hysteria than tolerance. The present chapter will attempt to discuss the American labor movement as objectively as possible, its origins and evolution, its hopes and significance.

The labor movement, defined broadly, is all of the collective activity of wage-earners that is designed to improve their economic and social conditions in industry. To achieve these ends laborers have resort to only two vehicles, the political state and the labor union. And in the United States from 1886 until recently organized labor, eschewing the state, has relied almost entirely upon the union for its purposes. Labor unions are not peculiar to the United States, but are to be found in more than fifty countries in the world—in fact, in all the industrial nations except Italy and Germany, where they have recently been suppressed. Thus they are a universal phenomenon in the modern age and seem to be an organic part of an industrial country's evolution.

Why does labor organize? Broadly speaking, for the same reason for which other groups have organized since the beginning of history: to protect themselves from an unfavorable natural or social environment. Since the beginning of the industrial revolution, the laborer bargaining with an employer for a job has usually been at a disadvantage. Human labor is the "most perishable of commodities." It cannot be stored. When a laborer has lost a day's work, he and his dependents have lost it and its earning power forever. Furthermore, the laborer has had no large re-

sources to fall back upon when idle. He has usually been more eager to get a job than the employer to hire. Therefore, under the immediate necessity of selling a perishable product he has accepted a wage-and-hour bargain which he would not have agreed to if circumstances had been different.

Added to these initial disadvantages, with the growth of mechanized mass-production industry have come others equally serious. In modern times the individual laborer has been more and more confronted with technological, seasonal, and cyclical unemployment, with the destruction of his skill, and with rapid superannuation (see Chapters XXIV and XXV). Moreover, because of the growth of great impersonal corporations, he has lost what little voice and weight he once had as a bargaining individual. For clearly John Jones as an individual cannot and does not bargain with the United States Steel Corporation over wages and hours. He either accepts what is offered him or refuses. Finally, in the last forty or fifty years in the United States, for a variety of reasons, the total opportunity for the average laborer to escape into the owning, managerial, or professional classes has been increasingly curtailed. And with increasing class rigidity has come an increased class-consciousness of labor.

With a feeling, then, that there was little hope for advancement, and in an unfriendly economic environment which he could not cope with as an individual, the American laborer did what his European brother had done years before: he gave up some of his liberty of action as an individual to join his fellows in a labor union and submitted to a common discipline in order to achieve by group action ends that he could not attain alone.

The evolution of American unions has followed closely the evolution of American industry. Before the Civil War, when industry was small, local, and relatively impermanent, unions were of the same character. It was only after the war, with the rise of the great national trusts and corporations, that permanent national labor unions were formed. The years from 1865 to 1901 witnessed the birth and growth of the Standard Oil Company, the United States Steel Corporation, and other large corporations, and at the same time, successively, of the National Labor Union, the Knights of Labor, and the American Federation of Labor. Of these three the A. F. of L. has alone continued to exist. Because of its great size as compared with other unions, it was the dominant force in shaping union organization and policy from its origin to 1935.

The American Federation of Labor, as the name implies, was and is

basically a loose federation of more than a hundred national and international unions. These national and international unions are more or less closely knit organizations of local craft unions spread throughout the United States, Mexico, and Canada. For example, the International Brotherhood of Bookbinders is made up of some 13,000 members formed into local unions in publishing and printing concerns. Each local union has its constitution, laws, and treasury, and each local union pays a part of the dues collected from its members into the treasury of the national or international union, which also has laws, officers, and a constitution to which local constitutions and laws must conform. The international and national unions in turn pay into the American Federation of Labor one cent a month for each of their members in good standing.

Since the early days of the Federation, however, a minority of its membership has not been organized on craft lines, that is, on the basis of skilled trades. The United Textile Workers and other organizations have from the beginning been industrial unions, made up of local units composed of all workers in one factory irrespective of their individual skills or tasks. But, because such industrial unions before 1935 did not constitute as much as one third of the total membership of the A. F. of L., and because they have been consistently underrepresented in national conventions, they have played a small part in the formation of policy. Consequently, the strategy of the A. F. of L. has been largely determined by and for the craftsmen, the aristocrats of labor.

Within the structure of the A. F. of L., constitutionally, the major power to determine policy rests with national and international unions and not with the Federation. Thus the Federation cannot call strikes, nor does it govern individual unions. And within the national unions, at least in the early days, much of the power rested not with the presidents or the executive councils of these unions but with the local union organizations. However, beginning about 1900, and paralleling the development in political government, a strong trend toward the centralization of power in union organizations has increased the importance of both the national officers and the Federation. For example, today, in most national unions, the national officers approve or disapprove a proposed strike of a local unit, and the local body, knowing that without such approval no financial aid will be given by the national treasury, usually abide by the decision. This trend, though beneficial from many viewpoints, has also brought its disadvantages. For labor today is confronted with the prob-

lem faced by democracies everywhere: how to reconcile increasing centralization of power with the democratic way of life. One authority not unfriendly to labor has remarked that labor leaders "have shown an exceptional capacity to maintain themselves in office."

The Unions' Objectives

Numerous European labor unions have emphasized a revolutionary policy of overturning capitalism and constructing a socialist or communist workers' state as of first importance in their general program. American union leaders, on the contrary, with few exceptions, have been essentially conservative in their politico-economic doctrines. Following the principles laid down by Samuel Gompers, they have generally taken the position that capitalism is so strong that it is useless to attempt revolutionary activity. Further, they have held that the reaction from any serious threat to capitalism would perhaps destroy the whole union movement that has been so laboriously built up over the years. Thus, pragmatically, American unionism has in general accepted capitalism—in fact, has fought radical activity and has bent its efforts to gaining through organization a higher share of capitalistic rewards for labor. Moreover, American unions, unlike European unions, have usually avoided the political method of obtaining their ends. They have had good evidence from the past that the political state has usually been antilabor and that in the American political system a labor party would be merely an impotent minority party.

This general policy of reliance on nonrevolutionary workshop organizations, sometimes called economic unionism, has certain very definite objectives. Among the first of these are higher wages and shorter hours. Organized labor argues that both of these benefit the employer as well as the employee. Shorter hours, it is maintained, mean less fatigue, and there is therefore more production in shorter hours than in longer. The assertion is also made that a minimum wage throughout an industry will produce more efficiency because the least efficient plants, barred from cutting wages, will collapse in face of the competition of the more efficient. Perhaps these arguments, to a degree, are not without justification. Unions demand equal pay for women and men performing the same task and a substantial increase in pay for overtime. The first of these demands rises from a sense of justice as well as from a fear that the

employer will substitute women for men. The second comes from a desire to increase the worker's salary, to force a more equitable distribution of work, and to protect the laborer from the strain of long hours.

A second union objective is to acquire a voice in the determination and administration of shop rules. Unions seek to determine in part what safety precautions shall be taken to protect the men, what sanitary facilities shall be supplied by the employer, and what shall be the nature of shop discipline. And, even more fundamentally, unions want to determine the speed of production, to acquire seniority rights in promotions and layoffs, and in some instances to limit the number of available workmen by apprenticeship rules and closed shops. Many critics have argued that unions, by their slowdown tactics, are restricting production and thus are socially harmful, that by their apprenticeship rules they are artificially creating a monopoly of jobs at the expense of idle workers, and in general are invading the historic right of the owner of property to control that property. The unions answer that by slowing down the excessive speed of work they are decreasing the number of crippled, insane, and superannuated workingmen and, while increasing production costs, are decreasing human costs and thus the final cost to society. As for the apprenticeship rules, unions maintain that they are doing exactly what the employer does every day, trying to adjust supply to demand. Further, they argue that the laborer has property rights in the job which must be respected as much as the employer's property rights in the plant.

Finally, in the list of union objectives are the demands for recognition of the union as the sole bargaining agent for the shop, for a preferential union shop, or better still, for a closed shop. Without the employer's recognition of the union as a bargaining agent, of course, any collective negotiation between employer and employee is impossible. In the preferential union shop the employer promises to give preference to union members in employing new men and in layoffs. In the closed shop it is mandatory that all employees be members of the union or lose their jobs.

No other element in the union program has been met with more determined hostility by the employer than the closed shop. Because it forces some employees against their will to join a union, employers maintain that the closed shop invades the freedom of individuals guaranteed by the Constitution. However, at this point the employers are not entirely frank. What they object to is not only the abridgment of the rights of their workers, but, also, the increased strength of the union. Labor, for its

part, wants the closed shop for two definite reasons: first, to get the "dues-dodger" who benefits by higher union wages but contributes nothing to the union; second, to prevent the employer from smashing the union by gradually hiring and firing men in such a way that the union majority becomes a minority.

Basic to the theory of the whole American labor movement is the process of collective bargaining. For it is by this implement that labor, securing a collective contract (sometimes known as a collective bargain or a trade agreement), secures and preserves its objectives.

Collective bargaining is simply the process whereby chosen representatives of the workers negotiate with the employer over wages, hours, and working conditions. If both sides agree in the bargaining, the product is the collective contract, which is nothing more or less than a written shop constitution. Such a constitution, often a many-paged document, prescribes in detail conditions of employment and layoff, hours and wages for each class of workers, shop rules and discipline, and sanitary and safety provisions (provided by the employer). It usually contains machinery for its interpretation and enforcement and provisions for a peaceful renewal when the bargain expires at the end of a prescribed term of one, two, or five years. The collective contract obtained by collective bargaining is thus the main objective of American labor unions. In the past the courts have held that such a bargain is only a gentlemen's agreement and not a contract enforceable at law. But in the last few years there has been a countertendency to consider a trade agreement a legal contract. Perhaps that is well both for the employer and the employee and for the maintenance of industrial peace.

If the majority of employers were willing to bargain collectively, the lot of labor leaders would be much happier. However, employers have not been of such a mind in the past and probably are not now. To persuade or force them to bargain, unions rely upon one main weapon, the strike. The strike is a walkout of workers in an effort to force the employer to accede to their demands. It is usually a futile weapon, however, if only a small minority of workers walk out, or if public opinion is decidedly against the union, or if the employer can find other workers to take the place of the strikers. To prevent the replacement of strikers the union resorts to the picket line, which by persuasion, intimidation, social pressure, and force seeks to prevent strikebreakers from entering a plant. It is usually at this point of the conflict that violence breaks out, sometimes initiated by labor, at other times by employers. The recent

slow-down strike, the sit-down strike, invalidated by the courts, and the general strike covering a whole region are only variations of labor's basic weapon.

The strike, however, is a dangerous weapon, and labor leaders recognize it as such. It is extremely expensive for labor even if successful. If lost, it often means the destruction of the union and the loss of a job for the individual. Contrary to some opinion, unions prefer to use it sparingly, to exploit the threat of it, and to settle most conflicts by negotiation or by the use of other weapons.

Unionism and Antiunionism, 1918–1929

Despite all its organization and its well worked-out techniques, the American labor movement remained relatively weak before 1932. In the space of half a century it had succeeded in organizing only 10 per cent of the organizable American workers (25–35 per cent were organized in Great Britain, France, and Germany). The explanation of this weakness is to be found mostly in the historic conditions of American life prior to the great depression. In a society characterized by the absence of an inheriting privileged class, by a tenacious democratic spirit, and especially by unbounded economic opportunity, the organization of a labor union, with its psychology of class-consciousness, was extremely difficult. The "shirtsleeve to shirtsleeve in three generations" tradition, reflected throughout all economic classes of the American population, was the antithesis of labor-union philosophy. And, although some of the reality of that great tradition never existed, and although more perhaps has disappeared, the spirit lingers on.

Because of the "American tradition" it has been difficult for union leaders to convince a laboring man that he ought to submit to union discipline, dip into his pay envelope for union dues, and belong to an organization the joining of which is testimony to his belief that he will likely remain for the rest of his life in the working class. The reality of the tradition has also obstructed union growth by the drawing off of competent union leadership into industrial management and other fields. The tremendous volume of immigration, supplying a constant flow of cheap labor, and the difficulties of organizing immigrants speaking different languages have been added barriers.

A second great force retarding union development in the United

States has been the attitude of the political governments of the several states and the nation. Reflecting the belief of middle-class America that, in a country of ample opportunity for the able, labor unions are a major nuisance, if not a menace, these governments, by their actions as well as by failure to act, have seriously crippled the whole labor movement. The willingness to use troops (as President Cleveland used them in the Pullman strike of 1894) and the reluctance of the legislative body to pass protective laws have not been confined to the federal government.

Of all the departments of government that labor has usually counted among its enemies, the most hostile has been the judiciary. Pre-eminently conservative, property-minded and with an antilabor bias, the courts have consistently in the past, by construing fundamental law, obstructed the development of organized labor. One of the judiciary's chief weapons against unions has been the injunction.* A writ based upon the legal theory that irreparable damage will be caused unless certain acts of questionable legality are prevented, the injunction was first used in labor disputes in the 1880's. Since that time more than two thousand of them have been issued. They are especially disliked by labor because—during a strike, at least—it is a judicial fiction that maintaining the *status quo* does justice to both sides. To labor, at least, it seems arbitrary that one judge should have the power to hold a man in contempt of court for breaking an injunction and to sentence him without trial by jury.

The decisions of federal and state courts that a "yellow dog contract" † was an enforceable contract at law, and that a union agent might be enjoined from persuading men who had signed such a contract to join a union, are pointed out by labor as another evidence of the material bias of the American judiciary. At different times injunctions and decisions handed down by different American courts in the past thirty years have made it illegal in certain cases for unions to strike in sympathy with other workers even in the same industry; to strike for a closed shop; to strike against an employer's violation of a contract; to encourage members through union periodicals not to trade with or buy the goods of certain firms; to encourage a man who has signed a "yellow dog contract" to join a union; to place more than one picket at each factory gate; to jeer,

* An injunction is a writ issued by a court prohibiting the commission of acts until the legality of the acts can be decided upon.

† The "yellow dog contract" is an agreement between the employer and the employee in which the employee promises not to join a union during the term of his employment.

hurl epithets, or grimace at strikebreakers while on a picket line. In addition some courts have at other times held (1) that peaceful picketing is a contradiction in terms and that therefore all picketing is illegal; (2) that, if a union is striking for what the court calls illegal purposes, all acts "connected with the strike" are illegal; (3) that, if one member of a union commits an illegal act, all the members of the union are financially responsible for it, wherever they were at the time of the commission of the act, and whether or not they had prior knowledge of the intention to commit the act.

A third great antiunion force in the United States has been located, of course, among the employers of labor. In a country where the government has been lavish with subsidies, while exceedingly reluctant to regulate, and where private property has been sacrosanct, it is natural for American employers to think of unions as the devil's own devices. From organized labor's birth, employers have argued that labor ought to bargain individually and that collective bargaining is contrary to the theory of true competition. They have advanced the legal argument that collective bargaining interferes with the constitutional right of individuals to contract freely for their services and that unionism strikes at the very heart of the institution of private property. They have charged that through labor disorders resulting from strikes the unions are in league against public peace and are the forerunners of communism.

At its best this theoretical opposition to unions has manifested itself in practice in "welfare capitalism," which is an attempt to kill unions by kindness. Some corporations, especially during the twenties, set up old-age and sickness insurance plans, profit-sharing devices, stock ownership, and recreational schemes to keep their workers contented. High pay and company unions dominated by the management were other means used to avoid the formation of legitimate unions. But, since relatively few companies resorted to this "hell-fare" capitalism (as organized labor designated it), and since the great depression ended most of these schemes, it has played a small part in the antiunion struggle.

Many employers, on the contrary, have preferred to use a more direct method in combating unions. They have formed unions of their own, known as employers' associations, to exchange information and present a common front to organized labor. And by using the blacklist,* the

* A blacklist is a register, kept by an employers' association, of workers suspected of union activity. The members of the association agree not to hire any man whose name is placed on the list.

lockout,* and the "yellow dog contract," by discharging union members and replacing them with nonunion men, and by hiring labor spies, professional strikebreakers, and company police, they have been quite successful. Elaborate plans which have proved especially efficient in breaking strikes have been printed and circulated throughout the country. The "Mohawk Valley formula," first used in 1936 in the Remington-Rand strike, attempts (1) to organize public opinion behind the company by a well-publicized campaign of threats to move the plant out of town; (2) to foment discord among the workers by financing a bogus back-to-work campaign; and (3) to get the aid of state troops by inciting violence, blaming it on the strikers and immediately labeling them as communists. This more violent antiunionism was exhibited at its worst in Harlan County, Kentucky. There, in a bitter battle between miners and owners, the owners saw fit, according to testimony before a Senate committee, to bribe officers of the law and to hire "road killers" to abduct, slug, bomb, and shoot union leaders and their families. The state's attorney in the district was simultaneously paid a monthly salary by the State of Kentucky and by each of three mining companies. The union men fought back in turn with gun, knife, and club, and civil war raged unrestrained by law in "bloody Harlan."

From the above it is apparent that unionism has had no easy road to travel—in fact, has had to fight, for every success, a most militant, resourceful, and determined opposition. It is no wonder that in the last sixty years of conflict men's tempers on both sides have at times momentarily blinded their reason and that raw death has resulted.

Postdepression Labor Legislation

Up to the First World War it was almost axiomatic in labor theory that unions waxed in strength during prosperous times and were severely crippled during depressions. The last twenty years, however, have disproved that axiom. In 1920 the organized labor movement, largely dominated by the A. F. of L., reached a crest of power. But during the next ten years, in the golden age of American prosperity, the membership of the A. F. of L. declined by more than a million (from about four to less than three million). A part of this decline was undoubtedly due

* When orders are low and inventories high, employers in organized shops have often locked out their men to break the union. That is, they have closed their shops with the warning that they will not reopen until the union has been disbanded.

to the abounding prosperity and to the institution of welfare capitalism by employers. A part was due to the unfriendly attitude of the government in the Harding-Coolidge era. But perhaps most important was the A. F. of L.'s conservative policy of "co-operation" and maintenance of the *status quo*. Having obtained a near job monopoly through collective bargaining, the skilled trades, which have controlled the Federation's policy, felt little concern for the unskilled workers, made little attempt to unionize them, and actually, if not officially, were opposed to the organization of the underprivileged Negro. At a time when automatic machinery and mass-production industry were rapidly displacing skilled workers, this policy was extremely ill advised. For year by year a greater proportion of the nation's labor pool was of the unskilled variety, exactly that portion of labor which William Green and the A. F. of L. had forgotten.

After the onset of the depression put millions of men out of work, including many of the middle class, a sharp change in the public attitude toward labor took place. Sympathy supplanted hostility. The Norris-LaGuardia Act of 1932, which sought to confine the antilabor activities of the federal courts to "reasonable" limits, reflected this change in Congress. Besides outlawing the "yellow dog contract" and requiring that most contempt cases arising from the disregard of an injunction be tried before a jury, the act stringently limited the granting of injunctions by federal courts. It expressly prohibited the granting of an injunction against (1) peaceful assembly, (2) payment of strike benefits, (3) peaceful notice of a strike "by advertising, speaking, or patrolling," and (4) joining a union or refusal to work. Moreover, it proclaimed that no union member could be held personally liable for damages done during a strike by other members of his organization. Subsequently a large number of states passed more or less similar legislation to limit the antiunion activities of state courts.

The real shot in the arm, however, that awoke organized labor from its ten-year sleep and made it a dynamic factor in American society came with the inauguration of Franklin D. Roosevelt on March 4, 1933. The New Deal, seeking a way to prosperity, arrived at the conclusion that a major cause for the great depression was the low standard of wages and incomes and the consequent low purchasing power of the masses of laborers and farmers. To rectify this situation Section 7a was inserted into the National Industrial Recovery Act. This section placed governmental sanction on labor's right to bargain collectively through repre-

sentatives of its own choosing; at the same time employers were forbidden to prevent the exercise of this right. The government hoped that the organization of unions after the passage of the act would result in higher wages and increased purchasing power.

This hope was not fully realized. The National Labor Board's lack of sufficient power to enforce the act, the vagueness in the wording of the section, and the general noncompliance of manufacturers all contributed to the law's ineffectiveness. Finally, in May, 1935, a Supreme Court decision held the National Industrial Recovery Act to be unconstitutional. One of the immediate results of this decision was the passage of the widely discussed Wagner Act.

The Wagner Act, constitutionally based upon a broad interpretation of interstate commerce power, endeavors, as its main objective, to encourage the organization of unions and the establishment of the institution of collective bargaining throughout the United States. To accomplish these ends the act states that the employer shall not engage in the following "unfair" labor practices:

(1) "To interfere with, restrain, or coerce employees" attempting to organize or to bargain collectively "through representatives of their own choosing."

(2) "To dominate or interfere with the formation or administration of any labor organization or contribute financial or other support to it."

(3) "By discrimination in regard to hire or tenure of employment or any term or condition of employment to encourage or discourage membership in any labor organization."

(4) "To discharge or otherwise discriminate against an employee because he has filed charges or given testimony under this Act."

(5) "To refuse to bargain collectively with representatives of his employees."

The Wagner Act provided for the National Labor Relations Board, composed of three members appointed by the President for a term of five years, to administer and carry out the purposes of the act. This body was given the power, upon an employee's charge of an unfair labor practice, to hold investigations, to issue a cease-and-desist order if in its judgment the charge was valid, and to appeal to the federal circuit courts for the enforcement of its findings. (The act grants to the board no power of criminal prosecution.) Finally, the board is empowered to make rules for and to hold elections among the workers in order to choose a representative for the purpose of collective bargaining.

C.I.O. and A. F. of L.

With a friendly government and the aid of the Norris-LaGuardia Act, Section 7a of the N.I.R.A., and the Wagner Act, the labor movement bloomed in the early years of the great depression. Strikes were numerous, labor organizers were ubiquitous, and the American Federation of Labor in October of 1934 proudly claimed more members (5,500-000) than at any previous time in its history. But with this sudden prosperity came grief. For, even as labor moved forward to new grounds, a basic issue split the whole labor movement in two, and by the creation of dual unions threatened the very life of the entire union movement.

For many years the craft-union directorate of the A. F. of L. had made little effort to organize the unskilled and semiskilled laborers. The few attempts made were mostly failures. And yet the introduction of modern machinery and mass-production methods had constantly increased the numbers of unskilled and decreased the total of skilled workers. Consequently, the union movement in ratio to the total number of laborers grew weaker by the year. The chance to organize the lower-paid workers was never better than after the depression, the effects of which were most severe among the ranks of the unskilled. When the national officials of the A. F. of L. still failed to appreciate their opportunity, John L. Lewis, head of the United Mine Workers, and other leaders of unions within the A. F. of L., whose members were mostly unskilled laborers, set about to organize all unorganized workers. However, a perplexing issue soon arose between Lewis and the craft-union officials dominating the A. F. of L. Should these hordes of new workers be organized into industrial unions, with all the workers of one factory or one industry belonging to one big union, or should they be split according to their occupational skills into various unions united with the old craft units?

The logic of the initial situation lay undoubtedly in the position taken by John L. Lewis. Automatic machinery and mass-production methods had so obliterated skills in the great corporate industries that to divide workers by the old crafts was nonsense. Moreover, for the sake of union solidarity and as a preventive of jurisdictional disputes, industrial unions were preferable. In addition to this question of union strategy, important personal issues of politics and power were mixed up in the struggle. In short, the control of the whole Federation by craft or by industrial union leaders was at stake. During the N.R.A. period one third of the total

membership belonged to industrial unions. But craft unions under the leadership of William Green had long controlled the policies as well as the high-salaried jobs of the Federation. If, however, the mass production industries were organized entirely upon an industrial basis, the old craft leadership would face the peril of being outvoted in the national convention and possibly the loss of position and salaries. And perhaps to the leadership of both sides these practical considerations became the main points at issue, much to the detriment of the whole labor movement.

The struggle broke out in open warfare in the Atlantic City convention of 1935. After a long debate and a fist fight between John L. Lewis and William L. Hutcheson of the carpenters' union, the convention by a majority of 3 to 2 sustained the so-called compromise: that in the basic industries industrial unions were to be formed. But after industrial unions were organized, the craft unions might incorporate any members belonging to their crafts. If a dispute arose, the Executive Council of the Federation, dominated by a craft majority, was to decide whether the men in question rightfully belonged to craft or to industrial organizations. And, since the industrial unions viewed this compromise as no compromise at all, but merely a device to save craft leadership, a split was sure to come.

A month later John L. Lewis, Sidney Hillman (head of the Amalgamated Clothing Workers), David Dubinsky (president of the International Ladies' Garment Workers), and five other labor leaders joined forces to form the Committee for Industrial Organization. The purpose of the Committee was not to form a separate union movement, but to encourage organization of workers in mass-production industries. Within a year thirteen national A. F. of L. unions had affiliated with the new body. The dynamic energy of Lewis, the intelligent statesmanship of Hillman and Dubinsky, and the financial resources of their powerful unions, particularly of the United Mine Workers, all contributed to a series of amazing successes. In a few short years the Committee organized thousands of workers in industries which hitherto had been unorganized. In particular the C.I.O. was successful in the so-called basic industries: steel, rubber, automobiles, metals, and machines.

The success of the C.I.O., which in a short time had more members than the A. F. of L., constituted a peril for the continued power and the leadership of the Federation. Opposed to the C.I.O. from the start, the Federation leaders, after calling for disbandment of the Committee,

finally, in 1936, suspended ten of the A. F. of L. unions affiliated with the C.I.O. When the suspension which deprived the ten unions of their right to attend and vote in the A. F. of L. convention proved useless, open war was declared. In retaliation, in 1938, John L. Lewis converted the Committee into a permanent Congress of Industrial Organizations outside the A. F. of L., and both sides set about organizing rival unions in the same industries. Thus labor fought labor, and dual unionism threatened the security and permanence of the whole union movement.

Friends of labor everywhere deplored this internecine warfare and called for peace through compromise. President Roosevelt himself brought pressure upon both sides to meet in a series of peace conferences. But, although it is probable that the rank and file of labor in both organizations wanted peace, their leaders were unable to agree. Both sides maintained that they would have to sacrifice too much in agreeing to the maximum offers of the other. Meanwhile, the name-calling, the struggle to organize each other's workers, and the fight revolving around the proposed amendments to the Wagner Act, had only served to fan the fires of dissension.

The struggle over the attempts to amend the Wagner Act is just one example of the effect of the split upon the continued success of organized labor. To obtain a momentary advantage over each other, both the C.I.O. and the A. F. of L. have attacked the Wagner Act. This weakening of the act by its friends has been largely due to the struggle between the two rival organizations to see which union shall be recognized by the National Relations Labor Board as the rightful bargaining agent in new election units. The law clearly states that the majority of workers determined by an impartial election held by the board has the right to represent all the workers in that unit. But the board alone has the right to determine what the size and character of the election unit shall be. In other words, it can decide that a whole industry, a plant, or a craft within a plant shall be that unit. The rub comes when one unit results in an A. F. of L. majority and another in a C.I.O. majority.

In its early days the N.L.R.B. more or less favored a plant or an industry as a unit. Immediately there came a cry from the A. F. of L. that the board was gerrymandering the election units to favor the C.I.O. The board then modified its policy and permitted craft units a separate place on the ballot. The C.I.O. immediately made strenuous objections. Later the board advised its officials to abide by the traditions of an industry in determining election units. That is, if it has been customary in the past

for an industry to bargain as a whole, or if the employers are combined in a geographical association, then the unit shall correspond. On the other hand, if the craft has been the traditional bargaining agent, then the craft shall be the election unit. But this ruling has failed to appease the Federation. It still contends in its publications that the board has administered the act "with manifest bias and prejudice," presumably because the C.I.O. has repeatedly won a far greater proportion of the elections it has contested. But the official figures show that in forty-eight cases involving violent disagreements between the two organizations over election units, the board has decided twenty-four of them in favor of the A. F. of L. and nineteen in favor of the C.I.O., and has compromised the other five.

The second center of opposition to the Wagner Act and the N.L.R.B. has, of course, been found among the employers of the country. Though many employers have accepted the theory of collective bargaining, the majority are still opposed to it and would, if they were able, destroy the force of the Wagner Act. That being politically impossible, they have focused their criticism upon specific features of the act and upon its administration by the N.L.R.B. The chief general criticisms of the act are (1) that the act as it now stands is unfair because it lists the unfair practices of employers and ignores the unfair practices of employees; (2) that the act violates the Constitution by denying the employer the right of freedom of speech; (3) that the N.L.R.B. in making a decision is at once prosecutor, jury, and judge, and that its procedure is therefore but a mockery of the judicial process; (4) that the act has not accomplished one of its basic purposes, that of keeping industrial peace, but instead has increased the number of labor disturbances and strikes.

The same critics have charged that in the administration of the act the N.L.R.B. and its examiners (1) have been utterly unfair to and biased against business, (2) have given little opportunity for the employers to present their side of the case, and (3) have made no provision to permit employers to appeal for an election even when the labor disturbance through no fault of the employers has resulted from a conflict between two unions.

Temporarily reconciling their differences in the spring of 1940, the A. F. of L. and the business interests of the country combined to bring pressure on Congress to change the act. The proposed amendments, which the C.I.O. opposed from first to last, provided for a change in the membership of the board, would have given the employers the

right to talk but not to act against unions, and would have contrived to make sure of the success of the A. F. of L. against the C.I.O. in industrial elections. Finally, a series of changes in administrative machinery would have seriously reduced the board's power. These proposals were passed by the House of Representatives but were defeated in the Senate.

During the spring of 1941, when the success of the national defense program became the first consideration of the nation, a wave of widespread public criticism was directed at unions and the Wagner Act. Numerous strikes punctuated this period of increased corporation dividends, rising prices, and greater employment. Demands for increased wages, jurisdictional disputes between the A. F. of L. and the C.I.O., and organizational drives were the most frequent causes for the work stoppages. And, as the job of rearming the nation was seriously obstructed, public opinion became less and less favorable to organized labor. Repeated demands were made in Congress of antistrike legislation. Seeking to avoid that harsh extremity, not used even during the First World War, the President created the National Defense Mediation Board composed of representatives from industry, labor, and the general public. Whenever an industrial dispute was certified to the board, it investigated the claims of both sides and then made its decisions, findings which at first were only advisory. It was hoped that the force of public opinion would constrain both parties to accept the proposed settlement. When that proved illusory, the government moved toward compulsory arbitration by seizing and operating strikebound plants where either of the two disputants had refused to accept the board's decision. However, considering the difficulties, the board had been very successful. Of the seventy-two labor disputes certified to it in the first three months of its existence, the board had settled sixty.

Conclusion

Attempting to evaluate objectively the validity of the criticisms of the Wagner Act is a rather difficult task. The charge of the employers that the act is biased in favor of labor is not a fundamental one. It could be answered that almost every act of government is biased in favor of some groups and against the interests of others—for example, the protective tariff. The act, as has been pointed out, does not list the unfair practices of employees because, as the past has shown, the employers can get ample redress for such acts in the courts. The special congres-

sional committee investigating the labor situation in 1940, however, indisputably brought to light some grave faults in both the act and its administration. Some of the field examiners and administrators of the board have undeniably approached their problems with anything but an objective spirit. The denial of freedom of speech to employers in a world where barriers protecting personal liberties are falling daily is a dangerous precedent. Provision should be made to permit the employer to present counterevidence and certainly to demand an election when a jurisdictional dispute between unions has, through no fault of his, interrupted production.

On the other hand, there is much evidence to indicate that the basic parts of the act are a helpful adjunct to an advanced industrial society and that on the whole the National Labor Relations Board has done a creditable job in its administration. Senator Wagner pointed out, in defense of the act, that the ratio of workers involved in strikes to the total employed was lower in 1938 than in any other year since 1932, and that that proportion was still lower in 1939. He also brought out the facts that the N.L.R.B. had adjusted 93 per cent of all its cases without formal hearings and had been phenomenally successful in the courts. Throughout four years, in twenty-four cases appealed to the Supreme Court, the findings of the board were reversed only twice and modified only three times. Certainly, after such a record, if they believe in the democratic method of solving industrial disputes by collective bargaining, the country and Congress should move very slowly before making any major modifications in the nature of the act.

Any objective investigation of modern unionism will turn up many evils. That a George Scalise, racketeer and sometime inmate of the Atlanta penitentiary for white slavery, could be the president of an A. F. of L. international union indicates that unions have much to learn about true democracy, as have many other American organizations. The restrictive practices of some unions in unreasonably slowing down production, and in curtailing labor supply to their own benefit and to the harm of fellow tradesmen, should be opposed as any industrial monopoly is opposed. The resort to violence which has all too often characterized the course of many unions will eventually lead to their destruction if it is not stopped. The racketeering and thuggery among union leadership in our larger cities is a menace to both the unions and society. A gunman is a gunman whether or not he carries a union card. Absolute dictatorship of unions throughout American industry would be as

socially harmful as the absolute dictatorship of management has been in the past. The heart of the industrial democratic way lies in that equality of power which demands compromise. Unions, as they are granted power, should develop a sense of responsibility to the public and the nation that has been sorely lacking in the past. But many of the above malpractices have come not from a fundamental flaw in union organization, but from the flaws in human nature that have cropped out in every institution known to man.

True unionism is the essence of industrial democracy. In a corporate economic world the individual unorganized worker lives in a totalitarianism and has little or no power to affect the course of the things his life and the happiness of his family depend upon. Industrial peon that he is, he may find his income raised, lowered, or wiped out entirely, and his working conditions changed, without his consent. By combining with his fellows he can meet his employer on a more or less even footing and through collective bargaining can come closer to that ideal of all democracy, government by the consent of the governed. If the 45,000,000 people in the United States who either work with their hands or are dependent upon those who work with their hands are not capable of applying Thomas Jefferson's great dream to industry, then only the letter of American democracy remains.

Suggested Readings

Brooks, R. R. R., *Unions of Their Own Choosing* (New Haven, Yale University Press, 1938). An intensive and sympathetic study of the work of the National Labor Relations Board.

Brooks, R. R. R., *When Labor Organizes* (New Haven, Yale University Press, 1937). A comprehensive account of modern labor unions in the process of formation and development.

Clark, M. R., and S. Fanny Simon, *The Labor Movement in America* (New York, Norton, 1938). Useful because of the emphasis upon the recent period, including the New Deal.

Commons, J. R., and others, *History of Labor in the United States*, 4 vols. (New York, Macmillan, 1918–1935). The standard American labor history.

Daugherty, C. R., *Labor Problems in American Industry*, revised edition (Boston, Houghton Mifflin, 1938). The authoritative work on American labor problems.

Perlman, Selig, *A History of Trade Unionism in the United States* (New York, Macmillan, 1922). Short but admirable study of trade-union development from its American origins until 1920.

Chapter XXIV

UNEMPLOYMENT

The Nature of the Problem

At the high point of American business recovery in 1937 a writer in an American magazine posed the question: "Are we to have 'recovery' with millions still out of work and on relief?" Perhaps an even more graphic presentation of the problem of unemployed Americans is found in the title and subtitle of an article in the February, 1940, issue of *Fortune:* "The Dispossessed. For nearly one-fourth of the population there is no economic system—and from the rest there is no answer." Both of these quotations are but particular ways of saying what most informed persons in the United States know today—that for the past decade there have been millions of Americans able and willing to work who could not find jobs. President Hoover stated the problem in unmistakable language: "There is no economic failure so terrible in its import as that of a country possessing a surplus of every necessity of life in which members, willing and anxious to work, are deprived of these necessities."

Americans keep elaborate records dealing with almost every conceivable economic phenomenon, from the numbers of hogs, bales of cotton, and bushels of wheat raised in a given year to the number of business failures, the value of exports and imports, and the quantity of bank loans. Yet we know relatively little about the number of persons who were unemployed, though able and willing to work and desirous of finding jobs, before 1929. Even after ten years of unprecedented depression and unemployment, two prominent columnists attracted nation-wide attention by disputing the figures of all reputable unemployment surveys and asserting that the actual figure was several million lower. Perhaps this lack of information on so vital a subject is the result of the belief held by most Americans that there was no "problem" of unemployment before 1929. Whether or not there was such a problem before 1929, certainly few would deny the seriousness of such a problem during the thirties. In fact, one of the striking things about unemployment is that all in-

formed opinion, irrespective of party or creed, is agreed that the reemployment of the millions of workers who are unoccupied through no fault of their own constitutes one of the nation's most critical problems. During the seven years from the middle of 1933 to the middle of 1939, Congress appropriated more than $12,000,000,000 for unemployment relief and more than $4,000,000,000 to stimulate private employment. The colossal armament program which is now under way has reduced unemployment and will certainly reduce it far more, but the cessation of hostilities will in all probability be followed by a new wave of unemployment.

It is impossible to state the exact number of the unemployed. In 1940 there were, it was estimated, eight or nine million persons in the United States seeking work. In other words, one out of every six or seven persons in the employable group was without a job; with their dependents they made up nearly 25,000,000 people—a group larger than the total population of all the New England states plus New York, larger than the combined populations of the nation's ten largest cities. Although figures are essential to an understanding of the magnitude of the problem, they may at times be misleading. For example, it is possible for them to overstate the problem because the unemployment of the head of the family may lead several other members, who would not normally be in the labor market, to seek work. Likewise, figures may understate because they take no account of partial employment or underemployment at reduced hours and decreased earnings.

Of the total unemployed, from a fourth to a third are found in manufacturing industries. In addition there are transportation workers on railroads, ships, and trucks, miners, farm laborers, clerks, salesmen, professional workers. Every walk of life is included in the unemployed. Fundamental is the fact that these workers without jobs are not an isolated part of the community. The remainder of the nation is not in some mysterious manner insulated and protected from the effects of unemployment. The welfare of the unemployed affects in a real way the prosperity of businessmen, farmers, property owners, and professional men. It is obvious that none of these groups can be prosperous unless the consuming public has the purchasing power to buy their goods and services. Moreover, mass unemployment affects those who are at work, for it tends to bring wages down, raise relief burdens, and increase taxes.

One of the first facts to be noted about the unemployed discussed here is that they are employable; that is, they are capable of doing some pro-

ductive work if a job is made available for them. They are not to be classed as hopeless wrecks or as persons too lazy and shiftless to work. These nine or ten million represent some seven million families. About a fourth of them are women, and many of them would probably stop looking for work if their husbands had jobs. In 3,500,000 families, representing approximately 4,500,000 employable workers and including perhaps 15,000,000 persons, there is not a single worker employed. Most tragic of all perhaps is the fact that of the young (aged 15–25) who desire jobs about 30 per cent are without work. What the future holds for these "depression graduates" (for many are graduates of high schools and colleges) few would care to predict.

What of the effect of unemployment upon these families? The descriptive terms—illness, disability, loss of self-respect and ambition, despair, physical and mental degeneration—tell their own story, the reading of which would prove dismal and disillusioning. After a period of prolonged idleness, the individual degenerates into a different person. One writer has correctly observed that "the unemployables of tomorrow spring from the unemployed of today." From his extensive knowledge of health conditions, Surgeon General Thomas Parran recently concluded: "Malnutrition in the United States is widespread and serious. Studies of diet among low-income families show that the foods consumed are inadequate in amount and deficient in minerals and vitamins necessary to maintain health. Malnutrition is not always apparent. Its effects are gradual in undermining health, in increasing susceptibility to diseases, and in preventing recovery from many infections." This opinion was supported in a survey made in 1936 by the United States Public Health Service. It revealed that people on relief and those with low incomes have more illness than the average in the community, and that on the average their illnesses last 63 per cent longer than the illnesses of those with annual incomes of $3,000 or more.

There are few who would doubt such effects of unemployment upon the individual and his family, but what of the social effect of unemployment upon the community? One estimate places the loss in national income since 1929 through unemployment at more than $130,000,000,000 (twice the total national income of 1938). In other words, the failure to use the unemployed workers and the idle machinery has resulted in incalculable losses to the nation in usable products—food, clothes, houses, automobiles, amusements, etc. In human terms, the loss is immeasurable.

When confronted with such staggering figures, Americans wish more

than ever for a return to the "good old days" before 1929. With close examination we find that these "good old days" were not nearly so good as they appeared. Paul H. Douglas and Aaron Director, in their study of unemployment in the United States over the thirty years from 1897 to 1926, found the average unemployment in all occupations to be approximately 8 per cent. If only manufacturing, transportation, mining, and construction are considered, the figure was 10 per cent. The census of 1900 revealed that almost 6,500,000 (22 per cent) of a total of 29,000,000 gainfully employed workers were without work during some period of the year; more than 2,500,000 were unemployed for from four to six months, and about 750,000 for from seven to twelve months.

Those who think unemployment is only a recent problem would have their belief quickly destroyed by a visit to the coal-mining areas of Pennsylvania, Illinois, and West Virginia, where over the past half century hundreds of thousands of workers in this "sick industry" have experienced unemployment. Severe fluctuations in employment have long been characteristic of the building trades, manufacturing, and transportation. In many "normal" business years as many as a fifth of the building workers have been without jobs. In manufacturing and transportation the usual percentage is five, but this rises to twenty during depressions.

That unemployment was present almost constantly before 1929 is indisputable. It is true, however, that only since 1929 has the United States been faced with persistent mass unemployment. In 1932 and 1933 the number of unemployed reached 14,000,000 or 16,000,000, and in 1938 it was 11,000,000. Even in the recovery of 1937, when some talked of a "runaway boom" in business, unemployment averaged between 7,000,000 and 9,000,000. The accompanying chart (Fig. 3) makes clear the magnitude of unemployment since 1929. Because the partially employed, entrepreneurs, the self-employed, and farm operators are excluded, the chart tends rather toward understatement than toward overstatement of unemployment.

The Causes of Unemployment

Any program to reduce unemployment should manifestly be based on a sound knowledge of its causes. Fundamental to an understanding of these causes is the fact that they are nation-wide (even international) and result largely from the imperfect operation of the economic system. America's economic system is an interdependent one: crop failures in the

Middle West may cause unemployment in the industrial centers of the East, and financial and managerial decisions in New York may throw men out of work in Birmingham.

Since the statement is often made that any man who really wants a job can find one, it might be well to consider first the personal causes of unemployment. It is true that some workers lose their jobs because they are lazy, shiftless, or unreliable; and undoubtedly some of the unemployed could be characterized as "loafers." But, however important such individ-

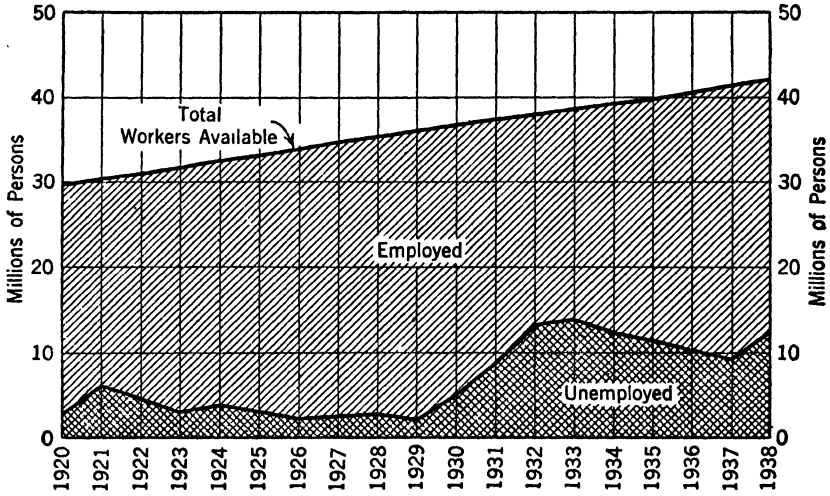

FIGURE 3. EMPLOYMENT AND UNEMPLOYMENT, 1920–1938, AS ESTIMATED BY THE NATIONAL RESEARCH PROJECT (W.P.A.)

Redrawn, by permission of the author and the publisher, from a chart in *Wasted Manpower*, by Corrington Gill (W. W. Norton & Company).

ual failings may be in particular cases, it is obviously absurd to say that they account for mass unemployment running into the millions. Personal characteristics are highly important in determing *who* is employed, but of relatively little importance in determining *how many* are without jobs. When industry needs workers, it will hire the less efficient if the more efficient are already employed. The important consideration is that industry needs more workers at one time and less workers at another time.

Industry is never stable; it is almost always either advancing or declining, quickly or slowly. At the peak of prosperity unemployment reaches its minimum. At all other times unemployment is either increasing or decreasing. It never disappears completely, however, because the various parts of the economic system are never in perfect adjustment. In an

economic society such as ours, with a specialized indirect system of production and with a relatively free movement of such economic forces as supply, demand, prices, and wages (all, however, subject to certain restrictions), change and variation are ever present. This lack of perfect adjustment in the various parts of the economic system is largely responsible for the existence of an "irreducible minimum" of unemployment; that is, however good business is, there will always be some workers without jobs. Experts now estimate the "irreducible minimum" for the United States to be about 10 per cent of those who work for wages and salaries; this means that over the next decade the *minimum* of unemployment will be from four to five million persons. The figure early in 1940—some ten million persons out of work—indicates how far unemployment was from "normal" at that time.

Any classification of the causes of unemployment would have to include the following kinds as highly important: (1) frictional, (2) seasonal, (3) structural (including technological), and (4) cyclical.

FRICTIONAL UNEMPLOYMENT

As has been indicated above, frictions of one sort or another are always present in an economic system of free enterprise and almost always result in some unemployment. For example, a drought in the wheat region may result in a short crop, which means unemployment for farm and transportation workers. Or unusually severe weather may halt building activity, thereby causing unemployment in building and related industries. Likewise, any miscalculation in business, such as an incorrect gauging of demand, necessitating a change in production schedules, may lead to the discharge of workers. Moreover, the workers themselves are an obstacle to the elimination of frictions in the economic order. Being human, they have likes, dislikes, special abilities, and ties of many kinds which prevent them from shifting instantaneously from region to region or from industry to industry. At any time there may be a shortage of labor in one industry or city and unemployment in others. Time and money are required to bring men and jobs together and to train men for new occupations.

Unemployment resulting from such frictions in the economic order may be termed frictional unemployment. It is not usually a serious social problem, for the workers are not likely to remain unemployed for a long time. Personal resources are often sufficient to tide them over short periods.

SEASONAL UNEMPLOYMENT

Seasonal unemployment is far more serious than its name might imply. Douglas and Director, in their study of unemployment, found that "seasonal fluctuations cause approximately 6 per cent of unemployment in manufacturing, construction, and mining industries." Weather variations from season to season affect many industries, notably clothing, heating, building, automobiles, and agriculture. Moreover, our holidays, which are related to the seasons, contribute further to fluctuations in production and employment. To illustrate, the automobile industry, one of the most seasonal industries, reaches its peak production in early spring and its low in the late summer. In the years 1924–1930 inclusive an average of 447,000 cars was produced each April and an average of only 190,000 each December, a decline of 57 per cent. That this entailed large-scale seasonal unemployment is obvious.

A variety of efforts have been and are being made to reduce seasonal unemployment. Harvesting gangs move from one area to another with the changing harvest season; some workers engage in more than one seasonal occupation. Business management has made attempts to regularize production and thereby produce steadier employment. These efforts have taken the form of campaigns to induce their customers to develop steadier buying habits, planning production ahead, and developing side-line products and off-season "fillers." Despite such efforts, seasonal fluctuations are still a serious problem in such industries as construction, clothing, automobiles, and coal mining. Frictional and seasonal factors largely account for the "irreducible minimum" of unemployment. Such services as employment bureaus and unemployment insurance seem the best means of alleviating seasonal and frictional unemployment.

STRUCTURAL UNEMPLOYMENT

Although the dynamic character of American economic life throughout its history has been the basis of a rising standard of living, change has also brought "dislocation, maladjustment, and insecurity." "Economic change and economic progress are direct causes of unemployment." Among the most important types of economic change are the following: increase in the working population; technological improvements; managerial improvements; development of new products; tariffs and other legislation; the gaining of new markets and the loss of old ones; the deple-

tion of resources and the discovery of new resources; changes in transportation; migration of industry.

Even when changes create as many new jobs as the number of workers displaced, the result is still an increase in unemployment. This is true because new, younger workers enter the labor market each year in larger numbers than older workers retire; the excess is approximately 600,000 new workers annually. This means, of course, that economic change must create *more* jobs than are taken away if unemployment is to be avoided. One reason why changes almost always add to the volume of unemployment, at least temporarily, is that displacement and new employment do not occur simultaneously; during the time lapse, displaced workers are without jobs. Moreover, some changes render some skills obsolete, thereby forcing workers to adjust themselves to new and possibly unskilled occupations.

That the depletion of resources in some areas and the opening up of new areas result in both unemployment and employment can be shown by many illustrations from recent economic development. The depletion of copper resources in Michigan resulted in a depressed economic area with a large amount of unemployment and a low standard of living. Forest depletion, especially in the Northeast and the Lake States over the past three decades, has had serious effects upon employment in lumbering and attendant industries. At the same time employment has increased in those occupations on the Pacific coast.

The Goodrich report, *Migration and Economic Opportunity*, paints dismal pictures of four "rural problem areas" in the United States that will not be greatly aided by the return of general prosperity to the rest of the country. These areas are victims of the exhaustion of resources—soil, forests, and minerals. The southern Appalachian area, including sections of Virginia, West Virginia, Kentucky, Tennessee, and North Carolina, is a region of high birth rate and low standard of living. Its lumber has been largely exploited, and its many closed coal mines have left "stranded communities." Small and infertile farms offer little opportunity for workers no longer needed in lumbering and mining.

Although income per farm is higher in the eastern cotton South, its standard of living is even lower than that of the Appalachian area. Soil erosion, the ravages of the boll weevil, an uneconomic share-cropper and absentee farming system, and the collapse of the world cotton market have combined to make it a region of rural poverty. During the 1920's people migrated from this region to industrial areas, but with a high birth

rate and limited economic opportunities it still has a large surplus population.

A third such depressed area is the cutover region around Lake Superior and northern Lake Michigan, including parts of Michigan, Wisconsin, and Minnesota. Once the center of a great lumbering and mining industry, it now finds its pine exhausted, its copper too deep for profitable mining, and most of its iron mines electrified. If other occupations are not developed to employ the people, there will be need for a large exodus from the area.

The fourth "rural problem area" is the badly eroded Great Plains region, including parts of Kansas, Oklahoma, Texas, Colorado, and New Mexico. Subject to disastrous droughts in recent years, and facing a none too hopeful world wheat market, this region is greatly in need of different methods of utilizing its human and land resources.

These depressed areas are of great significance to the unemployment problem, for their surplus population will add to the pressure upon available employment. If opportunities do not expand elsewhere to absorb some of this surplus population, these areas may face a dismal future.

One need only mention the depressed communities in New England described so vividly in Louis Adamic's *My America* to indicate the effects of the migration of industry. Whether the movement of the textile industry from New England to the South will produce unemployment in the long run need not concern us. For those who lose their jobs, what seemed at first to be short-run unemployment may run into months or even years.

As one expert has observed, such characteristics of our age as "mechanization, standardization, systematization, specialization, electrification, power expansion, speed, scientific research, chemical discoveries, inventions, consolidations, and giant chain institutions" all greatly affect employment.

The recent improvement in the quality of many products, which has resulted in a slower rate of wearing out, is of importance in this connection. To cite only one example: in 1929, 49,000,000 automobile tires were sold; in 1932, this figure had fallen to 32,000,000; in 1935, only 29,750,000 were sold, although all other factors indicated that automobiles were being used more than ever before; in 1936, the number sold dropped to 29,000,000.

Of the many types of structural change, none has received more attention than technological change. Nor would it be possible to find a

more difficult or controversial economic problem than that of technological unemployment. Do machines in the long run displace workers? This question is yet to be answered with complete satisfaction. New inventions, new processes, and new factory layouts undoubtedly result in temporary displacement of workers. Economists have long contended, however, that such displacement does not in the long run result in a net increase in unemployment. They point out that, when free competition exists, increased efficiency and lower costs will reduce prices, and that this reduction, if demand is elastic, will mean more consumption of the commodity, greater production, and more employment. To the argument that such economies are not always passed on to consumers in the form of lower prices, the traditional reply is that, if the economies do not go to the consumers, they will go to the employers in the form of larger profits. The employers will then either use the additional income to purchase more commodities or reinvest it, either of which actions will result in the hiring of additional labor. The operation of this process depends upon a continuous and unimpeded flow of savings into actual investment.

Dr. Isador Lubin made a study during the prosperous 1920's of a group of 754 workers in three cities who were discharged because of technological changes. He found that 334, or 45.5 per cent, had been unemployed for more than six months; that one out of four who found jobs was unemployed for at least six months, and 8.4 per cent for twelve months or more. Of those who found jobs, one out of three found them in the same industry; out of the 410 who found employment, only 53 were absorbed in "new" industries.

A statistical investigation of the problem of technological displacement in certain occupations was undertaken in October, 1935, under the direction of David Weintraub. The findings revealed striking increases in efficiency in the following industries: beet-sugar refining, brick-making, textiles, cigar-making, electric power, automobiles, telephones, minerals, railroad transportation, and agriculture. A survey by David Weintraub and Harold L. Posner, *Unemployment and Increasing Productivity*, indicates that since the First World War production has not "increased fast enough to absorb the new workers and to counteract the effects of higher productivity." Consequently, with more workers, and with each worker producing more, a return to a minimum level of unemployment will necessitate a far larger volume of production than in 1929. From 20 to 30 per cent more production than in 1929 is necessary if unemployment is to be reduced to the "irreducible minimum."

Perhaps it is needless to argue whether or not technological changes result in permanent unemployment. The fact is indisputable that displaced workers are unemployed for a shorter or longer time and constitute a serious problem.

CYCLICAL UNEMPLOYMENT

Business, never stable, is always moving either upward or downward. The significant factors are the height of the peaks of prosperity and the depth of the lows of depression. This phenomenon of business—expansion and contraction—is known as the business cycle because of the tendency of the various stages of business activity to follow one another in cyclical fashion. In modern industrial society, goods are manufactured for a national or world-wide market by a system of production whose principal characteristics are division of labor (specialized production) and mass output. Each employer has the task of estimating not only the total market demand for his product but also how the market will be divided between him and his competitors; he must then plan his production accordingly. With capital investment (overhead charges) in factories, machinery, and raw materials heavy, the tendency during good times is for each employer to operate at as near capacity as consumption will allow. Such a policy makes it possible for him to lower his indirect costs and make maximum profits. During periods of increasing business activity, manufacturers, wholesalers, retailers, and consumers all tend to be optimistic. Manufacturers, if they anticipate continued expansion in business, undertake plant modernization and expansion. This is likely to lead to expansion of credit, rising prices, and rising wages. The optimism of both wholesalers and retailers leads them to increase buying and to carry larger inventories. Moreover, many consumers are likely to utilize their credit to its utmost. The process, once under way, is a cumulative one—it feeds upon itself. In time, however, inventories in the hands of wholesalers and retailers are large in relation to consumers' buying. They then reduce their orders for new products, and manufacturers are forced to reduce production schedules and lay off workers. The downswing, or period of business contraction, is now under way, and it too is a cumulative process. This phase is generally characterized by falling prices, contraction of credit, falling production, declining wages, increasing unemployment, and extreme pessimism. Finally, as inventories are reduced and credit is available at low rates of interest, the movement begins to reverse itself. Manufacturers increase

production and hire more workers, wholesalers buy in larger amounts, the public psychology becomes more optimistic, and business again enters a period of expansion. In this cycle business does not rise to some definite point and then contract or fall to some definite point; the peaks of prosperity and the depths of depressions are themselves variable.

Business in the United States has been experiencing cycles for more than a century. They seem to be an unavoidable feature of our economic system. Since 1929 American economic activity has behaved as follows: There was a sharp decline in the latter part of 1929, continuing and becoming more intense during 1930, 1931, and 1932. Beginning in 1933 there was a recovery, slow at first but more rapid later, and continuing until the middle of 1937. Then there was another decline, one of the steepest on record; the bottom was reached in the summer of 1938, and was followed by a rapid recovery during the latter part of the year. During the latter part of 1939 the prospect of expanding foreign sales as a result of the European war provided a stimulus for an unusually rapid business upswing which lasted until the end of the year. However, as foreign orders failed to materialize in the expected amount, business experienced a decline during the first quarter of 1940, but appropriations for national defense produced a spectacular upswing in 1941. During the entire decade of the 1930's, the 1929 level of activity was attained only for a short time in the fall of 1939. Yet, as has been observed, if unemployment is to be reduced to the low level of 1929, business activity must be far higher than in 1929.

In American economic history the business cycle has been the most important factor determining the level of unemployment. Not all businesses, however, are affected in the same way or to the same extent during business cycles; some expand further during prosperity and fall lower during depression than do others. The major branches of economic activity may be ranked as follows in order of stability of production (which influences employment) during general business expansion and contraction:

Government service
Agriculture
Trade and finance
Service (hotels, restaurants, etc.)
Public utilities and transportation
Manufacturing
Mining
Construction

It is generally true that the more durable the product manufactured the greater the instability of the industry which produces it—for example, steel, automobiles, and railway equipment. Also important is the question whether the industry is in a growing or in a declining stage of development. For example, the electric-power industry, which has been in a stage of general growth over the past several decades, does not fall so far during business depression as does coal mining, which has been in a stage of decline over the past two decades.

As a result of the uneven effect of business cycles on various industries, unemployment affects workers unevenly; in other words, job risk is greater in some occupations than in others. The following figures on employment in certain industries, compiled by the United States Bureau of Labor Statistics, make this clear.

	ANNUAL AVERAGES			
INDUSTRY	1929	1933	1937	1938
Manufacturing	8,369,000	5,791,000	8,353,000	6,853,000
Mining	1,023,000	680,000	843,000	766,000
Construction	1,784,000	854,000	1,155,000	1,016,000
Transportation	2,509,000	1,633,000	1,915,000	1,716,000
Public utilities	1,124,000	826,000	934,000	902,000

Workers in the utilities suffered the least after 1929, whereas those in construction were hardest hit. For every two construction jobs in 1929, there was in 1933 only one, and in 1937 there were only two-thirds as many as in 1929.

In nonindustrial activity, depression is less severe in its effects on employment. One group of occupations, composed of government employment, schoolteaching, and other professions, experienced only a slight decline in employment after 1929 and in 1937 was the only group showing more employment than in 1929.

Within these large divisions of economic activity there are important differences. For example, within manufacturing, as has been indicated, there is much more variation in employment in durable-goods industries, such as iron and steel, machinery, transportation equipment, and building materials, than in the industries producing nondurable and semidurable goods, such as foods, tobacco, and clothing.

A growing industrial nation concentrates a large part of its labor force on the production of durable capital goods. Moreover, in the American economy, where many have a high standard of living, some consumers' goods, such as automobiles, electric refrigerators, and house-

hold appliances, have become semidurable in character. In the past we have been producing a greater proportion of durable goods each decade. With unemployment more unstable in the durable goods industries, this is manifestly of great significance.

Within industries, depression affects different types of workers differently. Cyclical unemployment is more frequent among the unskilled than among the skilled, among men than among women (primarily because men are concentrated more in the durable-goods industries), among wage-earners than among salaried employees. Workers lose their skills, their working aptitudes, and often their morale as a result of long idleness. Although this loss cannot be measured, it is one of the most serious aspects of the whole unemployment problem.

There is not space here to enter into a discussion of the various theories of the causes of business cycles. One factor in American business-cycle history should be mentioned, however, because of the attention it has received in the last few years. In the past one of the most important contributors to recovery from periodic depression was investment in new industries or in the expansion of old industries to care for a constantly growing population and anticipated increase in demand. In the post-1929 depression, however, the savings of the nation have failed for one reason or another to flow into actual investment, and the consequence has been a lack of vigorous business recovery. A variety of reasons have been advanced in explanation of this. Some contend that the United States has passed through its period of rapid growth and that the opportunities for new investment are limited. In proof of this they point to a declining rate of population increase, a settled continental area, the full exploitation of our natural resources, the absence of new industries with mass-employment possibilities, a large industrial plant equipped to produce far more than it is now doing, and the limited opportunity for investments and sale of products outside the United States. On the other hand, some do not agree that the factors mentioned above must of necessity prevent the United States from recovering from its "decade of depression." They maintain that the uncertainties, foreign and domestic, facing the capitalistic economy account for the failure of the American economy to recover from the 1929 depression. This group would cite especially such factors as the collapse of capitalism in other parts of the world, with its jar to confidence in all the remaining capitalistic countries, the adoption of policies by government in the United States which have impaired business "confidence" and discour-

aged long-term investments, and practices within branches of industry and organized labor, such as price and wage control, which have resulted in rigidities in parts of the economic system. As usual, there is probably truth in both points of view. Whatever the cause or causes, the fact remains that after a decade of depression the nation was in 1940 still faced with a mass-unemployment problem the seriousness of which it is difficult to overstate. Experts have long recognized that the duration of unemployment is more important than the volume. For example, 2,000,000 out of work for a year is much more serious than 10,000,000 out of work for a month. The long duration of unemployment in the "depression thirties" consequently becomes highly important in the whole unemployment problem.

Partial Solutions of the Problem

The old American tradition that relief is a local responsibility has been completely reversed since 1929 and now seems so "obsolete as to be almost incredible." It was first shattered in 1932, the last year of the Hoover administration, when the Reconstruction Finance Corporation lent about $80,000,000 to states and localities for relief purposes and the federal government made millions of bushels of wheat and thousands of bales of cotton available to the Red Cross for purposes of relief.

Although the way had been opened during the Hoover administration, it was the Roosevelt administration which first accepted the problem of relief as a national responsibility. Finding private, local, and state charities unable to meet the rising burden of relief, the federal government entered the field on a large scale early in 1933. The Federal Emergency Relief Administration was set up with three main objectives: (1) adequate relief, (2) work for needy persons capable of useful employment, and (3) a diversified relief program to fit the needs of varied classes of persons needing assistance. These three objectives have been fundamental considerations in all federal relief programs since 1933. The F.E.R.A. spent some $3,000,000,000 in two years. Most of this was granted to the states, which distributed it among the needy unemployed in the form of food, work relief, or dole, whichever local authorities thought best.

In an attempt to improve relief administration and to maintain the skills and morale of able-bodied workers the Civil Works Administration was set up late in 1933. By January, 1934, it was employing about

4,260,000 persons on some 177,000 work-relief projects; it was then tapered off rapidly, coming to a close in April. By this date it had spent some $844,000,000 of federal funds, 80 per cent of which went for wage payments. The C.W.A. undertook a variety of projects, among them the construction, improvement, and repair of schools, hospitals, libraries, streets, roads, highways, sewers, and swimming pools; a real-property inventory; an unemployment-relief census; and an urban tax-delinquency survey. After the C.W.A. ended, work relief was continued under the F.E.R.A. and later under the Works Progress Administration (W.P.A.).

In 1935 more than 5,000,000 families were receiving relief; 80 per cent of these included employable persons who needed jobs; the remaining 20 per cent needed direct relief. The workers in these relief families differed little from the workers in the rest of the population. The average relief worker was only thirty-eight years old and had had ten years' experience in private industry, half of which had been with one employer. He had been out of work for about two years. Almost every conceivable occupation was included: more than 80,000 professional and technical workers, including 6,000 engineers, 15,000 musicians, and 20,000 teachers; 800,000 construction workers; 900,000 unskilled laborers; 600,000 domestic and personal workers; 1,000,000 farmers and farm workers; and about 600,000 young workers without experience.

In 1935 the W.P.A., the Public Works Administration (P.W.A.), the Civilian Conservation Corps (C.C.C.), the Farm Security Administration (F.S.A.), the Rural Electrification Administration (R.E.A.), and more than forty other government agencies joined in the task of providing work. Under this program the federal government had turned its back upon the dole and had boldly accepted the challenge that "work must be found for able-bodied but destitute workers."

At peak employment, reached in February and March, 1936, about 3,840,000 persons were on the rolls of the W.P.A., the C.C.C., and other federal agencies; the W.P.A. was employing about 3,000,000 of these. By September, 1937, these figures had dropped to 1,951,000, with about seven out of ten on W.P.A. projects. In the business recession of 1937–1938 the W.P.A. rolls rose sharply again, to a peak in November, 1938, of 3,271,000. By June, 1939, this figure had declined to about 2,500,000.

The W.P.A. has been most severely criticized, perhaps, on the ground that it attempted to accomplish ends which were fundamentally incompatible: (1) to keep the unemployed from starving; (2) to use idle

man power to some good end. It is true that the W.P.A. has been an expensive method of relief. Over the four years 1935–1939 it employed an average of 2,100,000 workers and paid out about $6,000,000,000, the average pay early in 1940 being $55 a month. Strictly from the standpoint of relief, this is about twice as much as most local relief agencies require per family. Yet the W.P.A. was accomplishing more than mere relief. One need only mention the following samples of its work to realize that. It built 18,000 public buildings and improved 48,000 more; it constructed 300,000 miles of roads and streets, 20,000 acres of landing fields, and 9,000 miles of sewers; it published 300 books and catalogued some 28,000,000; it sewed 140,000,000 new garments and served 240,000,000 hot lunches to poor children in public schools.

The comment of one periodical on the "hybrid aims" of the W.P.A.—"Relief is one thing, and work is another"—may well be true from the standpoint of pure efficiency or cold economics, if there are such things in human society. If, however, we are to avoid a permanent dole for the needy unemployed, there seems to be no other way of doing so than the provision of useful work, either by private industry or by the government. Nor should one overlook the point of view expressed by one defender of the W.P.A.:

> After all, the "wealth" of a government cannot be disassociated from the wealth of its body of citizens. Every undertaking to prevent impoverishment of the land by erosion and floods, every project to save and increase the forests, to reduce pollution in the rivers, to provide recreational facilities and thus increase the health, morale, and earning power of the population, is contributing to national wealth, *not* reducing it. Realistically viewed, expenditures by the government for these purposes are *investments* that will increase the wealth of the nation in both human and material terms.

It is manifestly impossible here to discuss all the other programs undertaken since 1932 by the federal government to stimulate private industry and thereby promote economic recovery. Such programs and agencies as the N.R.A., the A.A.A., and the R.F.C. have all affected employment to the extent that they have aided private industry. And especially the P.W.A., the H.O.L.C., and the U.S.H.A., with appropriations of billions of dollars, stimulated the building industry, where, as we have seen, unemployment has been particularly severe since 1929. Under the stimulus of public construction, the building industry has partially recovered from the depths to which it fell in 1932. Nevertheless, despite everything that was done to stimulate the heavy industries,

the most conspicuous fact about what recovery there was before 1940 was the lag of the heavy industries and the consequent continuation of mass unemployment in those occupations.

This condition, however, has been completely changed by the large-scale defense program which the nation began in 1940. Along with the rapid rise in industrial production and the enlargement of the nation's armed forces there is occurring a rapid diminution of unemployment. In some industries, notably aircraft and machine tools, an actual shortage of skilled workers exists. The question naturally arises, will defense end unemployment? Although unemployment is likely to be smaller by the end of 1941 than at any other time since 1930, certain considerations lead to the conclusion that the unemployment problem will not be ended. Loss of skills will make it difficult for many who have been unemployed for a considerable time to re-enter industry. Older workers without skills will be at a disadvantage. Moreover, the need for highly skilled workers in defense industries is likely to result in longer working hours for the full-time and part-time workers who are already employed. Consequently, we must conclude that a considerable number of workers will not be absorbed in the defense program. The defense program is, after all, an answer to what we hope is an abnormal and temporary world situation. What will happen when the arms program is slowed down? It is an undesirable means of reducing unemployment because of the high ratio of material costs to wages, and it should not be considered a permanent remedy for unemployment. Thus we are forced to consider other programs for meeting the problem.

Out of the mass of programs, actual, suggested, or imagined, there has yet appeared no panacea. The redistribution of income through the taxation of producers and the distribution of gifts in one form or another to nonproducers is not a solution of the unemployment problem. It is a mere expedient and is primarily a "relief" measure. The only sound solution—and this no one disputes—is to find productive employment for all able-bodied workers. But how can this be done?

First, let us examine some of the expedients which have received support from various groups in the population. Probably no proposal received more attention during the depths of the depression than the shorter work week. This program, which has long been backed by organized labor, proposes that the length of the working week be reduced without any reduction in the annual wages of individual workers; this, it is said, will spread employment. This program is now embodied in the

Fair Labor Standards Act (more popularly known as the Wages and Hours Act) passed by Congress in 1938. Under this act a floor is placed under wages in industries operating in interstate commerce. The minimum wage for the first year, ending October, 1939, was 25 cents an hour; for the year ending October, 1940, 30 cents an hour. There is to be no further change in wages until 1945; then the minimum is to be raised to 40 cents an hour. The act also places a ceiling on hours, the maxima being a 44-hour week until October, 1939, a 42-hour week until October, 1940, and a 40-hour week thereafter. The ultimate goal, to be reached over a period of six years, is a maximum week of 40 hours with a minimum hourly wage of 40 cents. The Department of Labor estimates that about 12,300,000 workers are engaged in industries and occupations subject to the act. Many critics of this measure contend that it will not increase employment but may actually reduce it. They say that a reduction in working hours encourages management to speed up production and increase efficiency in the hope of producing as much in the reduced working time as formerly. Moreover, in some industries a minimum wage may tend to promote the use of more machinery and the displacement of low-efficiency workers. How serious this problem is it is difficult to say. It is safe to conclude, however, that management will use all available means to keep labor costs low.

Closely related to the program of reducing the working week is the share-the-work movement. This program urges that the available work be divided among more workers by reducing the time (and earnings) of individual workers. Little can be said to commend this proposal. It is essentially a program to put the burden of the unemployed upon the other workers and tends toward a pauperization of labor.

Elimination of certain groups from the labor market is urged by some as an effective way to reduce the ranks of the unemployed. The elimination of child labor and the earlier retirement of older workers will reduce the total number of workers somewhat; at the same time problems of support of these groups and their families are raised. Some believe that the entrance of women into the labor market on a large scale tends to depress wages and is a primary cause of our unemployment problem, and consequently they urge that married women be excluded. Women do constitute roughly a fourth of the labor force, but 70 per cent of them are unmarried. Generally, women work because of insufficient family income, and many are the sole supporters of their families. Manifestly, a program to exclude women from industry, besides being replete

with endless difficulties, would work countless injustices and create numerous additional problems.

It is obvious from the discussion thus far that unemployment is far too complex to be solved by a simple device or one approach. It necessitates an attack along a broad front. The following proposals seem to the writer to be the soundest among those now being made:

First, an extensive system of public employment offices is now being developed under the United States Employment Service established in 1933. On May 30, 1939, there were 1,655 offices and 2,750 itinerant points operating employment services throughout the country. By this date the statistical record of the service covered more than 75,000,000 applications for work and approximately 26,000,000 placements. Employment exchanges perform their most important services for seasonal and migratory workers. In addition, they can aid in the correction of local labor shortages, the movement of workers from distressed areas to those of better opportunities, and the guiding of the training of workers. (The development of more vocational training is important.) In final analysis, employment exchanges and vocational guidance do not create employment, but can aid greatly in reducing the duration of joblessness.

Second, the adoption by business of measures to regularize production and thereby reduce the ups and downs of employment will be of some help.

Third, unemployment insurance (to be discussed in the following chapter) will aid in tiding workers over brief periods of unemployment.

Fourth, the maintenance of a comprehensive and well-planned public-works program is important. Such a program may well include projects which are primarily labor-hiring in character. This proposal must, in the view of many, become increasingly important as the realization strikes home that our present economic problems are not temporary ones resulting from an emergency but are the result of fundamental conditions in the American and world economy which are not likely to disappear in the near future.

Finally, the way to employ more workers is to produce and sell more commodities. This implies an expansion of the market, foreign and domestic. Although the Second World War, if it continues for several years, may lead to a temporary expansion of America's export trade, the present political and economic complexion of the world do not offer much hope for a healthy recovery of foreign trade. Thus the expansion of the domestic market remains the only real solution of America's un-

employment problem. With plentiful resources, machinery, skill, and labor to increase the standard of living of American families, certainly no physical obstacle stands in the way of a tremendous increase in production and employment. Moreover, repeated surveys have shown the great need of thousands of American families for almost all products. It is encouraging that there now seems to be virtual unanimity among informed persons that a rising American standard of living offers greater employment opportunities than any other single approach to the problem. As to how this can best be accomplished there are many and conflicting views; but of fundamental significance is the fact that the obstacles which stand in the way are not physical but "institutional." On this subject one recent writer, after surveying the problem of employment for American workers, concluded that the primary problem of getting a job is merged "into the political problem of how to change the institutional controls to which our economy is subjected in such a fashion that the stage is set for a new and broad expansion of the American economy. If this cannot be accomplished without dislodging many blindly powerful 'interests' and individuals from their places of power, then they must be dislodged. But to accept any other formulation of the issue is to endorse a defeatism which is incompatible with the American tradition."

Suggested Readings

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Chapter XXV

SOCIAL SECURITY

The Need for Social Security

Since the beginning of civilization the attainment of security has been one of the principal aims of group life. In preindustrial society the interdependence of members of families and of neighboring families in small communities usually provided economic security for them. In early American history each family was more or less self-sufficient, and the phrase "making a living" was true in a literal sense. In general, each member of the family performed some task that contributed to the upkeep of the group. There was useful work for the aged members when there were many children to be cared for, and there was considerable homework of every type to be done. Moreover, agricultural life furnishes plentiful tasks for women and children. Until recent generations, therefore, the problem of economic security was solved reasonably well by the family.

The solution is no longer so simple. The complexities of modern industrial urban life have rendered the family less effective as an agency for promoting the security of its members. Under the conditions of modern civilization economic security for Americans can be attained only by the action of the nation as a whole.

It was not until the 1929 depression that we as a people seriously considered the problem of insecurity. With our firm tradition of individualism, we tended to assume that any able-bodied man who really wanted to work could find a job, and that, if he were reasonably thrifty, he could save enough during his productive years to care for himself and his family during periods of illness and in old age.

Forms of Insecurity

Though farsighted individuals and some states had long perceived the need for some form of social insurance as a protection against the hazards

of contemporary life, it was the economic collapse of the post-1929 depression that first brought the problem of economic security to public consideration. With the savings of a lifetime wiped out by bank failures, with millions of unemployed, with thousands of needy aged and children on public relief, and with millions of other persons fearful of what the future might bring, the American people for the first time examined the forms of insecurity which threatened them as individuals and as a people.

UNEMPLOYMENT

The preceding chapter has treated in some detail the seriousness of unemployment in the United States both for the individual and for the nation. Since four out of five of the gainfully employed work for someone else, they are dependent upon wages or salary for a livelihood. Loss of job means loss of income, with the destitution for individual and family which that frequently entails. As a result of the interdependence of contemporary society, the effects of unemployment radiate throughout the nation, affecting all of us.

POVERTY IN OLD AGE

Although many persons save to provide for themselves and their dependents in old age, they often reach that period of life only to find that bank failures or bad investments have wiped out their savings and that they and their families face want or public charity. In the United States today there are some 7,500,000 persons over sixty-five years of age. With the birth rate declining and more of us living to middle and old age, in the future the aged will form an increasing percentage of the total population. By 1970, it is estimated, there will be some 15,000,000 over sixty-five. Men and women aged sixty-five may expect to live twelve and fifteen years longer respectively. This means that for a considerable time, unless adequate provision is made for them, a large percentage of this group is likely to be dependent upon public relief or the charity of their families and friends. When the Social Security Act was passed in 1935, there were at least 1,000,000 men and women over sixty-five on public relief. More than 3,000,000 others were being helped by relatives or friends. Although many states had passed old-age pension laws, fewer than 500,000 persons were receiving such assistance in 1936.

The question naturally arises, but haven't people always been growing old? Who formerly cared for them? In earlier generations the plight of

the aged was not so serious. When families were larger, the chance that the aged would be cared for by their children was greater. Likewise, in the country and the small town, where the majority of Americans used to live, there is a high degree of neighborhood responsibility. It was easier for older persons to perform services useful to the family and community. Today, however, industry throws persons out of work at an earlier age. Since 1890 an increasing percentage of the men of sixty-five and more have been unoccupied. It is one of the ironies of modern life that, now that the chances of living to a greater age have been greatly enhanced by medical science, the opportunities of older people for earning a living have been seriously diminished; in other words, "life is safer, but living less secure."

INJURIES, ILLNESS, AND PERMANENT DISABILITY

Although work has always been hazardous, the frequency and severity of accidents have been greatly increased in modern industrial society. In 1930 there were more than 10,000,000 nonfatal accidents in the United States, a third of which occurred in industry. Many of these resulted in temporary or permanent disability. Some estimates place the annual number of fatal industrial accidents at more than 20,000. It seems unnecessary to emphasize the tremendous loss in production, wages, and national income, not to mention life and limb, resulting from industrial accidents.

Illness has always been one of man's greatest enemies, but today it is more of an economic hazard than ever before. The wage-earner (most of us are wage-earners) must retain his health in order to keep employed and earn a living. Not only does sickness result in loss of income, but in addition it means further expense for medicine and physicians. It is estimated that families with annual incomes of less than $2,500 (almost three fourths of American families are in this group) experience an annual money loss of approximately $2,500,000,000 as a result of ill health; $1,500,000,000 of this goes to pay for doctors and medicine. Of major significance is the unequal distribution of the burden. A study of families with incomes of from $1,200 to $2,000 revealed that 22 per cent had medical bills of more than $100, 8 per cent had bills of more than $200, and 2 per cent had bills of more than $400.

The average worker in the United States loses about seven days of work a year as a result of sickness. Here again the important fact is not

so much the average amount lost as the uneven distribution of the loss. Whereas half of the workers lose no working time in a year because of ill health, 15 per cent lose from one to fifty-two weeks. Naturally, the heaviest cost for sickness falls upon that small group which is sick most. Frequently this group can least afford the economic burden of sickness. Sickness and poverty, it is important to note, are often associated in a "cause and effect" relationship. The poor are sick longer and have less medical care than those who are better off. Some sickness is unavoidable, but it would be wise to distribute the economic burden by some form of health insurance.

WIDOWHOOD AND ORPHANHOOD

In modern society, insecurity is greatest at the beginning and at the close of life. In other words, of all age groups the young and the aged find it most difficult to be self-supporting. This fact was borne out by the relief census of October, 1933, which revealed that 42 per cent of all persons on relief were children under sixteen years of age, though this age group makes up only 31 per cent of the population. The large number of children on relief is to be accounted for partly by the large number of parents unemployed. Yet, even with full employment, special assistance would be needed for orphans and children of broken families. Estimates place the number in this latter group at over 700,000. It is now recognized that it is preferable to provide for dependent children in the homes of their families or relatives rather than in institutions.

Despite our reliance upon life insurance to provide adequate protection for widows, thousands of widows, especially in low-income groups, have been left without adequate means of support and frequently have been unable to find employment. This condition was so generally recognized by 1932 that forty-four states had then enacted mothers' pension laws. In 1935, however, less than half of the counties in those states were paying pensions, and in many instances the pensions paid were pitifully small.

THE INADEQUACY OF SAVINGS

"Saving for a rainy day" is an adage long believed and practiced by man. Why is it that the groups mentioned above have not "stored" money in the bank, in life insurance, or in investments, for periods of unem-

ployment or old age? The answer to this question is given in a study made by the Brookings Institution of American family incomes and consumption in 1929. It was found that families with incomes of less than $1,000 (a fifth of American families fall in this group) spent on the average more than they received, making up the deficit by outside help, past savings, or borrowing. Likewise, the families with incomes of from $1,000 to $1,500 (also a fifth of the families) saved very little. Thus 40 per cent of our families in our best year saved little for hard times. But 10 per cent of the families, with incomes of more than $4,600, saved 86 per cent of all the money saved in the nation, and the families with incomes of from $3,100 to $4,600 (also about 10 per cent of the families) saved 12 per cent of all money saved. Consequently, 80 per cent of American families saved only 2 per cent of the annual savings of the nation.

The plain fact is that the incomes of most American families are insufficient to allow for savings. It is true that the way of life of low-income groups is not conducive to saving, and it is unlikely that they would voluntarily provide adequately for periods of sickness and old age even if their incomes permitted it. Moreover, the economy can ill afford any substantial reduction in that part of the national income expended on consumers' goods. Cutting down on spending by a large part of the population would result in economic depression. American families are in general willing to save when their incomes are sufficient to give them the essentials of a decent standard of living.

The attempt to provide economic security by means of social legislation does not mean that Americans have changed their values and objectives. Rather it means that, finding that those objectives which we have always valued—happiness, comfort, the essentials of decent living, economic security—have been lost in the complexities of modern civilization, we are determined to find new methods of attaining the old goals.

Abraham Epstein, long a devoted advocate of social insurance, a few years ago phrased the challenge to America in the following words:

> The insecurity of our wage-earners in the face of the hazards of modern life menaces more than mere national prosperity. It endangers the very existence of the social order. No society which exposes the majority of its members to such grave and continuous hazards and injustices can endure for long.... Security *must* be provided for the masses of our wage-earners (even if every other reason of humanity and justice be excluded) if the present social structure is to survive. Unless economic and social stability is established, our present social order will speedily give way to an order less reckless of human life and freedom.

INDUSTRIAL HAZARDS

As early as 1884 Germany had recognized the social need of protecting workers against injuries incurred in the course of employment and had adopted compulsory workmen's compensation legislation. Germany was followed by other European countries, and by 1910 the workers in all the major countries of Europe were covered by some form of industrial-accident insurance. Until the twentieth century American workers were forced to sue their employers in the courts to obtain redress for injury during employment. Such procedure was in general characterized by long delay, high legal costs to the workers, and possibility of loss of job, and often by failure to obtain adequate compensation. In the first two decades of the present century American states followed the European countries in enacting compulsory workmen's compensation acts. The fundamental principle of workmen's compensation legislation both in this country and abroad is that industrial accidents are a part of the cost of production. Because some accidents are an unavoidable part of the industrial process, the cost of compensating injured persons should be considered a part of the cost of production, like the repair or replacement of damaged machinery. It follows that the cost of compensation to injured workers should be passed on to the consumer.

At the present time practically all forty-eight states have workmen's compensation laws. However, there is the greatest diversity among the various state acts on such matters as compulsion, coverage, rates of compensation, duration of payments, provisions for medical care, and the granting of death benefits. In most states agricultural and domestic workers, as well as those who work for employers who employ fewer than a given number of workers, are not covered. For example, several states exclude from the operation of their acts employers who have fewer than three workers, and other state laws exclude those who have fewer than five workers. Likewise on the rates of compensation there is great variation among the state laws. In most states total disability is compensated by a certain percentage of the employee's wages; this percentage, from 40 to more than 60 per cent, varies from state to state. A few states pay fixed monthly pensions. Some twenty or more provide compensation for lifetime in case of permanent disability, whereas the others limit the payments to specified periods. In case of temporary disability, compensation is generally a percentage of wages. Most states limit the number of weeks during which compensation will be paid even though the in-

capacity may continue for a longer time. In case of death, some laws provide for lump-sum payments to dependents, whereas others make weekly or monthly payments, usually for a limited period of weeks. Almost all laws require a waiting period of from three days to two weeks before payments for injury shall begin. In most states medical care is made available without cost to the injured worker; generally, however, either the amount or the period of medical benefits is limited. One of the greatest deficiencies in the acts is their failure to compensate adequately for occupational diseases. At first none of the state acts made specific provisions for illness caused by employment. Since then many states have extended compensation to cover certain designated occupational diseases, but the majority still provide no protection for this hazard.

When comparison is made between the protection afforded American workers today against industrial accidents and that which existed before the passage of workmen's compensation legislation, the progress is impressive. Yet serious deficiencies in the program still remain. Agricultural workers, domestic workers, and employees of small businesses are not covered in most states. Moreover, compensation for injury and payments for medical care are far too low in most states. Administration of the laws in some instances has been hampered by needless delay, inefficiency, and political interference. Future steps should be toward more complete coverage, more adequate compensation, and more effective administration.

The Federal Social Security Act

As the depression became more severe and economic and social chaos widespread, the conviction grew that some national program of social security should be enacted that would provide protection "against misfortunes which cannot wholly be eliminated in this man-made world of ours." In the summer of 1934 President Roosevelt appointed the Committee on Economic Security to study and recommend to Congress a suitable program of social security. There is not space here to discuss the difficult problems that faced this committee and Congress when they set about devising a plan which not only would provide economic security but would be at once economically sound, politically feasible, and, above all, constitutional. Admittedly, many mistakes were made in the act which was passed in August, 1935. After four years of experience with the

operation of social security, in 1939, Congress made some thoroughgoing amendments to the act, thereby eliminating some deficiencies in the program. Since it was thought that Congress was without constitutional powers to deal adequately with the problem, the Federal Social Security Act provides for a national system in only part of the program, and in the other parts is designed to encourage the states to pass social-security measures. The act, as passed in 1935 and amended in 1939, seeks to provide: (1) insurance against industrial unemployment, (2) old-age pensions for the needy, (3) a long-term old-age and survivor's insurance program, (4) aid to dependent children, (5) assistance for maternal and child-welfare services, (6) funds for vocational rehabilitation, (7) aid to the blind, and (8) more adequate public-health services. These divisions of the program, along with the action taken by the various states, will be discussed in order.

PROTECTION AGAINST UNEMPLOYMENT

The Social Security Act, by crediting employers' contributions to state unemployment-insurance systems against a federal tax on payrolls, encourages the states to establish unemployment-insurance programs. States had formerly hesitated to pass unemployment-insurance acts for fear that the cost would place their industries in an unfavorable competitive position compared with the industries of states without such acts. Consequently, only Wisconsin had passed an unemployment-insurance measure before the passage of the federal Social Security Act. Under the federal payroll tax, every employer of eight or more workers is taxed 3 per cent of the total wages (up to $3,000 an employee) paid by him to his employees during the calendar year. This tax does not apply to the following, which are specifically excluded from the act: (1) agricultural labor; (2) domestic service in private homes, local college clubs, or local chapters of a college fraternity; (3) casual labor not in the course of an employer's business; (4) services performed as a member of the crew of a vessel on the navigable waters of the United States; (5) services performed for a son, daughter, or spouse and by a child under twenty-one for his father or mother; (6) employees of federal, state, and local governments; (7) nonprofit agencies maintained for religious, charitable, scientific, literary, or educational purposes; (8) railroad employees under the Railroad Unemployment Insurance Act; (9) services performed by a student for a college if his remuneration does not exceed $45 a month;

(10) student nurses and internes; (11) insurance agents if their remuneration is solely by commission; and (12) services of persons under eighteen in the sale and delivery of newspapers.

If a state has an approved unemployment-insurance law, the employers of that state may credit the amount paid into the state fund up to 90 per cent of the federal tax. In other words, employers are allowed to credit up to 2.7 per cent paid into a state fund against the 3 per cent federal levy, leaving a minimum of .3 per cent that must be paid to the federal government. This 2.7 per cent is kept in an unemployment insurance fund for the workers of that state. If a state does not have an acceptable unemployment-insurance act, its employers must pay the full 3 per cent tax into the federal treasury. The minimum standards required of the state acts by the federal Social Security Act are relatively few and do not interfere with the scale or duration of benefits paid by the states.

It is manifestly impossible to examine all the unemployment-insurance acts which by the end of 1939 were in operation in all forty-eight states, Alaska, Hawaii, and the District of Columbia. However, it will be worth while to mention some of the principal characteristics of these measures. Only a few of the acts require the workers to make any direct contribution. There seems to be a tendency in many states to lower the minimum size of firms covered so as to include those with fewer than eight workers. All the acts require a waiting period varying from two to six weeks before unemployment insurance is paid. The scale of benefits in most acts is 50 per cent of normal earnings, with a maximum benefit of $15 a week (nine states allow more) and a minimum of from $5 to $7 a week (some fourteen have less than a $15 minimum). Likewise, all acts require a qualifying period of employment, varying generally from thirteen to twenty-six weeks in the preceding year, before an unemployed worker is eligible for benefits. Practically all acts limit the duration of benefits. Generally, they will not be paid for more than from twelve to twenty weeks in any year, and the number of weeks for which they are paid must not exceed a given ratio to the number of weeks the worker was employed during the preceding period.

It was not until January, 1938, that the first unemployment-insurance payments were made. Much of the confusion and delay that attended the flood of applications for benefits at that time has since been eliminated, and many of the administrative and technical problems arising as a matter

of course in such a new and far-reaching program are being ironed out. Almost 5,000,000 persons received at least one unemployment-benefit check during 1939. During the year, some $825,000,000 was deposited in the unemployment-insurance funds and $429,000,000 in benefits paid out. The greatest concentration of payments in the final quarter of 1939 was in the class earning $14.00–$15.99 a week. Whereas half of the payments in Arkansas, Georgia, Mississippi, and North Carolina were for less than $6.00, more than 40 per cent of those for total unemployment in Illinois, Michigan, and Wyoming, and 85 per cent in Alaska, were for $16.00 or more. In general, the wide variation that exists between the weekly benefit payments of the various states reflects differences in the level of wages as well as different provisions of the state acts.

The unemployment-insurance system has not been in operation long enough to allow final judgment. Yet certain observations seem justified at this time. In the first place, though benefits for a limited number of weeks will be of considerable aid to those who are out of work for short periods of time, they do not touch the great number of the unemployed who because of prolonged unemployment cannot establish eligibility. Moreover, the size of payments in many states is entirely inadequate. Abraham Epstein, in a discussion of the unemployment-insurance program in *Harper's Magazine*, June, 1940, observed: "The system operates in a social vacuum because it takes no account whatever of the size and status of the worker's family or of his minimum requirements. Our laws give most to those least in need and little, if anything, to those most in need.... As a result, the avowed aim of unemployment insurance—to institute a method more adequate and more dignified than relief to help the unemployed—is frustrated." But, even though the payments are in general too small, the duration of benefits too short, and the coverage of the act inadequate (since agricultural and domestic workers and employees of small businesses are generally excluded), these deficiencies should not blind us to the fact that the unemployment-insurance program is a notable link in the chain of protection for the worker against the hazards of an industrial economy.

OLD-AGE AND SURVIVORS' INSURANCE

The Social Security Act has two separate plans for aiding the aged. A federal old-age insurance program provides a specified income beginning in 1940 to persons sixty-five and over in return for contributions

made during their working years to an old-age fund. For the needy aged who do not receive old-age insurance, the federal government assists the states to make direct grants.

In order to accumulate a fund from which old-age insurance payments may be made, the federal government levies a payroll tax on both employers and employees. As amended in 1939, the federal tax rate is as follows: in 1939–1942 each employee pays to the federal treasury 1 per cent of his annual wages up to $3,000 a year; in 1943–1945 the rate will be 2 per cent; in 1946–1948 it will be 2½ per cent; thereafter it will be 3 per cent. The employer deducts the tax from the wages of the worker and then pays it to the federal government. In addition, each employer pays the same rate of tax for each of his employee's wages up to $3,000 a year. In other words, the tax paid by each employee is matched by the employer. This tax applies to all employers and employees in the United States, with the following principal exceptions: (1) agricultural labor; (2) domestic service in private homes, local college clubs, and local chapters of a college fraternity; (3) casual labor not in the course of the employer's business; (4) service performed by an individual for a son, daughter, or spouse and by a child under twenty-one for his father or mother; (5) employees of federal, state, or local governments; (6) employees of nonprofit organizations in the fields of religion, charity, science, literature, and education; (7) employees in fishing; (8) persons under eighteen engaged in the sale and delivery of newspapers; (9) services performed by a student for a college if his remuneration does not exceed $45 a month; and, (10) student nurses and internes.

Under the 1935 act the old-age insurance payments were relatively small, and there was no provision for aged wives, widows, minor children, and dependent parents. As amended in 1939 the act provides larger payments and also additional protection for those groups. When an insured person reaches the age of sixty-five, provided he is not earning more than $15 a month in an insured occupation, he becomes eligible for a primary insurance-benefit payment monthly for the remainder of his life. This payment is calculated as follows: (1) 40 per cent of the first $50 of his average monthly wage during employment, plus 10 per cent of the remainder up to a $250 monthly wage; (2) an amount equal to 1 per cent of the amount computed above multiplied by the number of years in which he earned $200 or more is then added to the above. The total arrived at is the insured person's monthly primary benefit payment for the remainder of his life. However, no insured person shall receive less than

$10 nor more than $85 a month. A fully insured person, thereby eligible for a primary benefit, is (1) anyone who had not less than one quarter of a year's coverage (that is, had made contribution to the fund) for each two quarters elapsing after 1936 or after the quarter in which he attained the age of twenty-one, whichever one is the later, and up to the quarter in which he died or became sixty-five, and in no case less than six quarters of coverage; or (2) anyone who has had at least forty quarters of coverage.

The wife of a fully insured person, upon reaching the age of sixty-five, receives a monthly insurance benefit equivalent to half of her husband's primary benefit until either one dies or is divorced. An unmarried dependent child of an insured person, if under sixteen (under eighteen if in school), shall receive a monthly payment equal to half of the primary benefit of the person upon whom the child is dependent. A widow of an insured person who reaches the age of sixty-five and does not remarry receives a monthly payment equivalent to three fourths of her husband's benefit payment. If the widow is not sixty-five but has a dependent child, she receives a monthly payment equal to three fourths of her husband's primary benefit. This does not include the dependent child's benefit payment. Moreover, every dependent parent of an insured person who dies without leaving a widow or dependent child is entitled to a parent's insurance benefit equal to half of the primary benefit of the person upon whom he was dependent. If an insured person dies without leaving a surviving widow, child, or parent eligible for a benefit, an amount equal to six times his primary insurance benefit will be paid in a lump sum to his estate.

For example, a fully insured person who reaches the age of sixty-five and has earned an average wage of $100 a month for the past three years will receive $25.75 a month for life. If his wife is also sixty-five, the total monthly payment is $38.63. If the worker dies and leaves a widow and dependent children, the widow receives $19.31 monthly for herself plus 50 per cent of the primary benefit ($25.75), or $12.88, for each child. In no case, however, can the sum of the benefits exceed twice the amount of the wage-earner's primary benefit, or $85, whichever is less. The table on the next page shows the classes of beneficiaries and the sizes of pensions for three years' coverage and for twenty years' coverage.

Though the 1939 amendments greatly liberalized the benefit payments under the old-age and survivors' insurance program, the act still excludes important groups of the population from participation in the program.

MONTHLY BENEFITS

AVERAGE MONTHLY WAGE	Worker	Worker & Wife	Widow of 65 Years	Widow and One Child	Each Dependent Child or Dependent Parent
		3 YEARS' COVERAGE			
$ 50	$20.60	$30.90	$15.45	$25.75	$10.30
100	25.75	38.63	19.31	32.19	12.88
150	30.90	46.35	23.18	38.63	15.45
250	41.20	61.80	30.90	51.50	20.60
		20 YEARS' COVERAGE			
$ 50	24.00	36.00	18.00	30.00	12.00
100	30.00	45.00	22.50	37.50	15.00
150	36.00	54.00	27.00	45.00	18.00
250	48.00	72.00	36.00	60.00	24.00

In fact, nearly half of the employed population of the nation is in the excluded occupations. This exclusion will be especially hard upon unmarried women and Negroes. Most employed women work as domestic servants, as teachers, as nurses, as clerks in government service, or as employees of educational, charitable, and religious organizations, all of which occupations are excluded from the program. Negroes suffer an even greater handicap, since some two fifths of them are engaged in agriculture and another large portion in domestic service.

ASSISTANCE TO THE NEEDY AGED

In order to encourage the states to aid the *needy* aged, of sixty-five and over, the federal government grants sums to states with approved old-age assistance laws. Beginning in 1940, the federal government will pay half of the cost of all pensions up to a total of $40 a month (until 1940, $30 a month). Thus the maximum federal contribution per person is $20 a month. States may make their pensions more or less than $40 a month, as they choose. In no instance, however, will the federal government pay more than $20 per pension; if the state provides for less than $40 a month, the federal government's contribution is reduced accordingly. In order to obtain federal funds, a state may not set the eligibility age above sixty-five years, nor require as a condition of eligibility that a person live in the state more than five of the nine years preceding his application for assistance.

At the end of 1939 approved plans of old-age assistance were in operation in all forty-eight states, the District of Columbia, Alaska, and Hawaii. In December, 1939, there were almost two million recipients

of old-age assistance in these fifty-one jurisdictions. For the calendar year 1939, payments of more than $431,000,000 in federal, state, and local funds were made under the old-age assistance program. The size of old-age payments varies widely from state to state. In California a married couple may receive up to $80 a month, whereas in Mississippi the pension to the needy aged does not exceed $15.

AID TO DEPENDENT CHILDREN

Some form of assistance for children who have lost one or both parents has long been provided by many states. Generally, this assistance has been provided by the maintenance of orphanages or by direct grants to relatives who are maintaining such children in their homes. By 1933 every state except Georgia and South Carolina had some form of legislation to assist mothers and relatives in bringing up children in private homes. In 1934 some 109,000 families and 280,000 children received about $37,000,000 for such aid. The average grant amounted to $29 a month per family and $11 a month for each dependent child. There were wide variations in the amounts granted, however, from state to state and from county to county. In order to assist the states in providing more adequate care for dependent children, the Social Security Act permits the federal government to pay half of the total sum expended under an approved state plan up to a maximum of $18 a month for the first dependent child in a home and $12 for each additional child. A state may make larger grants if it so desires, but the federal government will not contribute more than $9 for the first and $6 for each additional child. Under the provisions of the Social Security Act a dependent child is defined as a needy child under sixteen years of age, or under eighteen if in school, who has "been deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent." In December, 1939, forty-two jurisdictions were participating in the program for aid to dependent children, and in those areas 728,000 children in 302,000 families were given assistance. During the calendar year 1939 more than $111,000,000 was expended for this purpose.

MATERNAL AND CHILD-WELFARE SERVICES AND VOCATIONAL REHABILITATION

Under this part of the Social Security Act the federal government will give financial assistance to states with approved plans of maternal and

child health, services for crippled children, child-welfare services, and vocational rehabilitation of the physically disabled. Each state with an approved plan on any of these subjects will receive a minimum annual grant of $20,000 for each service ($10,000 for child-welfare service). In addition, the federal government will grant additional sums, based generally upon the needs of the state and the extent to which it undertakes financial responsibility for such a program. In 1940 approximately $15,000,000 was made available by the federal government for the above services.

AID TO THE NEEDY BLIND

There are probably almost 100,000 blind persons in the United States. In order to assist the states in the care of the needy blind, the Social Security Act provides for granting to each state with an approved plan half of the total expended by the state up to $40 a month for each needy blind person not in a public institution. During the calendar year 1939 more than $12,000,000 was expended for the care of nearly 50,000 such needy persons in those states participating in the program. By January, 1940, forty-three jurisdictions had approved plans for assisting the blind.

PUBLIC HEALTH WORK

The Social Security Act provides for the appropriation of $11,000,000 annually for public health work. Of this amount, $2,000,000 is to be expended by the United States Public Health Service for the investigation of diseases and problems of sanitation. The remainder is to be allotted by the Surgeon General to the states for public health services on the basis of population, special health problems, and the financial needs of the respective states.

In general, it can be said that the Social Security Act does little to provide security against illness and physical invalidity. That there is a need for some form of health insurance was made clear in the earlier part of this chapter. In 1937, out of a total expenditure of approximately $3,500,000,000 for health and sickness services, the individual patients paid 80 per cent.

A wide distribution of costs is the only way to provide adequate medical services for the masses of the population. There appear to be three possible ways of accomplishing this: voluntary insurance, compulsory insurance, and public medicine. It is, of course, possible to have all three

and also continue the private practice of medicine on an individual fee-for-service basis for those who desire and are able to pay for such service. At present, two group plans for providing medical care are in use in the United States: voluntary group hospital insurance and voluntary group insurance for doctors' fees. Compulsory health insurance similar to the plan in force in England since 1911 is now being proposed by some groups. There is a wide difference of opinion among interested parties as to how far we should go in extending complete hospital and medical care at public expense. Difference of opinion over the means to be employed, however, should not be allowed to prevent us from making medical care available to all who need it whether this be accomplished by voluntary or compulsory health insurance or by public medicine.

ADMINISTRATION

The responsibility for the administration of the social-security program is vested in the Social Security Board of three members appointed by the President. The board is a part of the Federal Security Agency and is under the direction of the Federal Security Administrator. The board determines whether state acts comply with the Social Security Act and thereby entitle the state to federal grants. The old-age and survivors' insurance program, the only part of the Social Security Act administered directly and completely by the federal government, is under the board's jurisdiction. The administration of all other phases of the program rests with the states but is subject to limited supervision by the Social Security Board.

EVALUATION

The foregoing discussion of the Social Security Act leaves no doubt that in many respects it is not a completely satisfactory solution of the problem of social security. The inadequacy of the protection afforded by the program, especially as respects the unemployed and the aged, has already been indicated. The unemployment-insurance system cannot be regarded as a solution of the problem of prolonged unemployment and indeed does not assist those unemployed who are most in need. Moreover, the existence of a separate unemployment-insurance system in each state results in wide disparity in the protection afforded the workers and a serious limitation upon the distribution of the risks of unemployment. For example, a state with a high incidence of unemployment will exhaust its funds more rapidly than other states, thereby leaving its unem-

ployed without protection. In many states the grants made for the needy aged, the blind, and dependent children are too low. The fact that a state must match the federal grants for these services places the poorer states at a disadvantage and results in inadequate protection for their needy groups. The lack of any provision for any form of health insurance is one of the program's most serious deficiencies. Some critics have pointed out that all the funds for unemployment and old-age insurance are raised from payroll and wage taxes. This means, in effect, a reduction in the purchasing power of the consumers at a time when it is generally agreed that the national economy needs an expansion, not a reduction, of mass purchasing. The present financing of the program, it is contended by some, "only distributes poverty among the poor." Probably a transference of part of the financial burden to other groups of the population in the form of taxes upon the higher personal incomes and excess profits would result in less penalty upon consumer purchasing power and might make possible more adequate protection for the insecure.

Despite all these deficiencies in the Social Security Act, it is nevertheless a forward step toward the elimination of insecurity. The very fact that the United States has recognized the problem of economic insecurity as the responsibility of the nation must be regarded as a major social advance. However important the present inadequacies of the program may be, the way is now open for a continuing attack upon those hazards of contemporary civilization which threaten the security of the individual and of the present social order.

Suggested Readings

Burns. E. M., *Toward Social Security* (New York, McGraw-Hill, 1936)
Doctors, Dollars, and Disease, Public Affairs Pamphlet No. 10 (New York)
Douglas, P. H., *Social Security in the United States* (New York, McGraw-Hill, 1939)
Epstein, Abraham, *Insecurity: a Challenge to America* (New York, Random House, 1938)
Epstein, Abraham, "Social Security—Where Are We Now?", *Harper's Magazine*, June, 1940
Flynn, J. T., "The Social Security Reserve Swindle," *Harper's Magazine*, February, 1939, pp. 238–248
Pensions After Sixty?, Public Affairs Pamphlet No. 46 (New York)
Security or the Dole?, Public Affairs Pamphlet No. 4, revised (New York)
Who Can Afford Health?, Public Affairs Pamphlet No. 27, revised (New York)

Chapter XXVI

THE FAMILY AND YOUTH

> The family is by no means an original invention by man. On the contrary, it has been worked out independently by many different organisms. (Herbert S. Jennings, biologist, "From Amoeba Up," *Survey Graphic*, December, 1927)

WITHOUT elaborate argument it will be taken for granted in this chapter that the family is very ancient and that marriage came after some sort of family life had been going on for the care of offspring. About various theories concerning the historical family we cannot here go into detail. An occasional backward glance may help to give perspective and a background for the contemporary situation. The family, marriage and parenthood, and youth will be briefly treated in terms of a dynamic and difficult world in which people reach hopefully for stability in their yearning for better things.

The Family

Is study of the family more necessary today than formerly? An immediate answer would be something like this: Yes, because of machine-age tensions and dislocations, the family runs greater risks in the twentieth century than ever before. New strains call for efforts at adjustment between husband and wife, between parent and child, and between the family and the community. These adjustments come not by wishing but by working for them. Ancient philosophers—Plato, for example—and later scholars sensed the need for more preparation of the young for family responsibilities. England's Herbert Spencer and America's Lester F. Ward used some strong words about a civilization that neglects the compelling issues of life in favor of less important matters:

> If by some strange chance not a vestige of us descended to the remote future save a pile of our school-books or some college examination papers, we may imagine how puzzled an antiquary of the period would be on finding in them no indication that the learners were ever likely to be parents.

... Is it not monstrous that the fate of a new generation should be left to the chances of unreasoning custom, impulse, fancy—joined with the suggestions of ignorant nurses and the prejudiced counsel of grandmothers? ... The training of children is dreadfully defective. And in great measure it is so because parents are devoid of that knowledge by which this training can alone be rightly guided.... Better sacrifice accomplishments than omit this all-essential instruction. (Herbert Spencer, *Education: Intellectual, Moral, Physical*, 1861)

The only practical use to which we put science is to *improve upon nature*, to control all classes of forces ... to the end of bettering the conditions under which we inhabit the earth.... It is rather a disgrace to civilization—which has thus redeemed almost everything else from the rude, wasteful, and heartless dominion of nature—that it has left the relations of the sexes untouched, or has even aggravated in the human race those existing in the brute. (Lester F. Ward, *Dynamic Sociology*, I, 1883)

In the family, as elsewhere, man's world moves slowly from custom to custom; there is always a lag between the realization of the need for change and the accomplishment of the desirable change. None of our social institutions easily or willingly alters its ways. Life likes to stay in grooves, and the family is particularly resistant to change. Culture lag is common to the family, religion, education, and government.*

The scientific study of the family and marriage and their recognition as objects of study by religious and educational institutions have developed, except for scattered earlier instances, only since the year 1925. Moreover, even now most of the adequate teaching in the field is done at the college level, and only a relatively small percentage of students elect courses in the subject. When it is realized that about 90 per cent of our youth do not go to college and that about 40 per cent of elementary school children drop out at the eighth grade or below, the seriousness of the neglect becomes more apparent. If there were any evidence that constructive study for marital and parental duties were accomplished otherwise, the picture would be better, but no such evidence exists. On the contrary, 66 per cent of the boys and 40 per cent of the girls in Maryland report that their knowledge about sex is more or less limited to what friends of their own age have told them.† About the more important

* *Culture lag* is the term used to indicate slowness of adaptation between one aspect of culture and related parts, especially the lag between the material and nonmaterial aspects. A family may modernize its house with the latest gadgets but refuse to abandon fallacious adages or even to illuminate them with new meaning, as for example: "Spare the rod and *study* the child."

† H. M. Bell, *Youth Tell Their Story* (Washington, American Council on Education, 1938), page 40. This research dealt with 13,466 youths in Maryland.

aspects of marriage fellowship—psychosocial matters have been too much underemphasized in comparison with so-called sex education—youth is even more ignorant. Add to this the further fact that very few of our schoolteachers and clergymen have the knowledge, especially in mental hygiene, or the skill to be of beneficial guidance. Eighty years after Spencer the extent of our cumulative institutional neglectfulness is impressive.

Why not trust instinct? Does not man have a mating and a parental instinct? The lowest organisms reproduce automatically or "instinctively," as a rule, and in great quantities; their young develop independently and rapidly; behavior is simple and collectivized without the family pattern; and life is short. Higher in the scale, mating, nest-building, egg-laying, feeding and protecting the young, and other such activities are still more or less instinctive; the young are more dependent, behavior is more complex and family-patterned, and life is longer. But man, the most highly developed of all animals, seems to have graduated from all forms of purely instinctive behavior. Of course, he has reflexes that operate in life-sustaining and protective ways, but he is mainly a creature of learned habits. He has, because of superior endowments, more chance for great happiness or great misery.

Today's expert consultants in marital and parental difficulties know, from their contact with maladjustment, how far-reaching are family problems. Many of the troubles would not have arisen had the participants received early constructive guidance, had they studied instead of stumbled their way in precourtship and courtship days, as well as in later marriage and family life. The wisely trained child and youth whose parents work at parenthood, giving honest answers rather than prudish evasions; the person who is encouraged from infancy in give-and-take fair play, who is habitually considerate, who is encouraged to plan and be forehanded, who chooses his friends with care; such a person is not so likely to find himself *falling* in love and *failing* in later family situations. Few will disagree with the student who expressed himself thus:

> Any pair of nitwits can fall for each other, marry, and produce a child, but it takes thought and discrimination to go with the right friends from whom to select a suitable mate. Later it means more and more care to make the marriage go and to guide a child effectively over the years. Success in courtship, marriage, and child training doesn't just happen.

Let it be emphasized again and again that adjustment is accomplished by effort and learning, not by luck or anything else readymade. No

reliance whatever can be placed at the human level upon so-called sex and parental instincts.

FAMILY COHERENCE

Affection makes people want to stay close to each other. In the family it is not, however, something separated as wholly unphysical, but something rooted in biological survival. One of the most significant attributes of the highest animals is the capacity for affection, an indispensable cohesive force for the human family in its biological role as propagator and in its social role as protector, provider, and trainer of the young.

Authoritative works on primitive and ancient peoples abound in evidences of affection as the predominant factor in family life. That curious primitive custom, the *couvade*—in which the father simulates childbirth —has apparently protectional-affectional meaning for mother and child. The patriarchal Hebrew, Greek, and Roman concern for the welfare of children is unmistakable. Nor was deep, abiding affection between husband and wife a discovery of the romantic era. The story of Ruth in the Bible and the *Laudatio Turiae* (in praise of Turia, wife of Quintas Lucretius Vespillo, about 19 B. C.) are examples.

Affection is primary; other things are secondary and tertiary. More than ever before in our civilization does the family depend upon the bonds of affection. The family is no longer the important economic unit that it once was; it no longer has the quantitative priority in the educational and religious development of the child's life on the formal side; and in other ways the family has given over to outside agencies many of the activities that formerly were cared for within the family circle. Because its unity is an interaction of affection, it is extremely doubtful if there can be a substitute for the family as we know it at its best. Love of mate blended with protective affection for offspring is the heart of family life. All physical and psychological functions of the family are bound together in their concentration on the perpetuation of the species.

Marriage and Parenthood: MONOGAMY

The marriage of one man to one woman has been the common practice throughout history. Plurality of wives (polygyny) and plurality

of husbands (polyandry) are and have been comparatively rare, and are compound marriages built upon the pattern of monogamy. Promiscuity, nonexistent today if it ever existed among men, must always have been exceedingly rare. The delicate human infant needs the converging of more responsible care than promiscuous breeding would make probable. Here also is implied the meaning of the statement at the opening of this chapter that marriage grew out of family life. It is possible that a temporary monogamic relationship, rather than promiscuity, constituted the earliest form of marriage. In modern culture, especially, monogamy makes for stability, for co-operation on the basis of equality between the sexes, for advantageous child-rearing, and for the simplification of property rights through inheritance.

It is possible that those few who argue for the abandonment of the monogamic principle are rationalizing rather than reasoning. Monogamic marriage has stood the test of human experience, has survived after the trial and failure of other forms, and is the type compatible with the conditions and incentives of American life today.

EQUALITY OF THE SEXES

No convincing evidence exists that woman is inferior to man in any way except in physical strength. Her bodily measurements are less than man's, and, since man was strong enough to overpower and possess woman, it is not hard to imagine how the roots of the patriarchal system got started and afterwards accumulated beliefs that woman *ought* to be inferior in other ways. This belief in male superiority has come down through the years, is reflected in the laws and in family patterns throughout the world (infanticide and sale of children apply mostly to girls), and in religious, educational, and political folkways. The westward movement of civilization has brought increasing emancipation to women, even in connection with our own pioneering to the western states, for it is these rather than the eastern areas that have liberalized the participation of women. Woman's achievements, despite man-imposed restrictions, more than justify the conviction that the fifty-fifty relationship between male and female is clearly tenable. The damage done to woman's status by the early church, by the later chivalric emphasis, and by folkways and laws has not yet been fully corrected. Instead of being the passive tool of man, as one inferior in brain power and lacking in sexual reflexes, woman lays active claim to equality with

man, and her rights have begun to be vindicated in this twentieth century. Modern American marriage assumes this equality of the sexes and endorses the single standard of morals before and after marriage.

THE PLACE OF SEX

The interplay of body and mind in the mysterious realm of sex makes it at once the most complex and the most interesting of subjects. Down through the years a vast amount of misinformation has been accumulated and has only lately been corrected at some points by the work of courageous scientific minds. Traditionally it has been a field with many pseudo authorities, young and old, on street corner and in easy chair. It is a subject about which there have been more repression and suppression—to be given vent through humorous or pornographic outlets —than about any other vital matter.

In lower animals sex behavior is simple, regular, rhythmical, and without observable psychical entanglements. In most intellectually mature human beings sex behavior is almost diametrically opposite, and it is the psychical involvements that are, as indicated by very recent research, far more important than the merely physical aspects. In other words, it is a relatively quick and simple matter to outline the physical features and functioning of sex; it is extremely difficult to set forth clearly to individuals or groups the mental-social complications and conflicts involved. Those who have had long experience in dealing with sexual phenomena point out that, although sex is a problem and an important part of marriage experience, it is not the chief value of marriage fellowship; that marital adjustment is not a "technique" but an achievement through an enriching fellowship which embraces the *total personalities* of the man and the woman.

People conditioned to traditional beliefs that are sensitively integrated with marriage mores cannot flout them without inviting inner personal conflict. A work of scientific value says this: "With the majority of couples, problems of sexual adjustment in marriage appear to be a resultant not so much of biological factors as of psychological characteristics and of cultural conditioning of attitudes toward sex." * Altogether too much importance has been placed on the physical side of sex, especially in blame attached to physical transgressions. Ancient

* E. W. Burgess and L. S. Cottrell, Jr., *Predicting Success or Failure in Marriage* (New York, Prentice-Hall, 1939), Chapter 17.

scripture recognized the mental as well as the physical aspects in sex stimulation and behavior.

For thousands of years humanity, in its concern for social control and the welfare of the race, has frowned upon sexual immorality and has ordered that sex behavior be confined within the framework of marriage. This morality has had enforcement in the laws of nations. Other research, as well as that quoted above, indicates that there is nothing to be gained by premarital sex experience, which commonly is merely fragmentary, physical, and without any of the psychical components that belong to legitimate sex in marriage. Ernest R. Groves puts it very definitely when he says: "Premarriage experience is no advantage but frequently is, instead, the chief cause of marriage maladjustment."

FROM "DATING" TO MARRIAGE

This section might have been headed "Courtship." Nowadays the procedure in getting acquainted and moving toward marriage usually has three stages: casual dating, "going steady" with someone, and engagement. This provides an opportunity for the two possible mates-to-be to get acquainted, it permits them to test each other out, and finally it allows their interest in each other to be developed to the point of preparation for marriage. This threefold procedure, like the courtship of old, is indispensable, but it also carries much that is hazardous and fictitious. Many young people overbuild their air castles, fall in love with love, and put on a "front" that consciously or unconsciously amounts to deceit. For such people love is blind. Courtship can be realistic only when precourtship experience has encouraged thoughtful analysis rather than sentimentality.

Today's socioeconomic conditions have left young people to shift for themselves, to meet and marry whom they would when they could, haphazardly. Young people need opportunity for fellowship and privacy; yet, with all our freedom, mobility, and individualism, there has been very little, if any, improvement in mate-finding facilities. "Dating bureaus" and some centralization of information have been advised, and in a few places they have been set up to facilitate a wider range of intimate acquaintance. The churches and other organizations are increasingly aware of the need.

Modern problems of courtship involve petting; who "rates" in the pattern of dating; the fifty-fifty question in taking the initiative, in

spending, and in other matters; whether the girl should actively pursue or merely wait and set traps for the mate; and many other questions which can be studied fruitfully in the accumulating literature on the subject.

TRIAL MARRIAGE

Here is a term that has had considerable currency in recent years. It has been associated with other terms, such as "companionate," which was used by its originator, Dr. M. M. Knight, to describe a state of *lawful* wedlock, entered into solely for companionship and not contributing children to society. Terms such as these get mangled by use with the result that confusion arises, especially in the minds of young people.

Among some of the primitive, simpler people who live on a vegetative level, trial marriage seems to have had some reason for being: the main concern was to make certain that sexual intercourse would result in offspring and thus validate an ultimate marriage under the mores. For mature, civilized peoples trial marriage is considered to be of no advantage. There is no reliable evidence that it can help youth meet its premarriage problems, but, on the contrary, it is likely to be a menace to the idealism, ethical character, and feeling of commitment that successful marriage demands. Sound common sense would indicate that we need to hear less about trial marriage and more about trial courtship or trial engagement, where at the mental-social level young people may test out individual standards, compare valuations, and develop common views, where they can learn the ways of accommodation and co-operation before they embark on matrimony, which the normal couple does with unquestioned motives of permanency.

AFTER MARRIAGE: PARENTHOOD

In America the desire for children is secondary to love as a motive for marriage. In earlier times, as with the primitive and patriarchal family, the desire for children, for economic and political reasons, may have surpassed any other motive. In an agricultural economy and in a country where all must be fully subordinated to the state, the production of children is likely to be the ruling motive for marriage, with love as incidental and subsequent. Children today may be looked upon as either a blessing or a burden according to the cultural situation, its economic features, religious beliefs, and social patterning.

Average young people, healthy in body and mind, normally expect to marry and have children. First let us look at marriage facts apart from parenthood. Very recent data on 44,963 youths in North Carolina show that two in every three out-of-school youths are married by the time they are twenty-five. The picture is sketched in more detail in the following table:

TABLE I *

MARITAL STATUS OF OUT-OF-SCHOOL YOUTHS: PERCENTAGE MARRIED AT AGES 15, 20, AND 25, IN NORTH CAROLINA, 1938–1940

AGE	WHITES MARRIED		NEGROES MARRIED	
	Male	Female	Male	Female
15	1.0	11.3	0.0	17.0
20	23.2	47.0	16.7	34.9
25	58.8	71.1	64.6	58.7

Similar figures appear for the country as a whole. By age twenty-five, 60 per cent have married; by age thirty, 70 per cent; and by age thirty-five, 80 per cent. A study of Harvard, Yale, and Stanford men graduates who had been out of college ten or more years shows 70–80 per cent married. A study of 13,466 youths in Maryland, completed in 1938, tells a story similar to the one for North Carolina. Among the many points of emphasis in this research are those which show a clear-cut relationship between early marriage and low family income and between early marriage and school grade attained. Youths whose fathers are unskilled or farm laborers are twice as likely to marry before they are twenty-five years old as are those whose fathers are in professional pursuits. The less schooling a youth has had, the sooner he is likely to marry.

With regard to parenthood, youths generally indicate that the "ideal" number of children should be substantially less than the number born to their parents, especially for low-income groups. The Maryland study remarks:

> It is a presentable assumption that (for youth) the same social, economic, and perhaps psychological forces that operated to leave his low-income father with a large family will continue to operate on him. And so begins the second dismal swing around the same vicious circle. And so, *ad infinitum.*

Youth at the more favored levels apparently intends to emphasize quality rather than quantity in the number of children desired. Today

* Adapted from Tables 16 and 17 in G. W. Lovejoy, *Paths to Maturity.*

twenty-year-old college girls in the South *expect* to marry—all but 2 per cent of them—and 93 per cent desire from two to four children. The popular number of children is three, indicated by 45 per cent of the girl students. Only 7 per cent express a desire to have fewer than two or more than four children.*

If we wish to look at the size of family for the nation, by regions, the next table is informative. This 1930 census material was released May 17, 1940. It will be some time before the 1940 census data on the family are available.

TABLE II

MEDIAN SIZE OF FAMILY BY SEX AND MARITAL CONDITION OF FAMILY HEAD, FOR GEOGRAPHIC REGIONS IN THE UNITED STATES: 1930

	UNITED STATES	GEOGRAPHIC REGION [1]		
		NORTH	SOUTH	WEST
All families	3.40	3.37	3.67	2.92
Families with man head	3.56	3.53	3.83	3.09
MARRIED, WIFE PRESENT	3.72	3.68	3.97	3.34
Married, wife not present	1.43	1.48	1.49	1.21
Widowed	2.29	2.33	2.45	1.59
Divorced	1.30	1.34	1.36	1.21
Single	1.41	1.48	1.47	1.17
Families with woman head	2.22	2.17	2.51	1.87
Married, husband not present	2.63	2.64	2.81	2.26
Widowed	2.38	2.33	2.71	2.02
Divorced	2.20	2.20	2.41	1.97
Single	1.39	1.40	1.49	1.23

[1] The North includes the New England, Middle Atlantic, and East and West North Central States; the South includes the South Atlantic and East and West South Central States; the West includes the Mountain and Pacific States.

A family is defined by the census as a group of persons related by blood, marriage, or adoption, and living together as one household. Hotels, lodging houses, and institutions are not included. Families comprise from one to eight or more members. Most of the large families were in the class that is thought of as normal, that is, families with hus-

* From unpublished data based on reports from five hundred college girls in Virginia, Alabama, North Carolina, and Louisiana in 1936 and 1941; in files of Lee M. Brooks, Chapel Hill, N. C.

band and wife present. This item is shown in capital letters. It is to be noted that the South has the largest families in every detail, that 3.97 members indicate a family with father, mother, and two children. Since these figures are medians, half of the "normal" southern families are larger than 3.97 members and half smaller. Another table in this census report shows that nearly a third (31.3 per cent) of the families in 1930 consisted of one or two persons. (All these data are relevant to our chapter on the population problem.)

As was mentioned in the preceding paragraph, enlightened youth is apparently interested in quality rather than in quantity. Some, of course, are thinking more of pleasure without parenthood than of pleasure with it. Those who are wiser look realistically into a world of insecurity and intend to have only as many children as they want and can support. Family limitation through birth control is a current folkway. A recent high court decision has removed the former restrictions on a proper understanding of the approved contraceptive methods. Physicians and married people are now having opened to them, through freer channels, knowledge that is needed to take the place of traditionally unreliable measures and devices. Whether contraception is practiced by the rhythm technique or by scientific mechanical-chemical means, thoughtful people are planning to space their children. There are many more people who are eager to do so than who know how to go about it properly. Youth wants children by plan and not by accident.

PURPOSEFUL PARENTHOOD

The planlessness of yesterday's citizens and parents is responsible for today's chaotic situations and such problem children as there are. Perhaps it is true that for every little problem child there is a big problem parent. The problem child will continue to be with us so long as people think of molding young personality as something like putty or cement under the impress of adult manipulation. To treat a child as living, growing, and in need of guidance and shaping, as we treat a plant—even pruning now and then—is the way of common sense and science. At any rate, the plea by Spencer eighty years ago, the discussion early in this chapter of the unreliability of any instinctive functioning at the human level, the emphasis on the need for more orientation of the young toward the supreme responsibilities of later life—all these could be reinforced still further.

Today's need is not one that any single institution can meet by itself.

For too long we have sought to do things by segments that cannot be done that way. (1) Parents can improve their parenthood by study, by vitalizing old purposes with new ideas. Further than this, constructive social change also depends upon: (2) teachers and realistically revised school offerings; (3) physicians and democratized health provisions; (4) preachers and socialized religion; (5) statesmen and consistently improved laws from state to state; (6) capital-labor groups welcoming co-operative compromises for the sake of social security; (7) leisure-time leadership that goes beyond narrow specialities. All these must combine to help promote the parent-child relations needed in a functioning democracy. This sounds very abstract; a little thinking can fill it with concreteness. Purposeful parenthood for tomorrow depends upon today's programs in home, school, health agencies, church, government, economics, and recreation, and certainly upon the purposes of youth today and tomorrow.

Youth

Out of the accumulating published materials dealing with youth we can touch upon only three of the main emphases found in the studies of Maryland and North Carolina young people.

EMPLOYMENT

The dominant problem, as youth sees it today, is economic security. One hears such remarks as these:

> Getting a job is the big thing. They say experience is wanted but how can you get it if they don't give you a chance to work.
>
> The problem is how to get married on $15.00 a week.
>
> Young people are having a tough time getting jobs. Those that they get don't pay well enough to enable them to get married or to do other things they want to do. There are more people than there are jobs. Many elderly people who aren't able to work have to keep on working because they haven't anything to fall back on. Meanwhile, the young people who are idle are getting into trouble because they have nothing to do.

Though this problem of the job is uppermost in the mind of youth, it is obvious that the job is wanted as a means to an end. Youth wants to be independent, to marry, and to have a home.

Admittedly, in a society that is groping and stumbling, with too many stubborn devotees of things-as-they-have-been, the ladder to successful adjustment at progressive levels has lost some of its rungs. Youth is

having trouble getting either a handhold or a foothold. "A fellow can't get a job and get promoted anything like as easy as in earlier times."

Another aspect of the problem needs pondering by youth itself. Many an applicant for a job today gives in answer to the question "What can you do?" this sort of reply: "Oh, I'm willing to do anything." This is meant to impress the prospective employer with the applicant's democratic eagerness and enthusiasm. Why not, in the lower schools, in the high school, and certainly in the first years of college, try to get hold of an interest or skill that can be presented definitely as part of an early life plan, so that the applicant youth can say: "I can do this or that and have reason for believing that you may be needing somebody for this sort of work." A young person is not likely to have such a dynamic approach unless formal education and hobbies have been made more realistic in home, school, and community than they still commonly are. North Carolina youths report that they get more stimulation toward hobbies from school and friends than from their own parents. However, the emphasis of many southern school systems upon old academics, to the neglect of such things as industrial arts, is little short of appalling. Communities generally are apathetic, inactive, and even backward about recreation and aesthetic interests. Yet, despite inadequacies in home, school, and community, it is possible for young people to develop for themselves, far more than they do, interests and skills that may lead eventually into vocational avenues. Critics of youth have something of a case when they claim that modern youth expects too much too easily and in a hurry. A youth, like a good salesman, must plan carefully, arm himself with persistent patience, and "sell himself" to the world. As one youth has put it: "Other people won't help if youth does nothing for itself." The majority of youths appear to realize that they cannot afford to indulge in self-pity or idly wait for opportunity to come around the corner.

During the next few years particularly, because of the relatively large number of youths attaining working age, the problem of employment promises to be most pressing. It calls for the utmost thought, planning, and action by youths and elders, and especially by educational, business, and governmental leaders. Youth will work *for* democracy if it has a chance to work *in* it.

EDUCATION

If the highest good in life is growth, and if education is the essence of growth, then the emphasis that we give to education is justified. But

not all that passes for education may be a "leading out." Grades and courses passed, certificates and diplomas granted, going through school or college—all these may connote for the possessor "finishment" rather than "commencement." Among the many provocative comments and disclosures of the Maryland survey of youth are the following:

The larger the family, the greater the probability that the youth left school at the elementary school level.

There are significantly *more* unemployed youth in the group which left below the ninth grade, and *fewer* unemployed in those who went beyond high school graduation.

More boys than girls failed to go beyond the eighth grade—45 per cent as against 32 per cent.

The probability that the Negro youth will *not* have gone beyond the eighth grade is twice as great as it is for the white youth.

The North Carolina survey shows similar conditions:

More girls than boys go through high school and three times as many white youth as Negro youth graduate from high school—18.1 to 6.1 per cent for boys, and 28.1 to 9.3 per cent for girls.

If tomorrow's citizens do not receive from our schools the training necessary for democratic procedures in government, it is difficult to imagine, as the researchers suggest, from what other source in our present social scheme this training is to come.

Youths leave school, four out of ten of them, because their parents lack the funds to keep them in school. When youths quit for lack of interest, as one in four does, the trouble exists in some sort of personal maladjustment or, more likely, in the failure of the educational system to adapt itself to the needs and interests of young life. For out-of-school youth, can there be growth when only one out of every eleven is receiving any part-time education? Figures show that the less schooling a youth had received in a full-time day school, the less he had received from a part-time school. Youths, in the main, want white-collar jobs, and often what they had hopefully chosen as a lifework and what they actually did on their first job were quite in contrast.

As to whether education makes life more worth living, most young people seem to feel that without their school experiences living would have been decidedly more meaningless and colorless. But it is clear from this brief view of education that youth gets practically no specific or general training in elementary or high school that is likely to be of much value in preparing for marriage and home life.

RECREATION

The word *recreation* connotes elemental need of renewal and invigoration. Granted that life has a measure of security and affection in it for each individual, he next wants varied, refreshing experiences. Plato saw this when he emphasized gymnastics for the body and music for the soul. An interesting picture of leisure-time activities of Maryland youth is given below:

TABLE III

PRINCIPAL LEISURE-TIME ACTIVITIES OF MARYLAND YOUTH ACCORDING TO SEX *

6,872 Male Youth			6,635 Female Youth		
Rank	Activity	Percentage	Rank	Activity	Percentage
1	Individual sports	21.6	1	Reading	35.0
2	Reading	16.7	2	Dating, dancing	13.7
3	Team games	15.7	3	Handicrafts, hobbies	13.4
4	Loafing	13.1	4	Movies	12.0
5	Dating, dancing	10.9	5	Individual sports	11.1
6	Movies	9.4	6	Loafing	5.4
7	Hobbies	5.5	7	Listening to radio	2.2
8	Listening to radio	1.8	8	Team games	1.1
9	Quiet games	1.5	9	Quiet games	0.8
10	Other activities	3.8	10	Other activities	5.3
		100.0			100.0

Loafing included idling, sitting on front steps, talking on street corners, pleasure driving.

A chart from the North Carolina study (Fig. 4) is also instructive.

About hobbies, motion pictures, and reading these research studies afford much that is illuminating. Of 5,337 North Carolina high-school youths, hobby interest was stimulated more by watching friends enjoy a hobby and by instruction at school than by any other stimulating agency. Motion pictures have universal appeal, but only forty-eight out of a hundred Maryland youths had used libraries during the year preceding the study.

Space forbids inclusion of anything more than a few extracts taken from the summary of the chapter "Youth at Play": †

* H. M. Bell, *Youth Tell Their Story*, Table 64, p. 162.
† *Ibid.*, pp. 188–189.

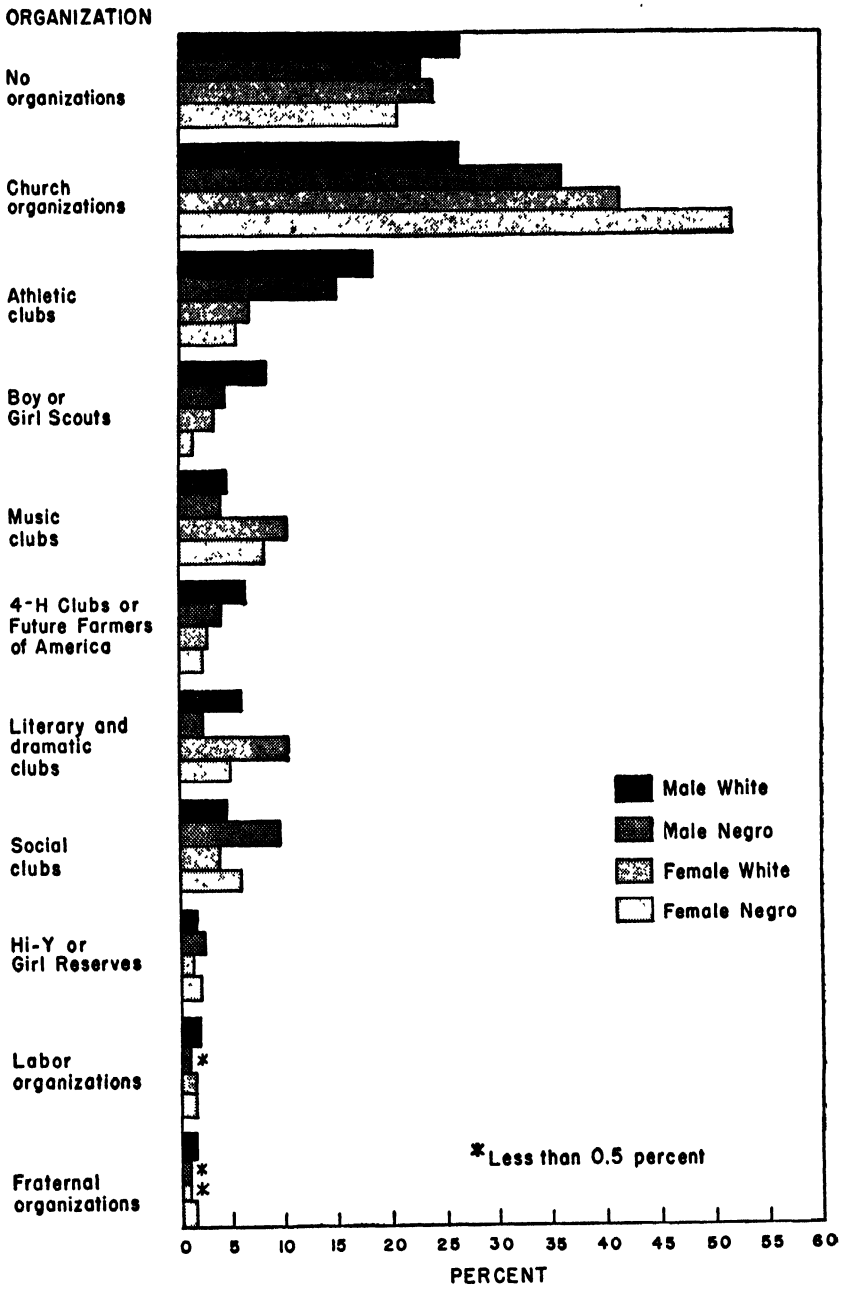

FIGURE 4. ORGANIZATIONS IN WHICH HIGH-SCHOOL AND OUT-OF-SCHOOL YOUTHS ARE MOST ACTIVE: PERCENTAGE DISTRIBUTION BY RACE AND SEX

Source: North Carolina Youth Survey, Schedules NC 1 and NC 3.

... communities would do well to explore the possibilities of community youth centers.

There are doubtless many sympathetic and socially minded people to whom this proposal to develop community youth centers will seem to involve an expense that cannot be met. About the only answer to this is the promise that such a center would, in all probability, yield an ultimate return to the community which would quite surpass its cost.

There are many cities in the United States that are well known for the beauty and the cost of the monuments they have built in memory of their heroic dead. While one is impressed, there come times when one wonders if an honest expression of gratitude and appreciation really needs so many blocks of stone. In these unguarded moments, one is led, in fact, to wonder if it is not as noble to serve the living as honor the dead.... Perhaps the most effective way to honor the dead is to erect monuments that most effectively serve the living. It is quite possible that no better choice for such a monument could be made than a community center dedicated to the single task of directing into profitable channels the years and energies of our young people that are now going to waste.

Youths themselves, as well as their elders, must think about these things.

Character development, the enrichment of personality, mental poise and security, happier family experience, more satisfying community life —social control itself—the attainment of all these may be more nearly approximated if leisure and aesthetic interests are encouraged and such activities wisely guided in home, school, and community.

Summary

This chapter has covered considerable territory, yet it has left untouched a host of important matters that might be considered. Social pathologies such as divorce and social forces such as religion have not been dealt with. The attempt has been made to open up a few channels through which thinking might flow into various tributaries of thoughtful discussion.

The aim of the chapter has been to bring into focus the need for study in the realm of the family, marriage, parenthood, and youth; to show in some detail that success in human relationships comes not fortuitously but by studious application; that in marriage the blending of the biological and psychological aspects must be recognized, with more emphasis upon the psychological involvements than in the past. Parenthood has been discussed as of such sociological significance that in this it transcends mere biological power of reproduction. The trend toward quality

rather than quantity in family life has been emphasized. Because today's youth will be marrying and becoming the parents of tomorrow's children, the last part of the chapter has dwelt on three of the major problem areas that should be the concern of youth, elders, the community, and the nation. Many other phases of the total problem would have been treated had there been space to do so. The earnest student will explore freely and fruitfully into further reaches of youth problems and family relationships.

Suggested Readings

Burgess, E. W., and L. S. Cottrell, Jr., *Predicting Success or Failure in Marriage* (New York, Prentice-Hall, Inc., 1939), Chapter XVII

Eddy, Sherwood, *Sex and Youth* (New York, Doubleday, 1928)

Groves, E. R., and L. M. Brooks, *Readings in the Family* (Philadelphia, Lippincott, 1934), Chapters VII, XIV, XVII, and XXIV

Groves, E. R., and W. F. Ogburn, *American Marriage and Family Relationships* (New York, Holt, 1928), Chapters I, II, IX, XXII, and XXIV

Hagood, Margaret J., *Mothers of the South* (Chapel Hill, University of North Carolina Press, 1939), Chapters VI–XIV

Lynd, R. S., and H. M. Lynd, *Middletown* (New York, Harcourt, 1929), Chapters X–XI; also by the same authors and publishers, 1937, a follow-up study, *Middletown in Transition*, Chapter V

Lovejoy, G. W., *Paths to Maturity*, Findings of the North Carolina Youth Survey (1938–1940), N.Y.A. Project 1–10943 and W.P.A. Project 665–32–3–328, Sponsored by the Cooperative Personnel Study (Chapel Hill, University of North Carolina, 1940), Chapter II

Nimkoff, M. F., *The Family* (Boston, Houghton Mifflin, 1934), Chapters V–VI

Ogburn, W. F., "The Family and Its Functions," *Recent Social Trends* (New York, McGraw-Hill, 1933), Chapter XIII

Stewart, M. S., *Youth in the World Today* (New York, Public Affairs Committee, 1938)

Tomorrow's Children, a symposium (New York, Birth Control Federation of America, 1939), pages 1–97

Waller, Willard, *The Family: A Dynamic Interpretation* (New York, Cordon, 1938), Chapter IX; also by the same author, a booklet, *War and the Family* (New York, Dryden Press, 1940)

Chapter XXVII

THE CRIME PROBLEM

> You see that this wrought-iron plate is not quite flat; it sticks up a little here towards the left—"cockles," as we say. How shall we flatten it? Obviously, you reply, by hitting down on the part that is prominent. Well, here is a hammer, and I give the plate a blow as you advise. Harder, you say. Still, no effect. Another stroke? Well, there is one, and another, and another. The prominence remains, you see: the evil is as great as ever—greater, indeed. But this is not all. Look at the warp which the plate has got near the opposite edge. Where it was flat before, it is now curved. A pretty bungle we have made of it. Instead of curing the original defect, we have produced a second.... An expert artisan would have taught us how to give variously directed and specially adjusted blows with a hammer elsewhere, so attacking the evil not by direct, but by indirect actions. The required process is less simple than you thought. (Herbert Spencer, *The Study of Sociology*, 1874)

THIS CHAPTER will explore in Part I some of the controlling and disorganizing factors in individual and community life, and in Part II will present a brief treatment of facts and fallacies, and a five-point pattern of public responsibility for crime control.

Who Knows?

A few years ago one of the nation's distinguished official experts on criminology opened his remarks to a group of college students with a suggestive overview of the crime problem. This man had behind him many years of practical experience with prisoners and prisons, first in one of the more progressive states and later with the federal government. He was not one of those, too commonly found, who boast that they are "practical men" with suspicion for "theories out of books." He had studied, he knew the various theories about crime and the criminal, he had thought vigorously about them, he had read widely and was still doing so. If anyone had a right to express himself categorically on the

crime problem, this man had that right. Yet his first words ran somewhat like this:

Fellow students, let me confess to you that the longer I live with this baffling problem, the less certain I am that I know the answers. The law, public opinion, the individual himself, the community, business and politics, the administration of justice, jails and prisons, probation and parole, programs of prevention—all these and more are involved.

A considerable number of those in prison are not criminals at heart; they are probably socially safer than many an uncaught higher-up or lower-down who consciously breaks or circumvents the law and gets away with it. Convicts are not "rats," nor is the so-called "big shot" very different from you and me. They were less lucky in what heredity and social conditioning did to them; they are victims of faulty social organization and distorted social ethics. More often than not it is lust for money, or for power, or just plain lust that gets them into a jam.

Is there anyone in this room who is guiltless, anyone who has not broken a law?

PART I: Law and Public Opinion

In a civilization enmeshed in a tangle of ordinances and statutes, many of them dead letters, it would be a rare person who did not unwittingly break a law now and then.* A crime by legal definition is a violation of law. A sociological definition of crime would have to consider what the people believed to be injurious to the common welfare, and it would have to take account of social change. In dealing with the question "what

* L. M. Hussey, "Twenty-four Hours of a Lawbreaker," *Harper's Magazine*, March, 1930, pages 436–439. In this article the writer shows how a man can in one day inadvertently commit misdemeanors and crimes amounting to $2,895.67 in fines and five years in penal institutions. Among many violations of the law he had allowed his dog to go unmuzzled on the street and had crossed a public square without extinguishing his cigarette.

The *American Magazine* in the late 1930's published many existing laws that are not commonly enforced, such as blowing one's nose in public, disturbing honeybees, failure to set at least two mouse traps every day, snoring so as to disturb neighbors, and playing dominoes on Sunday. Of course, most of these dead-letter statutes and ordinances are local.

The criminal "codes" of our various states need revision. The growth of criminal law has been almost completely devoid of philosophy or plan. Absurd paradoxes exist, as in Pennsylvania, which found itself in 1937 with such absurdities as these: Mayhem is a misdemeanor; an attempt to commit mayhem is a felony. Embezzlement by a clerk or servant is a felony; embezzlement by a banker, trustee, or guardian is a mere misdemeanor. Similar paradoxes might be cited. Those engaged in recodifying discovered one sentence of 1,228 words with seven *ifs*, two *buts*, and twenty-six *ands*. See *Journal of Criminal Law and Criminology*, Vol. 27, No. 6, March-April, 1937, p. 930.

is law?" the progressive jurist would say that it is a living, changing thing, at one time uniform, at another time yielding to judicial discretion, at one time very specific and at another time quite general. In one of his liberal decisions a few years ago, Justice Brandeis said: "We must let our minds be bold." The law cannot always draw a fine line between what is right and what is wrong even though it may attempt to do so in order to determine what is permissible and what is prohibited.

Public opinion is the power back of law, court procedure, and punitive practices. As with us today, primitive man's actions and beliefs were directed toward individual and group security. "Safety First" is a modern warning with ancient meaning. Customs, growing out of man's attempts to meet his needs, developed naturally rather than as the result of rational study and analysis. Man still tends to act first and to think or rationalize after he acts. With the passage of time these customs and beliefs took on ethical meaning or "rightness" for the group. Public opinion had by this time developed coercive power. Throughout the history of mankind, the offender against the accepted standards or mores has brought upon himself the antagonistic reactions of the group—public opinion in action.

For present purposes crime will be looked upon as behavior that violates the law and is offensive to public opinion and ethical standards in a socially changing world where such behavior is believed to threaten the welfare of the people as a whole.

The Individual

From the ancient laws of Babylonia (2000 B. C.), with their emphasis upon retaliation between individuals (*lex talionis*), where the seeking for exact justice meant an eye for an eye, down through the ages the search for justice has been accompanied by the primary consideration: protection of the social order. In the late eighteenth century Beccaria, an Italian scholar, challenged the traditional injustices of his day by prescribing that the punishment be made to fit the crime regardless of the status of the criminal. His emphasis was upon the offense. Late in the nineteenth century another Italian, Lombroso, thought he had discovered the "born criminal," a physically stigmatized and reverted type whose physical and physiological anomalies were responsible for his commission of crime. Today few serious students believe there can be a "born criminal," but they do salute Lombroso and others for stressing the need for studying the individual delinquent. No one has advanced this study of the in-

dividual more effectively since the turn of the twentieth century than Dr. William Healy through his clinics in Chicago and Boston. The ideal purposes of justice, discipline, and punishment are (1) to protect society and (2) to reform the individual. We shall see later that neither of these aims is very well accomplished, and that, until more attention is given to prevention of delinquency through study of the individual and his surroundings, the crime problem will be no less serious than it is now.

As one looks over four case studies of delinquent boys, cases taken at random, the problems involve stealing, running away from home, truancy, lying, loafing, and sex offenses. Two boys are decidedly supernormal mentally, one is normal with good all-round ability, and another is only fair. As "probable direct causation," bad companions and bad community conditions appear most frequently even when home conditions are fair or even very good. Under "prognosis and recommendations" for each case, community conditions and associations are most prominent, with such advice as this: "Needs entire removal from present neighborhood. Parents should move for the sake of all the children." Or in another case: "If community conditions cannot be radically bettered for this wonderfully bright twelve-year-old boy, we think he should be placed elsewhere, possibly with relatives.... There is considerable risk in allowing him to remain where his old associations may be reawakened." One other: "He should not go back to his home town; possibly for a time he should be away from his mother for the good of both. He particularly needs the help of an understanding man." Some of these boys get reoriented into good ways; others continue further in delinquency.

What produces criminality? Ready-coined answers often come out of uninformed discussion as from a slot machine: heredity, the weather, race, politics, slums, glands, the spirit of evil, feeble-mindedness, and so on. Nor is it satisfying merely to say that crime is caused by multiple factors, for this does not seem to clarify the vision and efforts directed toward control and prevention. As a matter of fact, it is not necessary that we know all about causes before we apply possible remedies. We know how to control smallpox without having definitely established its specific causes; similarly, for chills and fever, cinchona bark was used by Peruvian Indians long centuries before the carrier-cause of malaria was discovered. Though the word "cause" must be used with great care in speaking of crime, we can agree that there are inner and outer tendencies, sources, and conditions that push or pull an individual into unlawful behavior that threatens both personal and group welfare.

Granted that there are no "born criminals," there may be persons with inherited physical-mental tendencies which make them more susceptible to environmental influences than other persons who were born with wider margins of safety—margins that serve to reduce tensions and absorb shocks. A person travels over a life road filled with forking highways, low ways, bypaths, and blind alleys; a little incident or influence pushes him into one or the other of them, and further experience plays its part—perhaps a mere word, perhaps a soul-disturbing event. He finds himself in a particular situation, and, if he thinks at all, he wonders how it happened that he was not led through other forks in the road into one or more of other possible ways and situations. Who has not thought along these lines? Is it not suggestive of what the criminologist meant when he spoke of luck, heredity, and social conditioning?

John happened to have a father who encouraged hobbies; John made good. William had a careless, prodigal mother; William went to the bad. John *might* have turned out less well, despite his thoughtful father, if heredity had dealt him a poor combination of traits in the stream of inheritance. William *might* have done well, despite his mother, if he had got a favorable deal from his ancestry, personality stuff that would find its fruitful place in the environment, possibly even in a slum. The role of heredity and environment is reciprocal: good seed with good soil ensures a good crop in any field if protected intelligently.

A thought-provoking way to consider this question is to examine the belief of modern biologists who are saying that whatever the environment brings out is hereditary. The characteristics of the adult are not inflexibly established in miniature in the germ cells. Proper materials are essential, of course, but these materials or chemicals of heredity must interact fittingly with one another and with their environment. Case studies and stories of individual delinquents abound with evidence that crime issues from a mixture of inherited capacities and situational conditions, with more emphasis being given nowadays to the importance of the latter.

The Community

It has been said that rivers and men are crooked because they take the ways of least resistance. This seems true of the average community, which, rather than study and dig out new progressive ways of economy and efficiency, floats along with wasteful practices. The removal of

crime-producing conditions comes not by wishfulness but by civic awakening and active planning in the social and economic realm. What a community will be is determined by its tributary institutions: the family, education, religion, recreation, and, particularly, its business and political elements. When a person fails, some one or more of these social institutions have failed him somehow in his time of need. Through them the child's life is given its direction and content, its sense of values and moral patterns, before life widens into community experience.

SOME QUESTIONS TO COMMUNITY INSTITUTIONS

How many parents, teachers, and preachers are well informed with regard to the budding problem boy or girl? How many of them co-operate with one another in preventive plans and corrective procedures? Do they study the ever-enlarging sphere of knowledge pertaining to youth, especially with respect to mental hygiene? Are straight precepts nullified by crooked practices, to the confusion and contamination of the child's ethics? How many children get planful orientation toward life's most important experiences, or even honest answers to reasonable questions? Most young people marry, and have children or avoid having them, more by accident than by plan. Why shouldn't there be more designing and controlled freedom, less cramping and groping?

Gradually our schools are modifying their study programs so that youths get what they most need to help them adjust themselves to their life situations. The schools are, of course, as good as the people and the politicians want them to be. A school system that selects its teachers because they belong to the "right" religious and political groups is not likely to be right about much else. Pupils cannot wholly escape the taint of such conditions.

Progressive churches have a broad outreach into community life, looking upon the personality as a unity rather than as fragments of spirit, mind, body, and social qualities. Religious leadership and programs that see the whole boy or girl are making real contributions to crime prevention and good citizenship, but too many of our churches are mere preaching stations with no emphasis upon the kingdom of heaven beginning in the here and now.

Modern recreational efforts for young and old go beyond mere bat-and-ball activities. A few communities offer varied programs of crafts, music, and hobbies that can make for full and enriched living. The apathetic planlessness of most communities that might be serving youth and

making citizens is quite in contrast to the studious care employed by chain stores and picture theaters before they move in to serve the public and make profits. Again, the kind of recreation a community gets depends upon what its people permit or demand.

SOME CHALLENGES TO BUSINESS AND GOVERNMENT

The tradition of individualism that has grown up in this country is the undercurrent of much of our crime. Individualism tends to negate the co-operative community spirit. Business has developed along lines of monopolistic competition, nourished by the idea that anything was all right if you could get away with it within the law. The "gyp" articles in the *Reader's Digest* in the summer of 1941 disclose how dishonest repair men "get away with it." Lawyers, who for the most part run our government, have been fed by the same springs of tradition. Many of them feel that they have a right to say anything or leave anything unsaid so long as they "win the case." A prominent public prosecutor tells in his account of himself written for *Who's Who in America* that he secured 285 convictions in 287 cases that went to trial. Justice is not always the question uppermost in the minds of those who are bent on individual success. A generation ago Chief Justice Taft said to the American Bar Association: "The administration of criminal justice in America is a disgrace to civilization." A century ago Francis Lieber pointed out that the nation might be otherwise advancing but that "the penal trial and the whole penal law remains almost stationary in its barbarous inconsistency." Two eminent corporation lawyers have more recently had their say:

> Diogenes would have been hard put to it to find an honest man in the Wall Street which I knew as a corporation lawyer.—James M. Beck, 1916.
>
> The law as a philosophical study is very interesting. The law as a system of workable rules of human conduct is a project worthy of the highest endeavor. But the modern practice of law, which calls principally for mental ingenuity to help a client do anything he wants to do, seemed to me intellectually one of the most degrading occupations in the category of respectable employments. I began to believe that the superlawyer should have the brains of a Machiavelli, the hide of a walrus, and no moral convictions.—Donald Richberg, 1934.

That "the love of money is the root of all evil" has been illustrated repeatedly over the centuries. A roll call of some of the recent corruption in high places would include the following: a cabinet member and others

prominent in national politics; state governors; utility magnates; millionaires in matches and drugs; metropolitan financiers; machine politicians in metropolitan areas; judges of high courts of nation and state; university and church leaders of eminence; gangsters and racketeers—all fall in their love of money. Some remove themselves by suicide, others run away, and some get to prison. Success for individualists of this type is spelled in golden monetary symbols: $U¢¢E$$. The community-minded citizen, working for decency in democracy, spells it SERVICE. The former is sure that money is the motive power of a progressing civilization, history to the contrary, whereas the latter, looking upon money as useful but incidental, points to the really great benefactors of humanity, mostly moneyless people like Marie Curie and Jane Addams, Sir Walter Scott and Louis Pasteur, and countless others.

Money may be weighed in the balance of civilization's thinking and be found wanting, but people will get it even out of slum property. Slums breed crime and bad health, are fire hazards, and are immeasurably costly to the community however profitable they may seem to be in rental income for their owners. As these lines are being written, communities all over the United States are being offered a program of slum clearance and low-cost housing. By midsummer, 1941, the United States Housing Authority had made loans to 241 local housing authorities in more than thirty states for the eventual rehousing of a fraction of the millions of slum dwellers. But in city after city opposition groups, particularly real-estate interests, are behind the refusal to admit the existence of slums, the rejection of any objective diagnosis of housing conditions, the smearing of housing programs by unsupportable accusations, and the blindness to the costs of slum-born delinquency. Sociological research has made very clear the relation of high delinquency rates to areas of bad housing. Good citizens cannot be raised in bad houses. With billions of dollars idle in the nation's banks, with millions of men unemployed, with building materials of all kinds among our resources, it would seem as though more far-reaching rational planning might be done in the interests of better housing and better citizens.

Political graft blends with crime. The community knows this more often than it does anything about it.

We feel ourselves humbled and dispirited ... when we see ourselves surrounded by men with loose political principles, by a society destitute of active public opinion, which neither cheers the honest nor frowns down im-

moral boldness; when we hear of bribed judges, perjured officers, suborned witnesses, of favor instead of law.

Francis Lieber, coiner of the word "penology," wrote these words a century ago. Every point in the quotation touches life today, as illustrated by the cases of Mooney (Mooney was perjured into prison for twenty-two years), the Scottsboro Negroes, the New York judge sent to a federal prison, and others. Local political bosses become little dictators of state-wide power. So strong is the spoils system that in most of our cities it blocks the obviously needed city-manager form of government.*

The pervasive nature of crime infects all the strata of our common life from the lower-downs to the higher-ups. The most serious aspect of the total crime problem is considered by many to be "white-collar" criminality. It is found in every occupation. A few extracts from a recent address and article by Professor E. H. Sutherland are illustrative:

Colonel Vanderbilt is quoted as having said: "You don't suppose you can run a railroad in accordance with the statutes, do you?"

Daniel Drew, another railroad manipulator, described the criminal law as being like a cobweb: "It's made for flies and the smaller kinds of insects, so to speak, but lets the big bumblebees break through. When technicalities of the law stood in my way, I have always been able to brush them aside as easy as anything."

In business it (white-collar criminality) is expressed most frequently in the form of misrepresentation in financial statements of corporations, manipulation in the stock exchange, commercial bribery, bribery of public officials directly or indirectly in order to secure favorable contracts and legislation, misrepresentation in advertising and salesmanship, embezzlement and misapplication of funds, short weights and measures and misgrading of commodities, tax frauds.... These are what Al Capone called the "legitimate rackets."

A million-dollar burglar or robber is practically unheard of, but million-dollar embezzlers are small fry among white-collar criminals. Public enemies #1 to #6 secured $130,000 by burglary and robbery in 1938, while the sum stolen by Krueger is estimated at $250,000,000, or nearly two thousand times as much.

In the medical profession, fee-splitting is a violation of a specific law in many states and a violation of the conditions of admission to the practice of medicine in all.

* In December, 1939, there were 472 cities in the United States with the city-manager plan of government. This plan was first established in a large city in 1914 at Dayton, Ohio, though Staunton, Virginia, had employed a city manager as early as 1908.

Lie-detector tests of all employees in several Chicago banks, supported in almost all cases by confessions, showed about 20 per cent of them had stolen bank property.

The Federal Trade Commission in 1920 reported that commercial bribery was a prevalent and common practice in many industries.... It recently ordered several automobile companies to stop advertising their interest rate on installment purchases as 6 per cent, since it was actually 11½ per cent.

Some of this white-collar crime is less easy to commit since the banking and security reforms of the early 1930's.

Dr. Sutherland emphasizes the fact that convictability rather than actual conviction should be the criterion of criminality. White-collar crime is not ordinarily called crime, but it is, nevertheless, violation of the criminal law. Bribery is a crime for both the giver and the taker, but in a recent case the six or eight important commercial concerns who paid bribes were not prosecuted, even though the taker is now in prison.

Summary

Law and its enforcement rest upon public opinion. Social survival and protection are primary; individual reform, highly important though it is, is secondary. Crime violates law, is offensive to public opinion and ethical standards. With the emphasis placed upon convictability, white-collar crime is far more socially dangerous than the crime of the lower-downs, though the one is played down and the other may be played up in the news and the theater.

A person becomes a criminal not by inheritance but by learning and by influences in his life situations. His adjustment or maladjustment depends primarily upon the quality of the social institutions within the community. In turn, the constructive community depends upon the realistically integrated programs of home, school, church, recreational agencies, business, and government.

Actually, the money motive is dominant in the American community; ideally, democracy, with its life at stake in a war-torn world, needs to put more emphasis on service goals, with business and government becoming the servants of the public. More positive activity is needed in concrete programs of crime prevention, safety, and efficiency through such channels as housing and managerial forms of local government.

Criminality demands study and attack along the entire social, economic, and political front. In a progressive democracy legislation follows,

does not precede, education of the public in vital matters. To put great pressure on any one point will prove ineffective. It is futile for the public to ask for more than they are willing to study and work for. The public gets the kind of community and government it really wants.

PART II: Some Further Facts and Fallacies:

THE "CRIME WAVE"

Crime has its little ups and downs, like the tide, but there are no crime waves except as newspapers and jowl-shaking orators create them. In fact, there seems to be an actual reduction of crime in recent years. "The average number of offenses annually during 1935–1939 was in most instances substantially lower than the average annual number of offenses during 1931–1934." Murder, manslaughter, robbery, burglary, and automobile thefts fell off; rape, aggravated assault, and larceny increased. The crime-waver would not feature the remarkable recession in automobile theft (34.4 per cent decrease), but he might ride his publicity surfboard on the increase in rape (31.8 per cent). Though the money involved in white-collar crime may reach greater heights proportionately than ever before in history, there is no reason for believing that the modern money-mart shearers of lambs are more rapacious than the primitive headhunters or than those who ground the faces of the poor in the prophet Isaiah's time.

THE COST OF CRIME

The indirect costs of crime penetrate so deeply into all aspects of life that they are wholly incomputable. Direct costs for police, jails, courts, and prisons are relatively insignificant compared with the indirect costs embracing thousands of items such as locks on windows, costs of insurance, and even the abstract comparative values of behavior itself as illustrated by the question: "If Robin Hood stole from the rich men of his day and gave his takings to the poor, was the result a social loss or a social gain?" Crime-cost figures are guesses and nothing more.

The desirability of adequate crime control from an economic standpoint is so obvious that it should not require the reinforcement of specific figures as to aggregate dollars-and-cents losses to rouse the public to the interest and activity necessary to deal adequately with the problem.*

* S. P. Simpson and others, *The Cost of Crime* (Washington, D. C., National Commission on Law Observance and Enforcement, 1931, No. 12).

URBAN AND RURAL CRIME

Such information as there is indicates a rural tendency to commit impulsive offenses against the person rather than crimes of habit and organization. Large cities generally have higher crime rates than smaller communities. Most crimes of violence are from one and a half to three times as frequent in a city over 250,000 in population as for a city under 10,000 in population. For every five cases of rape in the larger cities (1939) there are four in the smaller.

It is probable that crime control in the smaller community is more effective because of the more personal agencies of control as compared with the anonymity and impersonality of the big city. From earlier discussions in this chapter there are reasons for believing that regularized crime of the white-collar types flourishes in the urban areas where it is born and bred, though its victims are by no means limited to urban communities.

In the last decade great advances have been made in uniform crime reporting by city and village police departments to the Federal Bureau of Investigation. In 1930 some 1,100 communities with a population of 46,000,000 so reported; in the first three months of 1940 there were more than 2,500 communities reporting for an aggregate population of 67,000,000. Also during the first quarter of 1940 reports were made by some 1,500 sheriffs and state police organizations.

CULTURE AREAS AND CRIME

The United States has a high rate in both crimes of violence and those of the white-collar type as compared with other countries of similar culture. Great Britain is not nearly so likely as this country to admit a person with a shady record to political leadership. British police do not ordinarily wear firearms. Most of the progressive countries have abolished capital punishment; only Maine, Michigan, Minnesota, North Dakota, Rhode Island, and Wisconsin have done away with it in this country.

Our South is highest in murder, manslaughter, and aggravated assault, and is rivaled only by some western states in larceny. The lowest rates for crimes known to the police are found in New England and the Middle Atlantic States. Homicide in the South cannot be explained simply by pointing to the Negro, for the death rate by homicide for white persons in the South is approximately five times as high as in New England.

If one takes dozens or hundreds of cultural indexes, as H. W. Odum has done in *Southern Regions of the United States*, it becomes clear how many interrelations there are between one phase of culture and another: libraries, literacy, and good schools in New England must have some relation to its low crime rates. If we look abroad: Scandinavia has almost no syphilis and relatively little crime; we have a great deal of both.

"Bad neighborhoods" is a more accurate term than appears on the face of it. It is the sociological area rather than the people in it that seems to perpetuate crime among many pathological conditions. For decades cities have had sore spots in certain areas where North European stocks have been followed by South Europeans who in turn have been succeeded by Negroes. For practically all cities the delinquency areas are adjacent to the central business district, places of blight and slums.

RACE AND CRIME

A high proportion of Negroes are arrested and sent to prison. This is true for the entire country, but it does not mean that Negroes are naturally more criminal. The Negro is segregated in the socioeconomic world; by custom and law he suffers from exclusion; he settles in the areas of blight and slums; law is enforced by white people; and many other factors might be mentioned in explanation of his record. When the Negro achieves more nearly an equality of opportunity with the white population, fairer comparisons will be possible. A three-year study (1936–1938) of unemployed whites and Negroes in Denver, Colorado, shows no difference between them in criminality as measured by the most reliable index, the rate of arrest. With justified pride some Negro colleges follow up their thousands of graduates and are able to report an almost perfect record for their alumni as never having been convicted or imprisoned.

Contrary to common notions, foreign-born immigrants are less criminalistic than native white people. The latter are arrested from two and a half to three times as often as the foreigners. Names in the newspaper are not accurate criteria of nationality or ethnic background. It is the children of immigrants who get into trouble with the law, largely because of culture conflict between home, school, and community. Parents may cling to old authoritarian ways, bringing pressure upon their children who are finding freedom in the American scene. The problem becomes one of conformity or nonconformity, with rebellion resulting in delinquent conduct.

THE AGE FACTOR

The age of maximum criminality lies in the young-adult period of life, ages 18 to 24. Delinquency seems to get its start about age 10, after which it increases to about age 19, where it remains nearly constant until about age 27, after which it declines rather sharply. The following table gives the percentage distribution by age groups for the year 1939, these figures confirming the experience of preceding years:

TABLE I

PERCENTAGE DISTRIBUTION OF ARRESTS BY AGE GROUPS FOR YEAR 1939
(Report to Federal Bureau of Investigation from 2,698 cities) *

AGE GROUP	ALL OFFENSES	CRIMINAL HOMICIDE	ROBBERY	BURGLARY	LARCENY	AUTO THEFT
Under 21	18.9	12.2	29.1	45.9	32.8	52.6
21–29	32.9	36.6	46.2	32.2	32.2	33.0
30–39	25.2	27.4	18.1	14.6	19.8	10.7
40–49	14.1	14.2	5.0	4.9	9.9	2.9
50 and over	8.8	9.5	1.6	2.3	5.2	.7
Unknown	.1	.1	.0	.1	.1	.1

It cannot be denied that adult criminals get their start as juvenile delinquents; but everybody commits delinquencies in childhood. A very large proportion of first appearances in court occur after adolescence. Habitual criminals do, for the most part, begin as juvenile delinquents. In many instances the delinquencies start in small ways, perhaps in play incidents, but gradually grow into set patterns of conduct. Criminal maturity is reached between the ages 30 and 35. Popular opinion to the contrary, the average age of criminals has not been decreasing markedly during the last two or three generations.

REFORM OR RECIDIVISM

Earlier in the chapter it was emphasized that in dealing with crime the primary consideration was protection of society and the secondary responsibility was reforming the offender. However much society may have succeeded in protecting itself—and at times we have our doubts amid social toleration of loan sharks, racketeers, gangsters, and money

* *Uniform Crime Reports* (Washington, D. C., Federal Bureau of Investigation, 1939), Volume X, Number 4, p. 207.

manipulators—our reformatories have not reformed their inmates nor have our penitentiaries been conducive to penitence. The emphasis has been upon punishment for its own sake. This has been particularly true of our local and state prisons. The federal government has been doing a better job in recent years, as have some of the prisons for women, but most of our prisoners emerge worse than when they went in. This is as true for the young offender in the reform "school" as for the slightly older who go to those misnamed institutions.

The money motive and the political maneuvering which permeate our life are involved here also. We cannot trace here in its entirety the wasteful procedure, from low-paid police to prison and parole "economies," that makes rehabilitative programs impossible in these institutions. The public wants economy, politicians want patronage, labor wants no prison industries, and the lawyer-politicians are not much interested in changing the *status quo* in any progressive way. If a prison does have a successful industry, its manufactured goods get more attention than the men who produce them.

Our methods of handling offenders result in more deformation than reformation. Massachusetts is one of our most progressive states in all forms of social legislation and practice, yet about 65 per cent of the offenders admitted to her correctional institutions in 1936 had been in such institutions previously; the average number of previous commitments for the recidivist was 5.6 times, with 2 per cent of the repeaters having more than thirty commitments each. Society fails the individual offender in the beginning and all along the line.

A Five-Point Pattern of Control

Public safety and public responsibility have been the midcurrents of our study of the crime problem. There are five tributary considerations that merit the utmost emphasis in what must be a very condensed treatment. They are the five P's: prevention, police, prosecution, probation, and parole.

PREVENTION

Crime, like typhoid fever, must be fought at the source; individuals and communities need preventive inoculations. Though the long-flowing currents of money-loving and materialism, of superficiality and individualism, cannot be diverted or diluted in a hurry, it is possible through

co-operative programs between home, school, church, and play groups, under teaching and leadership with high ethical standards, to pour a cleansing stream into the world of childhood and youth. This cannot be done until more people believe in and work for equality of opportunity for every individual according to his powers. Business and politics are run by the products of home, school, church, and playground, and, until these four basic institutions fulfill their responsibilities more effectively, we cannot hope to achieve a safe society, in which, as Aristotle pointed out long ago, there is neither extreme wealth nor extreme poverty.

The questions under "The Community" earlier in the chapter should be reviewed. In addition, people who would reorient themselves into realistic programs of crime prevention will have to face the problem of population quality, promoting eugenics and discouraging dysgenics. Communities will have to reverse the adage "penny-wise and pound-foolish" and be willing to pay for preventive measures: clinics, case work and group work with near-delinquents; study and application of mental hygiene methods by parents, teachers, preachers, and recreation leaders, aided by trained specialists such as visiting teachers and social workers. Schools and churches will have to reach out community-wise far beyond desk and pulpit. The church particularly needs to study more closely the teaching and community methods of its founder, His attitude toward the offender.

POLICE

Police work is hard, poorly paid generally, and often a thankless job except in progressive communities where quality is emphasized. Ideally the police officer is a social worker, a preventer of crime; too often he is actually a political tool involved in the crime pattern himself. The public expects too much of the police in comparison with the support it gives to them. The selection of inferior men for a task demanding superior qualities; the thoroughly bad fee system still found in rural areas; graft, bribery, and collusion between urban politics and the underworld; the brutality and third-degree practices; all are the results of public ignorance and apathy. Only a few of our cities have efficient, untrammeled police forces. Very slowly is the professional philosophy of police work gaining ground under men like August Vollmer of Berkeley, California, whose practical application of scientific methods is set forth in his books and articles. Meaningful mental impressions, mind-lifting for the

public, are more fundamental than fingerprinting of criminals. The public gets both the police and the criminals it deserves.

Between police and the courts comes the jail, for generations known as the cesspool through which many a youth goes into further crime.

PROSECUTION

The twentieth century ushered in the juvenile-court system in which informality of procedure helps to ascertain the whys and hows of the individual's offense. This was one of the freshening inflows into the stagnant medievalism of our courts. The public is awakening to the need for a public defender as well as a public prosecutor; only so can an approach be made toward providing justice for the poor.

Questioning of traditional methods is in the air: The jury system? The emotional appeal by lawyers? Why should a judge do the sentencing? By what mysterious power can a judge foresee whether an offender should be sentenced for months, for years, or for life? The law is often mandatory, of course. Many a criminal needs to be imprisoned until he is a safe candidate for civic participation as a free man—the indeterminate sentence. So to commit and release an individual is beyond the knowledge of the bench or of a parole board without the aid of qualified experts in the mental and social sciences. Our courts are cluttered with outmoded methods: loopholes, badgering of witnesses, case fixing, "sporting" and "bargain" theories of justice, and many others which yield very slowly to the needs of an age of science.

PROBATION

In the 1840's a Boston shoemaker, John Augustus, made it a humane hobby to secure the release of men and women for whom he would act as surety. This work laid the basis for the present probation activities in this country—another helpful stream. Probation is nonpunitive oversight of an offender for a given period while the sentence by the court is suspended. It is, like the juvenile court, an emphasis upon individual needs and community conditions; hence it demands qualified workers adequately supported by public opinion and by the courts. In 1900 only six states had authorized probation work with paid officers; by 1917 every state had authorized it. Because many probation officers have too heavy case loads, and because in some instances the operation of the sys-

tem is perfunctory and mechanical, probation is not functioning as well as it should. However, its accomplishments in prevention and salvage are of immeasurable value even now. With the awakening of community consciousness, the resultant care in selection of probation workers, more adequate salaries for them, and reasonable case loads, the cost of probation will pay for itself many times over. Schools of social work are giving large place to the preparation of probation workers.

PAROLE

In the early nineteenth century a sort of parole system known as ticket-of-leave was inaugurated in British convict colonies. Parole is much discussed today. The parolee is released from a penal institution but may be returned if he violates the parole conditions before the expiration of his original sentence. The purpose is to continue supervision and control over him in the interests of public safety, and to assist him to make good. Like probation, it demands properly trained personnel. If political pressure is brought into prison administration or upon parole boards, and if supervision after release is inadequate, parole becomes a menace. However, parole administration has improved greatly in recent years. Through parole, the state could save many times the cost of keeping in prison men who no longer need incarceration. This is the obverse aspect of the indeterminate sentence. Basically, the public still nourishes the idea of punishment rather than of discipline; it stresses the crime rather than the criminal. Parole procedures need further improvement, and both its critics and the public should work to this end rather than to misinterpret and attack it. Most prisoners are released some day; should they be merely dumped, or should they be directed and helped in a society that is to blame for them anyway?

Conclusion

Any useful crime-prevention program demands study and integrated activity at many points. The selection from Herbert Spencer which opens this chapter is suggestive of what must be done to reduce the crime problem. Only by variously directed and specially adjusted blows, by indirect actions rather than by direct frontal attack, will criminality be effectively dealt with. Sporadic raids and "sweeping the community clean" (notably when the vice and gambling season is not at its height) are practically useless. Such pinwheel fireworks serve only to obscure

the real corruption at the sources higher up, and lead the public to think that some reform is being accomplished. Why should any community expect its police to enforce laws amid a passive public opinion, especially when vested interests do not want such laws enforced? How can the passing of laws do any permanent good when they are not promoted and supported by enlightened people? Of what avail will it be to teach character at one or two points while deceit and evasion are practiced at so many other places in the community pattern? Laws become remedial when they are pushed into being by the force of educated public opinion; laws are neither effective nor respected when, without this public support, they seek to drag people into conformity. The progressive democracy educates and then legislates.

Suggested Readings

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Vollmer, August, *The Police and Modern Society* (Berkeley, University of California Press, 1936), Chapter I and Conclusion

Wickersham, G. W. (chairman, National Commission on Law Observance and Enforcement), *Report on Penal Institutions, Probation, and Parole*, No. 9, pages 184–207, on probation, and *Report on Lawlessness in Law Enforcement*, No. 11, pages 19–52, cases, and pages 152–172 (Washington, D. C., Government Printing Office, 1931)

Chapter XXVIII

THE ETHNIC PROBLEM

All that we admire on this earth... is the creative product of only a small number of nations, and perhaps of one single race.... As a victor (the Aryan) had to overthrow inferior people, and their work was done under his control... for his purposes. But while extracting useful, if hard, work out of his subjects, he not only protected their lives, but also perhaps gave them an existence better than their former so-called freedom. (Adolf Hitler, *Mein Kampf*, translated, 1933)

A people may remain constant in type and language and change in culture,... it may remain constant in type but change in language,... or it may remain constant in language and change in type and culture. (Franz Boas, *The Mind of Primitive Man*, 1927)

From the standpoint of lineal descent there is practically only one race, the human race. Such races as we find are merely results of inbreeding and are only temporary eddies in the stream of human generation. (T. R. Garth, *Race Psychology*, 1931)

Introduction: RACIAL FALLACIES AND FACTS

The extracts just quoted clearly suggest the great divergence between the unscientific and the scientific viewpoints on race: on the one hand a nationalistic emphasis confusing language and culture; on the other hand the cautious examination of historical and contemporary evidence in the cool light of objectivity. Very few scientists are willing to make sweeping generalizations. From time to time someone speaks or writes "authoritatively" on the fundamental inequalities of peoples or upon the specific passing of some great race. The dispassionate student, however, often discovers in such expressions more heat of prejudice than light of science, more of rationalization than of objective reasoning.

No one has stated the problem better for our present purposes than Donald Young:

Practically every large group of people in the world believes itself equal if not superior to all others, perhaps with the exception of those who, like

the American Negro, have been taught to accept their unproved inferiority by a dominant class. "The chosen people" were complacently certain that they were the anointed of God. The British sincerely believe their rule in India, Egypt, and South Africa to be a part of the "white man's burden." Germans feel the heavy responsibility of pushing forward their *Kultur*. The Japanese, so self-assured that they have been called the "Germans of the Orient," have no doubt about their powers. Teutonism, Anglo-Saxonism, Slavism, Iberianism, Nordicism, and Aryanism—and perhaps we should now add Mussolini's Italianism and the "manifest destiny" of the white American —are racial doctrines similar to hundreds of others less well known through lack of a Gobineau, a Chamberlain, or a Stoddard to give them circulation in the disguise of science. There are so many such theories "proving" racial supremacy, all in conflict with each other, that one becomes skeptical of their slightest validity. To claim essential racial equality on that account, however, would also be a prejudiced conclusion. Facts themselves, not specious theories, must be examined.*

According to the scientist, "race" applies to a relatively large group of persons who may be classified according to common inherited traits. Attempts at classification today combine study of the skull with superficial characters such as hair, nose, and stature. For some of these traits there is much statistical overlapping. For example, the shorter members of a tall ethnic group are not so tall as the taller members of a people whose average stature is short.

A working scheme of race classification, one not complete yet broad enough for a few firm steps in a very slippery field, would be as follows by fairly general agreement:

CAUCASOID (white): wavy hair; narrow nose
- Nordic: whitish skin; narrow head; light hair and eyes; tallest
- Alpine: white skin; broad head; brown hair and eyes; tall, above average
- Mediterranean: dark white skin; narrow head; dark hair and eyes; medium tall

MONGOLOID (yellow): straight hair; medium to broad nose
- Mongolian: light brown skin; broad head; folded eyelid; below average tall
- American Indian: brown skin; variable head; broad face; tall to medium tall

NEGROID (black): woolly hair; broad nose
- Negro: black skin; narrow head; much prognathism; tall
- Melanesian: black skin; narrow head; medium stature
- Polynesian (brown): wavy hair; medium nose; variable head; tall (these people may be Caucasian-Mongoloid with Negroid admixture)

* Donald Young, *American Minority Peoples* (New York, Harper, 1932), page 423. Quoted by permission of the publisher.

The separation of Europeans into Nordics, Alpines, and Mediterraneans is not wholly satisfactory. The inhabitants of these European areas are very much alike in average anthropometric measurements.* Such differences as exist are probably due to combinations of selection, environment, and racial mixture.

In 1853, Count Arthur de Gobineau, who has never ranked very high as an authority in ethnology, wrote a two-volume work entitled *Essay on the Inequality of Human Races* in which he said:

> I have convinced myself that everything great, noble, and fruitful in the work of man on this earth, in science, art, and civilization, is derived from a single starting point; it belongs to one family alone, the different branches of which have ruled in all civilized countries.†

Does this sound like the extract from *Mein Kampf?* (Note the word "noble" and our later discussion of "Aryan.") Gobineau did not live long enough to see the white man's culture lift the obscure Japanese to Germanic efficiency or to see the lowly Negroes achieve distinction despite inequality of opportunity in a world dominated by whites. Is their achievement anything more than moonlight dependent upon a white Caucasian sun?

Toward the end of the nineteenth century there was much head-measuring, with considerable mention of longheads and roundheads.‡ Racial superiority wanted to know whence it came; the Aryan hunt was on! Were these elusive Aryans cradled in the Hindu Kush Mountains or in Europe, or were they bleached Africans? Much was written about this "Aryan race"; many claimed to belong to it, whether tall or short, round-

* Anthropometry is the technique of expressing quantitatively the form of the human body; anthropology is the general science of mankind; ethnology gives special attention to the divisions and subdivisions of mankind into various types or races.

† The year 1853 also found the eminent German-born scholar Max Muller (resident mostly at Oxford) introducing the word "Aryan," something he later regretted. In his *Biographies of Words and the Home of the Aryas,* published in London in 1888, he expresses himself vigorously (page 245): "Aryas are those who speak Aryan languages, whatever their color, whatever their blood.... I have declared again and again that if I say Aryas, I mean neither blood nor bones, nor hair, nor skull; I mean simply those who speak an Aryan language.... To me an ethnologist who speaks of Aryan race, Aryan blood, Aryan eyes and hair, is as great a sinner as a linguist who speaks of a dolichocephalic dictionary or a brachycephalic grammar."

‡ The cephalic index used by anthropologists refers to the relationship between breadth and length of head. For the longheads (dolichocephaly) the ratio of breadth to length of head is less than 76 per cent, for the roundheads (brachycephaly) 81 per cent and more; those ranging between 76 per cent and 81 per cent are termed mesocephalics.

bodied or longheaded; whether Celt, Slav, German, or Scandinavian. The overdone word "Aryan," if used at all, belongs to language and not to race, is the concern of the philologist and not of the ethnologist. It is of Sanskrit origin, means "noble," and is applied especially to deities by certain groups speaking the Indo-European languages. "Nordic," a somewhat more legitimate word, refers to the tall, blond northwestern Europeans, particularly in the Scandinavian countries. "Aryan" has no validity whatsoever as a racial designation. Since nobody has been able to delineate an Aryan, it has been suggested that a monument be erected to the "Unknown Aryan."

SOME COMMON CONFUSIONS

Skin color: Ethnologists no longer stress pigmentation as a reliable index of race. White-skinned Europeans vary from light brown to pinkish white, a variance that may be explained in terms of climatic adaptation. The pigment in the human skin is the same; it differs only in amount. The light Ainus of Japan or the dark Hindus of India might be mistakenly classified as Caucasian. Yet, if classified by color, the Hindus might be looked upon as Negroid.

Racial purity: Largely because no pure race can be found today, scientists rule out the concept "pure race." It is chiefly the popular writers who, amid unwarranted deductions, express fears of racial contamination. Those who stress the presence or dangers of contamination are quite sure that the stream flowing in their preferred racial channel somehow remains, or ought to remain, deeply pure and superior.

Nationality: One of the commonest fallacies is to designate a national group as a race. There is no "British race" or "French race." This error may be due to carelessness, or it may be the result of ignorance of the vast amount of ethnic mixing that has antedated the nationalistic organization of such peoples. Is the violent racialism to be found abroad today an exaggerated nationalism, an attempt to justify nationalism on a nonnationalist basis?

Culture: Much that is labeled racial is in reality cultural. The quotation from Boas at the opening of this chapter is suggestive on this point. The ways of life, material and nonmaterial, combine with the physical environment to make a people what they are as social beings. The Negro and the Japanese are evidence enough in recent generations to show that what a people will become depends upon the culture which they enter or which comes to them. The Negro has taken over both the material

and the nonmaterial aspects of our white culture, its traits such as clothing, housing, mechanical devices, foods, farming, and industrial ways as well as its sentiments, religion, family patterns, education, music, and art. The Japanese have accepted both our material and our nonmaterial offerings but with more tendency to welcome Western technology and militarism than to take over our sentiments and theologies. E. Franklin Frazier and other students of the Negro show very clearly how the earlier American Negro family patterns and sex codes were culturally conditioned through servitude rather than through biological or racial difference by itself. As for ethnic stocks that have been isolated, whose ways of life and physical appearance seem *different*, such peoples reveal, upon objective study, that the mixing true of all peoples has taken place amongst them also. Hence the Jews, the Irish, and others are explained not so much by ethnic independence or difference as by culture. Love of money, of fighting, or of anything else is not carried specifically in the human germ cell!

Language: In the discussion of "Aryan," mention has been made of this fallacious criterion. Some seem to believe that, if a language is traced back to its geographic origin, the source of the peoples who speak the language will be discovered. One critic has laughed at the "linguistic paleontologists who assume that because a tribe had horses it must have conjugated verbs, and that since it conjugated verbs it must have been composed of tall, blue-eyed blonds."

Race Difference and Race Prejudice

The frequency with which these questions are treated in popular and scientific literature indicates their relative importance. Without elaborate discussion a few of the more commonly accepted scientific viewpoints will be set forth.

Many tests—based upon white norms—have been used upon Negroes, Indians, Mexicans, Chinese, Japanese, and others. Quantitative results from tests for intelligence do indicate group differences, but, since these tests do not measure inherited mental capacity, such differences are explained as reflections of variations in culture. The Chinese and the Japanese approximate the white norm; the American Indian does not. Because of his Mongoloid roots the Indian should more nearly match the Chinese scores *if* these tests really measure racial mental differences. The Negro educated in the North scores better than the southern Negro, a finding

which cannot be explained by the "smarter-Negroes-going-north" theory, since careful investigation has shown that those Negroes who have been in the North but a short time make a score like that of the southern Negro. The longer the Negro stays in the northern schools, the more his so-called basic intelligence quotient tends to improve. All this adds up to the conclusion generally accepted by biologists, psychologists, and sociologists: that there is no strong evidence that one race is mentally superior to another.

We are warned not to admit to America certain peoples now differing from ourselves, on the basis of the resounding assertion that biology informs us that the environment can bring out nothing whatever but the hereditary characters. Such an assertion is perfectly empty and idle; if true it is merely by definition: anything that the environment brings out *is* hereditary, if the word hereditary has any meaning. But from this we learn nothing whatever as to what a new environment will bring out. It may bring out characteristics that have never before appeared in that race. What the race will show under the new environment cannot be deduced from general biological principles. Only study of the race itself and its manner of reaction to diverse environments can give us light on this matter.*

Sensory capacities and aesthetics? It is easier to say than to prove that races do not differ in various capacities, interests, and performances. From such tests as have been made, races do not seem to differ very much from one another in keenness and skill. It is probable that whatever differences have been noted in sight, hearing, and other sensory abilities have come by usage and practice. Differences in materials, customs, motivations, and opportunities must be taken into account.

Whether differences exist or not, whether they are "racial" or "cultural," the problem of race relations is one that needs for its amelioration and solution more open-minded consideration of the findings of the biological and social sciences.

When people believe in their own superiority, the belief gives them a sense of security. Amid that which is familiar and customary they feel comfortable. On the contrary, they feel uneasy about that which is strange, even to the point of distrusting or feeling hostile toward the stranger. People marked by differences in appearance, behavior, and beliefs do not meet the familiar standards which have become habitual. Recall the historical attitudes of the Jew toward the Gentile, of the Greek

* H. S. Jennings, "Heredity and Environment," *Scientific Monthly*, September, 1924, page 237.

toward the "barbarian," of the Roman toward the Celt, of the colonist toward the Indian, or of whites toward peoples of color. The "different" group may be looked upon as a direct or indirect threat to security as this rests upon certain accepted supremacies in economic, political, and religious matters. Antipathies and prejudices grow out of cultural situations and conditions, not from anything instinctive, for, had their origin been instinctive, the ancient and contemporary mixing of the races would not have occurred.

Race prejudice is grounded in fear and nourished by rationalization. Fear seems to be the basic ingredient of all negative emotions such as envy, jealousy, and hate. We may fear something in ourselves, some real or fancied inadequacy, or we may fear something in others, or we may combine these fears. We may fear the consequences of "that foreigner's" working and getting results by toiling sixteen hours a day, six days a week. "We just don't like foreigners, anyway." "You can't trust a so-and-so; they're crafty; they'll steal," etc. When people *want* to believe something, it is very easy to set forth "good" reasons rather than real ones, dressing up feeling and emotion in the garb of thinking and reasonableness. This is what is meant by rationalization. It flourishes amid controversy, half-truths, and emotion. The mob rationalizes—it crawls under its rationalizations as worms crawl under stones, as E. D. Martin has put it—for does it not have to "protect" something? The would-be conqueror and his kind rationalize, for are they not superior, and must they not take these "inferior" peoples under a protectorate for their own good? The mob, the dictator, the political demagogue, and sundry fanatics often capitalize the existence of race prejudice to achieve their ends, ornamenting their efforts with glittering generalities and plausible rationalizations.

Nothing could be clearer to the serious student than that race prejudice grows out of learned beliefs and observed differences; and that skin color, hair texture, and other superficial characteristics are but stimuli for setting off reactions that have been cumulatively learned. Physical traits give permanent "visibility" to a group and thus help rationalizations to crystallize. Think how vigorously hated would be the road-hog and the wife-beater if they had some distinguishing mark, to say nothing of all sorts of people who do not deserve antagonism or hate. Anthropology would remind us that it is hard to prove any race as either superior or inferior to another, but it is easy to prove that we hold strong prejudice in favor of our own racial superiority. A. L. Kroeber has pointed out:

"Whether the Japanese should be forbidden to hold land and the Negro be legally disfranchised are problems of economics and of group ethics, which probably will for a long time be disposed of emotionally as at present, irrespective of the possible findings of science upon the innate endowment of Caucasoid, Mongoloid, and Negroid strains." This may be somewhat too pessimistic a view. It is certain, however, that both individual maturity and group maturity depend upon the subjugation of emotion to intelligence.

To be open-minded on the points just presented is the first step in overcoming fear-born emotions and attitudes that develop into patterns of prejudice and conflict which are out of keeping with a truly co-operative civilization.

The Ethnic Profile

During the nineteenth century, when we had vast habitable open spaces, when young communities worshiped quantitative growth even more than they do now, when this country was frankly a haven for oppressed peoples from abroad, when they could help build our railroads and man our factories—then there was little thought of restricting immigration. But later various conditions and influences—diminution in free land, agricultural decline, organized labor's demand for fewer foreign workers, depreciation of so-called "new immigrants" from southeastern Europe and Russia—brought about, in the 1920's, immigration laws which all but stopped the inflow of foreign peoples.* The "old immigrant" from northwestern Europe was looked upon as more assimilable than the "new immigrant." The political tradition of hospitality gave way to antipathy as children and grandchildren of certain foreigners seemed to cause dislocations and problems in the transition from alien to American culture. Then, with the slowing down of incoming Europeans, there came a speeding up of movement by southern Negroes from the farm to the industrial cities, as well as an increasing stream of workers from Mexico and Canada and from our territorial possessions. Thus the twentieth century finds us with changes that have wide ramifications:

* The earlier exclusions of immigrants in the nineteenth century were based upon individual defects. The "literacy test" of 1917 was followed by the quota laws of 1921, 1924, and 1929, which set an annual quota, except for certain North American and South American nationalities, for all foreigners regardless of individual character or health. The Chinese and Japanese were excluded from these quota provisions. See Table VI in Chapter XXIX.

quality and quantity of labor in agriculture and industry; problems of differential birth rates which are related to problems of production and consumption and to the level or standard of living; and aggravated problems of health, dependency, and delinquency.*

Ethnic Placement and Distribution

Historical circumstances, traditional evaluations, and numerical proportions play an important role in race relations and ethnic distribution. The transplanted African, enslaved and later freed amid conflict of white ideals, and still later to become a growing problem as his kind increased, is looked upon somewhat differently from the less numerous native redskin, who was romanticized by certain writers and whose segregation followed a different pattern from that imposed upon other nonwhite peoples. It seems that the greater the local number of a stigmatized group, the more insistent is the tendency to "keep them in their place." Peoples of color are "placed" socially; their chance to rise in status in the community (vertical mobility) is restricted. In economic, political, and other ways they are more free to move about (horizontal mobility), yet here, too, they find themselves somewhat limited. White foreigners quite obviously have fewer obstacles to their mobility. In the United States, Negroes are most numerous in the South; European stocks are found primarily in the East and Middle West; Orientals in the Far West; Mexicans in the Southwest; and Indians, more artificially placed, find themselves in scattered reservations. Segregation operates within the community, especially in the large cities; even the smaller cities have their natural areas and culture cleavages. The foreign-born and the Negro migrants have always tended to concentrate in urban areas, and, though the earlier immigrants included many who settled in farming regions, in the early years of this century the foreign types moved cityward as rapidly as the natives.

Agriculturally the Negro has served both as farmer in the South and as hired laborer there and elsewhere. The great majority of Negro migrants who have gone to the cities have done so since 1910. The Mexicans have tended to scatter from the Southwest into states as distant as Kansas and Michigan, with a sprinkling into the Northeast. Some of them settle relatively permanently in the industrial centers, but their seasonal movement in agriculture has major social importance. The hard-working

* See "Configurations for the United States" in Chapter XXIX.

Orientals, especially the Japanese, have played a meaningful, at times a disturbing, part in western agriculture with their competitive fruit-raising. Some 80 per cent of the Indians follow farming or ranching of some sort. So much space is given to emphasis upon problems of other races that the Indian's plight, a long-standing stigma upon the whites, tends to be overlooked. Such farming land as he has is poor, and its utilization is far below standard, and as a consequence his income—about $66 median per capita annually—spells dire poverty. Other peoples, such as the Filipinos, Hawaiians, Koreans, and Hindus, are found in the intensively cultivated areas of the West.

That the foreigner and the Negro have been exploited more than they have been appreciated needs no proof. The pattern seems to have been first to tolerate and to use them, then to deprecate and to abuse them. The European peoples have not suffered so much in this way in their settlement of the northeastern and north-central areas, where their coming and presence seem quite definitely related to the many progressive practices and laws commonly found in those regions. Only about 2 per cent of the immigrants in recent generations have found their way into the South.

Industrially, foreign labor found itself welcome wherever hard and heavy toil was needed. Before the First World War the hot and monotonous work in industrial areas was done by the newer immigrants from Europe, the representatives of the older immigration having moved into more desirable jobs demanding skill and white collars. After the war there was another occupational succession, the Negroes taking over much of this arduous labor, and more recently the Mexicans, with numbers of the Negroes getting into the skilled and semiskilled occupations. The Mexicans, now considerably dispersed as railroad laborers, are also employed in many basic industries. The Orientals do not go into industry to any marked degree, but follow trade and domestic service, a few being engaged in canning, building trades, and lumbering.

DISPLACEMENT OF NEGROES

Upon no group in America does the employment problem bear so heavily at present as upon the Negro. Jobs which by tradition have been wholly or largely monopolized by Negroes are increasingly being turned over to whites. This is due not to the malevolence of the whites but to conditions which develop more or less indirectly out of the pressure for

jobs, backed up by racial feeling and prejudice. Not infrequently a white employer, well-meaning and considerate, is faced by a dilemma not of his own making, in which the life of his business may be at stake.* In hotels, in barber shops, in southern building trades, in railroading, and in more menial occupations this trend is apparent on every hand. As T. J. Woofter has pointed out, back of this pressure of white workers for Negro jobs is the migration of rural whites from overpopulated areas in an effort to find any sort of city work rather than remain idle on the farm. These losses to the Negro are only partly offset by such work as is found in lumbering, in the tobacco industry, in garages, and in filling stations. Encroachment continues, however, making the plight of the Negro increasingly serious.

In connection with his consumer interests and his desire for recognition in organized labor, the Negro is at a further disadvantage. In the former he is beginning to find a little more power through various forms of co-operative pressure and organization. Because he finds it increasingly difficult to secure adequate industrial training, he is losing ground where formerly he had developed skills. Many more aspects of the disadvantageous position of the Negro, as one desiring and needing to do his part in a democracy, might be cited did space permit.

Education: EDUCATION OF IMMIGRANTS

The foreigner is fairly quickly brought into the midstream of our educational process through our public schools, the institution long recognized as the best insurance for the propagation of democracy. Some of our earlier marginal efforts were, however, rather one-sided in that we assumed we had everything to give and little to expect from these "outsiders." This was a defect in our first efforts at so-called Americanization. Lately we have been engaged in more democratic and seemingly successful procedures not only through the schools themselves but also in programs of adult education, organized study groups, settlement-house work, and socialized religious organizations. The growth of social science in schools and colleges promises for all peoples more reality and less fiction in preparation for citizenship. Yet there are too many weak-

* This sort of situation is quite in contrast, of course, to the case of one white hotel manager who, moving from a deep southern state into North Carolina, decided summarily that the present staff of some thirty female Negro employees would be "laid off" and whites employed in their places. He was reminded that, if it was more efficiency that was desired, North Carolina's Vocational Education Division would train the Negro maids.

nesses in any system that fails to provide the most needed preparation for life.

EDUCATION OF NEGROES

No longer does any informed person doubt the educability of the Negro, for he has achieved eminence in every field. Although the status of Negro education is considerably better than it was in former years, it is far below what it should be as compared with white educational standards. The average expenditure for each pupil throughout the nation in 1930 was $99; the expenditure for white children in the South was $44.31; and the expenditure for Negro children in the South was $12.57. In certain states of the deep South with huge Negro populations the discrimination is still greater: Georgia spent an average of $35.42 for each white pupil and $6.38 for each Negro; the figures for Mississippi were $45.34 and $5.45. Children of millions of Negroes in the deep South have had only a small fraction of the opportunity for education that the average American child has had. Negro public schools in eleven southern states for which records are available received in 1930 a total of $23,461,959, while the schools for white pupils in the same states received $216,718,221. It would require the expenditure of an additional $39,688,000 to bring the expenditure per pupil in the Negro schools up to the average for the white schools in the eleven states. In 1930 the Negro teacher's salary was only 47 per cent of the white teacher's.* Yet, as Howard W. Odum expresses it, for a state such as North Carolina now to expend more for its Negro schools than it did for all its schools in 1900 is an achievement not altogether overshadowed by the fact that the salaries of Negro teachers are lower than those of the whites, which are themselves nearly the lowest in the country. Still, it would require a huge annual expenditure —for any southern state as well as for the region—to bring the educational facilities of the Negroes up to those of the whites. In 1931, in Montgomery County, Alabama, annual expenditures of $28 per pupil went into salaries of white teachers as compared with less than $4 per pupil for Negro teachers. The ratio was the same as it was in 1913. Democracy? Booker T. Washington used to say: "It is too great a compliment to the Negro to suppose he can learn seven times as easily as his white neighbor."

* Federal Judge John J. Parker, in June, 1940, decided in favor of the Negro teacher in Norfolk, Virginia. Suit had been entered for pay equal to that of white teachers.

EDUCATION OF INDIANS

Like the Negro, the Indian has responded with high achievement when educational opportunities were made available to him. Such retardation as he has experienced has been caused by his not getting into school at the right time. As mentioned earlier, low scores on tests are probably explained by culture rather than by innate ability. As for his teachers, they have had neither training nor pay equal to that of the whites. The programs of education in boarding schools have only recently begun to fit the Indian for more adequate participation in white culture. Recent surveys indicate that more realistic efforts are under way and that better conditions are in the making. Constructive steps have been taken at Washington and elsewhere to overcome our long-standing negligence.

Conflict and Co-operation

It has already been emphasized that the "reasons" for race prejudice are rationalizations. Consistency is no companion of racial attitudes. Not only does sexuality seem to be stronger than "group interests," but also the presence of the mulatto and of thousands of Negroes who can pass as white is a basic contradiction to any supposed natural abhorrence of color-mixing. Conflict of attitudes and practices is observable on every hand. It is a far cry from the slogan "The only good Indian is a dead Indian" to the pride which eminent people have taken in possessing Indian blood. Were not most of the original Indian tribes rather lowly beings even if classified among the so-called higher hunters and above the present crude Australians or African Hottentots?

The extent of prejudice and conflict seems to be related to time span, culture contact, and the number of nonwhites present. Southern taboos and other practices grew in violence out of antislavery agitation and reconstruction conditions. Growth in understanding and co-operation has increased with the passage of time, which gives opportunity for culture contact and assimilation. A study of the informative maps and indices in *Southern Regions of the United States* discloses some evidence of liberality in race relations as the distance out of the deep South increases. This does not mean, of course, that the Negro has been given fully considerate treatment in the North and West, but he does have in those regions more participation in education, business, and government. As re-

gards comparative numbers, exclusion and prejudice operate more definitely where large numbers of nonwhites are found. On the Pacific coast there was not much antagonism toward Orientals until they came in large numbers; then fear, based largely on undesired economic competition, began to express itself. Similarly the inflow of large numbers of Negroes into northern cities after the First World War precipitated friction and riots, but these declined after a period of strain. There has been no major riot for twenty years. Beatings, homicides, and lynchings are indirect manifestations of basic economic, political, and social fears. The segregation and exploitation of minority groups are evidences of latent conflict attitudes, but these are yielding over the years, with increasing contacts and with the falling off in relative numbers of easily demarked nonwhites in the population.

Interracial co-operation is more current today than ever before. The Commission on Interracial Co-operation, the Association of Southern Women for the Prevention of Lynching, various nation-wide organizations of Negroes, the Office of Indian Affairs, several associations interested in Indian rights, and certain religious, educational, and philanthropic organizations have accomplished something worth while toward more harmonious and co-operative relationships between the races. Their efforts, along with better law enforcement and liberalized education (especially through emphasis on the social sciences), are showing promising results. The lynching curve has been dropping markedly, with occasional fluctuations in recent decades. Lynching may virtually disappear during the next decade. There is, however, some evidence that, as the old-style mob lynching becomes unpopular, it is being replaced by "quiet lynchings."

Assimilation

Social processes do not wait for man's approval; they move inexorably in spite of delays by the dominant groups. Some peoples are assimilated more easily than others; alien whites, less hampered by restrictions, obviously become assimilated much more easily than nonwhites. The normal activities in work, the school, the church, the press, and various special organizations facilitate the assimilative process. What the situation in America will be centuries hence, nobody knows, but history reveals that peoples in close cultural contact over long periods of time tend to become amalgamated.

Whether or not the situation in Hawaii is a microcosmic evidence of what may happen in larger areas, none of us will live to see. There the processes of acculturation, assimilation, and amalgamation are flowing across the islands toward a distinct local type of hybrid population whose ingredients are Hawaiian, part-Hawaiian, Caucasian, Portuguese, Chinese, Japanese, Korean, Puerto Rican, and Filipino. With no caste system today, with remarkable freedom from race friction, "custom not only tolerates intermarriage between races but accords to the mixed blood a position of dignity in the community.... Miscegenation has gone farther than in most regions of Oceania." This is but a statement of observable trends; whether it is desirable or undesirable is not the question. Social and biological processes operate in accordance with life's conditions, not with deference to man's wishes.

Many there are who warn us about our boasting of pure "Anglo-Saxon" blood. They point to our ancestors and ask whether we sufficiently consider the pre-Christian occupants of the British Isles, those undersized, hairy folk from whom many of us came. They say we have curious ideas about blood lineage, that these ideas are tinged with snobbery, that they erect barriers to democratic participation, and that they facilitate special privilege for the few. These critics of our pride do not imply that all men are created equal, for it is certain biologically that men are unequal, nor do they mean that eugenic programs for race improvement are not highly desirable. They do mean, however, that "inferior" peoples can produce men like Michael Pupin, Booker T. Washington, and others who have emerged from conditions of disadvantage. Perhaps those of Nordic pride would do well to study and remember the environmental conditions from which they originally came.

Summary

This chapter has attempted to reveal some of the general and specific fallacies with regard to the ethnic problem in its larger world-wide aspects. It has presented the commonly accepted threefold scheme of race classification and, in agreement with the most scientific thought, has challenged the emphasis which has been given to "Aryanism" during the last seventy-five years. The confusions in popular descriptive efforts have been presented in a somewhat sketchy analysis. Particular stress has been laid upon the importance of cultural, instead of biological, interpretations. The problems of race differences and race prejudice have

been given a brief but moderate treatment in which it was pointed out that we tend to rationalize our evaluations and practices rather than to exercise really objective reasoning.

The glimpses into ethnic conditions in the United States are but outlines of the racial physiognomy and profile of the heterogeneous American population. We have looked a little below the surface into the place and contribution of our various ethnic groups in agriculture and industry. The problem of the Negro's occupational displacement and his educational underprivilege have received special mention, followed by a short discussion of the Indian problem. The social processes of conflict, co-operation, and assimilation have been clarified, it is hoped, by sufficient concrete illustrative material to stimulate further thought and more realistic co-operative dealing with our fellow men.

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Chapter XXIX

THE POPULATION PROBLEM

> When we contemplate the shocking derangement of human affairs which now prevails in most civilized countries, including our own, even the best minds are puzzled and uncertain in their attempts to grasp the situation. (James Harvey Robinson, *The Mind in the Making*, 1921)

A GENERATION has passed since the remark quoted above was written, and we are even more puzzled and uncertain. The results of current volcanic wars and inner changes in the folkways cannot be accurately foreseen. That they will bring demographic changes is certain.

The population problem throughout the world is a *moving* phenomenon, literally moving in the sense of fairly rapid change, moving other human problems into new angles of consideration, and pushing nations into varied programs or ways of life. This is true internationally and within our own country. Sweden's active efforts for the sake of childhood and family security; totalitarian nations warring to give their peoples more living space; our own awareness of changing age ratios and family patterning, with their implications for economic security and even for democracy itself—all these, basically, are population problems of great significance.

Even a little study reveals how vital, how full of potentialities, this population problem is for us today. Not only are the size and quality of the population itself important, but also the ramifications of the problem are far-reaching. Questions of births and deaths, marriage and divorce, immigration and migration, health and welfare, wealth and poverty, slums and housing, education and religion, agriculture and industry, states and regions—there is no detail of daily life that is not more or less directly affected by the world population problem.

One or two illustrations, among many that might be detailed, are suggestive. Far-off Japan (70,000,000 population), crowded into an area about as large as California (6,000,000 population), with its high birth rate and cheap labor, brings economic pressure into our production and

consumption of raw and finished materials, notably textiles. Our cotton market is affected, and so also are the cotton farmer, broker, shipper, manufacturer, factory worker, and consumer. Another illustration more immediately perceptible: the local elementary school has fewer pupils in the early grades today, and thus there is a diminishing demand for primary-school teachers. Also, as the population grows older, high schools and colleges will be affected. Thus can be glimpsed the complications of the problem internationally and locally.

Western Expansion

About the time America was settled, the world's inhabitants numbered some 500,000,000; today there are about 2,000,000,000 people scattered over the earth. Three centuries is a relatively short period of time. The story of westward expansion is one of growth in land coverage and man power, growth in all aspects of culture, and especially in things technological and quantitative. It is no wonder that we have grown accustomed to think of population growth as normal, for, despite wars, famines, and disease, the population in the Western world has been increasing.

This increase in population was due mainly to intermittent periods of peace and stability accompanied by improved agricultural, industrial, and hygienic practices. Conditions in early America, a new country with plenty of space and a scarcity of population, were an invitation to the rearing of large families. The mother of the late eighteenth century produced 7.8 children compared with the 2.2 children born to the average woman living through the childbearing period today. The American colonial infant had a life expectancy of about forty years; today's white American baby will, on the average, live about sixty years. Whatever may be happening to human potentiality (fecundity), it is clear that there has been and still is a decline in actual reproduction (fertility), and that something unprecedented is happening to the population curve.

In order to get perspective for the United States, it is necessary to look into the international aspects of the problem.

International Demography

International vital statistics on some fifty countries were released on May 2, 1940, by our Bureau of the Census, with data as late as 1936 for

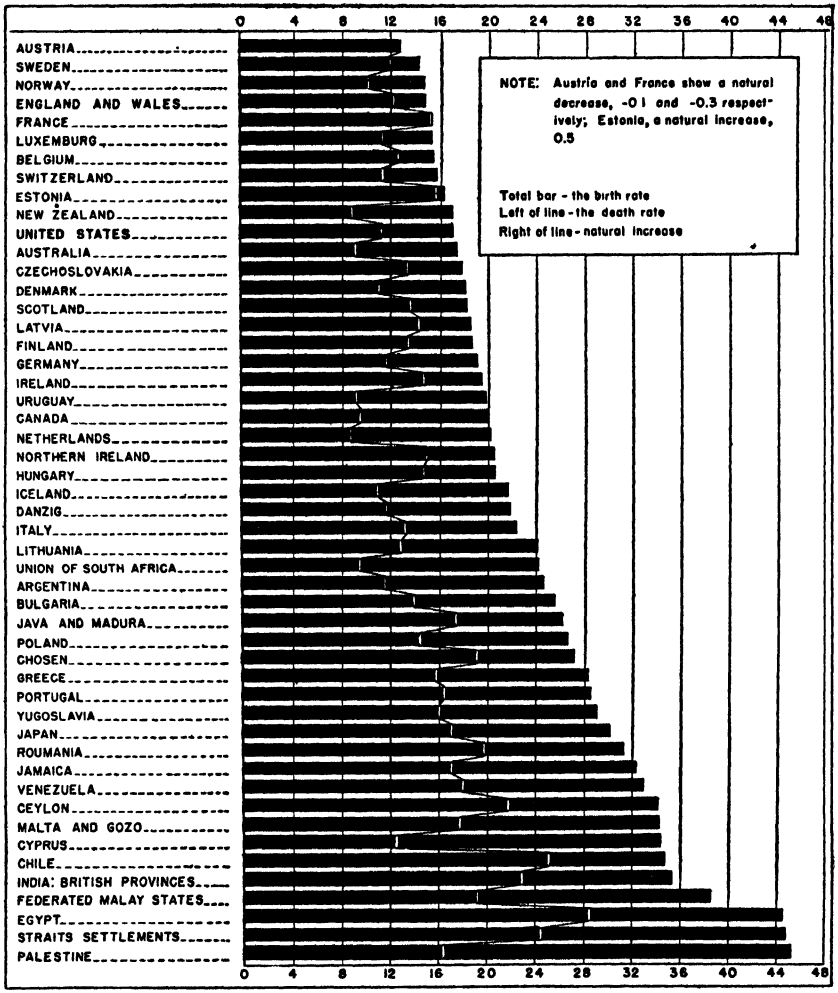


FIGURE 5. BIRTH RATES OF CERTAIN COUNTRIES, WITH THE DEATH-RATE CURVE SUPERIMPOSED, PER 1,000 OF POPULATION, FOR 1936

Source: Bureau of the Census, *International Vital Statistics,* Vol. 9, No. 36 (Washington, D. C., May 2, 1940), pages 356 and 362.

many of the areas. These data include size and density of the population, birth and death rates, reproduction rates, length of life (longevity), and rates of marriage, divorce, and migration.

Though there is no easy way of studying population, what follows is an attempt to simplify the complexities and present only the major aspects of the problem. Figure 5 lists the countries and shows the crude birth rates in horizontal bars with a crude death-rate line crossing the bars. The length of the bar to the right of this line represents the natural

TABLE I

POPULATION, DENSITY PER SQUARE MILE, CRUDE RATES OF BIRTH AND DEATH, NATURAL INCREASE, NET REPRODUCTION RATES, AND STANDARDIZED DEATH RATES FOR FIFTEEN SELECTED COUNTRIES

COUNTRY	A POPULATION IN MILLIONS (1936)	B DENSITY PER SQUARE MILE	C BIRTHS PER 1,000 POP. (1936)	D DEATHS PER 1,000 POP. (1936)	E EXCESS OF BIRTHS OVER DEATHS	F NET REPRODUCTION RATE [3]	G STANDARDIZED DEATH RATE [4]
British India	357	222	35.4	22.6	12.8	—	24.1
UNITED STATES	129	43	16.7	11.5	5.2	0.95	10.8
Japan	70	492	29.9	17.5	12.4	1.57	17.7
Germany [1]	67	372	19.0	11.8	7.2	0.90	9.3
Italy	43	360	22.4	13.7	8.7	1.18	12.3
France	42	198	15.0	15.3	−0.3	0.88	11.7
England and Wales	41	703	14.8	12.1	2.7	0.76	9.8
Mexico	19	25	—	22.4	—	—	—
Egypt	15.5	1,147 [2]	44.2	28.9	15.3	—	—
Czechoslovakia .	15	281	17.4	13.3	4.1	0.75	12.8
Argentina	12.5	12	24.4	11.8	12.6	—	—
Canada	11	3	20.0	9.7	10.3	1.30	9.6
Sweden	6.3	40	14.2	12.0	2.2	0.72	8.7
Eire	3	112	19.6	14.4	5.2	—	—
Uruguay	2	29	19.8	9.7	10.1	—	—

[1] Territory of 1936.

[2] Exclusive of desert land.

[3] For one or two years in the 1930's.

[4] Mostly for two-year periods around 1930. Note the text discussion according to lettered columns.

increase of population or the excess of births over deaths. Table I gives an arbitrarily shortened list of crude figures on representative nations.

SIZE AND DENSITY OF POPULATION

In viewing Table I it is important to keep in mind that columns A and B are in round numbers and that habitable and uninhabitable areas are not differentiated except for Egypt, whose figures are based upon 3.5 per cent of its total area. The Americas have vast sparsely settled areas and also very congested places; for example, Nevada, with less than one person to the square mile, and Rhode Island, with about 700.* Countries differ greatly in the proportion of the total area which can be made economically productive. Therefore, the ratio of population to resources is often lower in densely populated countries than in those sparsely settled.

Does a glance at Sweden's figures give any clue as to why that democracy has been developing an integrated population program tied closely to family welfare and social security? Do the unrefined figures, as a whole, suggest any relation between the population problem and war-making tendencies? How far is civilizational advance, culture in general, associated with birth and death rates? There is evidence that mortality is correlated with density, but it is not known to what extent this association results from economic and social factors, or from population density itself.

FERTILITY

Between 1920 and 1936 all countries, except Ireland, increased in population by gradual, relatively small changes. The amount of increase is greater for some than for other countries; the *amount* is greater for the United States than for Canada, but the *rate* or percentage increase is higher for Canada. In percentage we have gained 18.7 compared with Canada's 25.3 in the period 1921–1936. The rate of population growth has been more rapid in the Americas and Asia than in Europe's densely populated areas. Births and deaths—also immigration and emigration—are the important determining factors. The number of births is obviously affected by the number of marriages and divorces (to be considered later).

The striking fact is that the *rate* of growth, which could be illustrated by graphs, is downward for practically all countries. This is true for the

* Note the discussion under "Health and Accidents" later in this chapter.

death rate also. There seems to be a positive relation between the percentage of decrease in a country's birth rate and the level of its industrial progress and standard of living. However, there are exceptions to this generalization. In Chile, in Germany, and less markedly in the United States, there was an upswing in the birth rate in the late 1930's.

By subtracting the death rate from the birth rate (columns D and C respectively) we obtain the natural increase or decrease, shown in column E. This excess of births over deaths, plus the difference between the number of immigrants and emigrants per 1,000 population, is not, however, a wholly reliable indication whether or not a country's population is reproducing itself. Even though a country has this natural increase, the crude rate may not be high enough to maintain the present population. A temporarily high proportion of young adults producing fewer and fewer children than their parents will mean, in time, a relatively high proportion of old adults and an inevitable fall in the crude birth rate below the level of the crude death rate. This will mean a decline in the size of the population unless sufficient immigration occurs to make up the difference.

A more reliable index of fertility considers the childbearing period of women and the number of girl babies born alive to the average woman, with calculations made according to her age, her death rate, and the specific birth rates of the country. This index, known as the net reproduction rate (the derivation of which need not be explained here), indicates whether or not the number of births is sufficient to replace the population. Column F reveals that for whites in the United States 100 women in the childbearing period of this generation are replaced by only 95 women in the next generation, when female mortality during the childbearing period is considered.* For Canada 130 women are replacing 100 women of this generation, largely because of the prolific character of the French element and of the farm group, where families are still large. This same rate could be shown for Chile. Note the contrast between Sweden and Japan.

MORTALITY

The crude death rates are shown in column D and also by the line that breaks the bar graph in Figure 5. These rates are generally lower in the

* The 1940 census reveals the net reproduction rate as about 96, which means that, if the present birth and death rates continue, the population will fail to reproduce itself by about 4 per cent per generation.

industrial countries than among agricultural peoples. Again there is need for refinement into what experts know as standardized death rates, column G, which provide a comparison of mortality conditions in different countries when *the influence of age composition* is eliminated or greatly reduced. It is quite possible for a country with a higher proportion of persons in the older age groups to have a higher death rate than a country with a lower proportion of older persons, even if health conditions are similar.

Race, sex, marital, and occupational compositions are among other factors which may contribute to differences between death rates.

Mortality experience differs more between countries during the younger ages and less during the later periods of life. For example, about 1930, some age-specific death rates were as follows:

TABLE II

SPECIFIC DEATH RATES PER 1,000 POPULATION FOR MALES IN THREE AGE GROUPS FOR FIVE SELECTED COUNTRIES, ABOUT 1930

COUNTRY	AGE 1–4	AGE 20–24	AGE 50–54
Sweden	4.1	4.0	10.3
Netherlands	5.3	2.4	8.6
UNITED STATES .	6.1	4.1	16.2
Chile	31.1	9.4	22.9
British India	37.6	9.5	31.8

Table II makes it clear that the range between the lowest and the highest rates for specific age intervals is much greater than the range for the total crude death rates. British India loses nine times as many babies as Sweden but only three times as many middle-aged people. As for infants under one year, Figure 6 is illuminating.

With regard to specific causes of death, great differences exist between countries. Tuberculosis takes less than 80 per 100,000 in a dozen countries of Europe; in other places with approximately the same culture it kills more than that number. Japan and Finland lose heavily from this disease. Chile has the worst record, with more than 260 deaths per 100,000 population. Cancer makes its deepest inroads on the people of northern Europe, reaching 160 per 100,000 in England and Wales; in Canada and the United States it kills between 106 and 111 per 100,000 population. What shall be said for the decimating results of war, par-

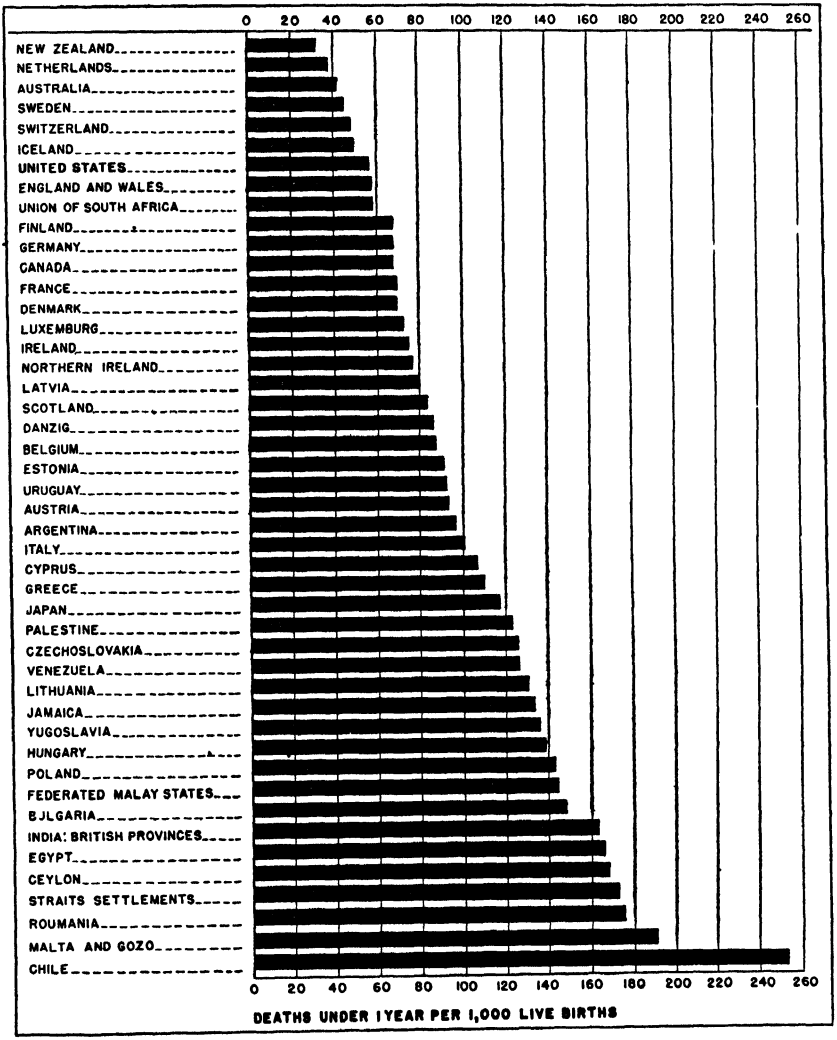


FIGURE 6. INFANT DEATH RATES OF CERTAIN COUNTRIES IN 1936

Source: Bureau of the Census, *International Vital Statistics*, Vol. 9, No. 36 (Washington, D. C., May 2, 1940), page 369.

ticularly upon the younger males, and its effect upon marriageable women? How is war affecting the population, dysgenically or eugenically? What changes in general culture patterns, specific family patterns, and morals may be the result of war? An age of science: at one extreme, microscopes, vaccines, and drainage ditches; at the other extreme, periscopes, poison gases, and trenches.

LONGEVITY

Here also it is necessary to abbreviate the data. These are computed in terms of average life expectancy at specific age intervals. (The mysteries of life-insurance premiums are the practical application of this actuarial figuring.) How long will the average white male in the United States live if he is now twenty years old? Normally, 47 years longer, or until he is about sixty-seven years old. After that the chances are that he will live to be seventy-six years old. The actual life expectancy may be greater than the computed life expectancy because the latter is based on mortality rates which may become lower. The average individual's expectation of life is much greater in western Europe and North America (lethal wars excluded) than it is in eastern Europe and the Orient. Mortality rates fell steadily during the last century, particularly at the earlier ages during the past twenty to fifty years, except in British India and Japan.

Differences in expectation of life exist between races. The differences between Negroes and whites in the United States are greatest at birth, becoming gradually less at each succeeding age interval. The average Negro male, now twenty years old, has an expectancy of thirty-six years, or a life span of fifty-six years. If he lives to be sixty, he is likely to reach the age of seventy-three. Females have an expectancy roughly two years longer. Hawaii is a fascinating demographic laboratory with its mixed peoples. There the Caucasians and Japanese at age twenty have an expectancy of more than forty-three years; the Chinese, more than forty-two; the Filipinos, thirty-nine; and the Hawaiians, twenty-seven. If these peoples reach the age of sixty, their remaining years range from sixteen for the Caucasians and Japanese down to ten or eleven for the Hawaiian. A complex civilization may inflict damage upon a simple people by contact through sailors, slave traders, commerce, and early missionaries. The white man's diseases have impaired many primitive peoples, with what lasting effects no one knows. Nor is it known whether

differences in longevity are due to inherent racial characteristics or to social environment.

MARRIAGE AND DIVORCE

Statistics of age at marriage, duration of marriage, and the proportion of women married are important in studies of population trends. To refer to only one aspect: there are marked differences from country to country in the number of married women of childbearing age. The age-standardized percentage of women married, those between ages 15 and 49, for ten countries taken at random, is as follows:

TABLE III

AGE-STANDARDIZED PERCENTAGES OF MARRIED WOMEN, AGES 15-49, FOR TEN SELECTED COUNTRIES

	PER CENT	YEAR		PER CENT	YEAR
Eire	40.4	1926	Canada	58.9	1931
Sweden	46.4	1935	France	62.8	1931
England and Wales	49.9	1931	UNITED STATES	66.7	1930
Germany	52.1	1933	Japan	73.8	1930
Chile	53.1	1930	British India	95.0	1931

A more inclusive list would reveal that, in general, countries having the highest percentages of married women of childbearing age also have the highest birth rates.

Since 1920 marriage trends in Western civilization do not fluctuate sharply away from 8 or 9 marriages per 1,000 population except when undergoing some sudden political or economic pressure. Germany's curve goes from 8 to 11 per 1,000 for 1933 and 1934, coinciding with the rise of National Socialism. The graph line for the United States, Canada, South Africa, Australia, and Germany goes down at 1929–1930, apparently with the economic depression, and turns upward after 1931–1932.

Divorce is quite evenly scattered throughout the world, with no noticeable geographic concentration of high or low ratios. For selected periods between 1925 and 1936 the number of divorces per 10,000 married couples is given in Table IV, adapted from the international vital statistics published in May, 1940.

TABLE IV

NUMBER OF DIVORCES PER 10,000 MARRIED COUPLES IN VARIOUS COUNTRIES DURING SELECTED TWO-YEAR AND THREE-YEAR PERIODS BETWEEN 1925 AND 1936

LESS THAN 10	11–20	21–30	31–40	41–50	MORE THAN 51
Canada	Belgium	France	Germany	Japan	UNITED STATES (73.2)
British Isles	Chosen	Sweden	Switzerland	Latvia	
Turkey	Norway	Hungary	Denmark	Formosa	
Portugal	Finland	Union of S. Africa	Estonia	Austria	Ukraine of the U.S.S.R. (98.2)
Greece	Netherlands	New Zealand			
	Rumania				

SUMMARY OF INTERNATIONAL DEMOGRAPHY

The United States has been sketched in demographic outline within the larger picture that has included other leading countries. The whole can now be viewed in summary for its more prominent features.

Gross population figures seem to be less significant than population density. Compared with Japan, Germany, Italy, and the British Isles, the United States and Canada have plenty of "living space."

In population, from 1921 to 1936, the United States has gained 18.7 per cent, the median figure. In other words, population growth here has been more rapid than in one half of the countries and less rapid than in the other half.

In our crude birth rate, 16.7 per 1,000 population, we are in the lowest fourth. When the trends of the birth rates are considered for the sixteen-year period (1921–1936), our decline, 29.5 per cent, is greater than that of most other countries. The largest decrease, 43.3 per cent, was in Norway.

The death rate for us, 11.5 per 1,000 population, is below the rates for the majority of countries for the year 1936. New Zealand and the Netherlands have a rate of only 8.7 per 1,000. We show a smaller relative decrease in our crude death rate than do most other countries. Cyprus lowered its death rate by 48 per cent, Egypt's went up 3.2 per cent, and ours dropped 11.5 per cent.

Our infant death rate, 57 per 1,000 live births in 1936 (48 in 1939), is in the lowest fourth; New Zealand's, 31 per 1,000, is the lowest of all;

and Chile's 252, is the highest. Our decrease in infant mortality, 33.7 per cent, is better than that of most countries.

The chances of living a long life are better in western Europe and in

TABLE V *

COMPARATIVE DEMOGRAPHIC POSITION OF THE UNITED STATES—SUMMARY

DEMOGRAPHIC INDEX	NUMERICAL INDEX FOR THE UNITED STATES	RANK ORDER OF THE UNITED STATES (RANKING FROM LOWEST TO HIGHEST)	NUMBER OF COUNTRIES RANKED
Population density (persons per square mile), 1936	43.4	14	52
Percentage increase or decrease in population, 1921–1936	+18.7	26	51
Birth rate (live births per 1,000 population), 1936	16.7	11	50
Percentage increase or decrease in birth rate, 1920–1936	−29.5	18	54
Excess of birth rates over death rates (number per 1,000 population), 1936	5.2	14	51
Death rate (deaths per 1,000 population), 1936	11.5	11	51
Percentage increase or decrease in death rate, 1920–1936	−11.5	43	55
Infant death rate (deaths under 1 year per 1,000 live births), 1936	57.0	7	46
Percentage increase or decrease in infant death rates, 1920–1936	−33.7	14	52
Tuberculosis death rate (deaths per 100,000 population), 1936	55.6	6	32
Percentage increase or decrease in tuberculosis rates, 1920–1936	−51.2	6	32
Marriage rate (marriages per 1,000 population), 1936	10.4	50	52
Percentage increase or decrease in marriage rate, from 1921–25 to 1936	−1.0	30	50
Divorce rate (divorces per 1,000 population), 1936	1.8	18	18

* Adapted from United States Bureau of the Census, *International Vital Statistics*, Vol. 9, No. 36 (May 2, 1940), page 397.

the United States than elsewhere if wars are excluded. The twenty-year-old white male in our country should live on the average, until the late sixties, the white female until she is seventy.

Tuberculosis, a world-wide major cause of death, is decreasingly fatal here. Again we are in the most favored fourth, with 55.6 deaths per 100,000 population in 1936. Australia is lowest with 41.8, and Chile is highest with 262.2. Our decrease between 1920 and 1936 was 51.2 per cent; the Netherlands had the best showing, a decrease of 66.0 per cent, and Chile had the worst, an increase of 5.3 per cent.

The marriage rate here, 10.4 per 1,000 population in 1936, is among the highest. Egypt ranks first with 13.5 and Guatemala last with 1.7. In divorces we are also among the highest, with 1.8 per 1,000 population. Earlier in the chapter this was presented on the basis of 10,000 married couples. The lowest divorce rates are found in the British possessions.

Table V concludes this summary with still sharper focus.

Configurations for the United States

The profile of land and people in America is changing. Some of the population pressures and shifts that are affecting our people and their resources will be viewed very briefly here.

MIGRATION

Immigration, emigration, and internal migration affect a country economically, politically, and socially: its labor supply, consumer needs, civic affairs, educational problems, cultural homogeneity, and perhaps national security.

Immigration into the United States has decreased since 1920, especially since 1924. By thirty-year periods since 1820 our population increase through immigration was as follows:

1820–1850	2,464,200 immigrants
1851–1880	7,725,229 immigrants
1881–1910	17,729,563 immigrants
1911–1938	10,217,697 immigrants

Our quota law of 1929 permits a total yearly entrance of about 150,000 foreigners, in addition to those from Canada, Mexico, and independent countries of Central and South America, to whom the quota

does not apply. Before 1895 most of the immigrants were from northwestern Europe; after that year southeastern Europeans formed the biggest waves in the immigration tide.

People leave our shores also. Only since 1908 have we recorded these emigrants. Figures for the period appear in Table VI.

TABLE VI

NET INCREASE OR DECREASE OF POPULATION OF THE UNITED STATES BY ADMISSION AND DEPARTURE OF ALIENS (EXCLUSIVE OF VISITORS), 1908–1938

PERIOD	NUMBER OF IMMIGRANTS	NUMBER OF EMIGRANTS	INCREASE OR DECREASE
1908–1910	2,576,226	823,311	+1,752,915
1911–1920	5,735,811	2,146,994	+3,588,817
1921–1930	4,107,209	1,045,076	+3,062,133
1931–1938	374,677	411,626	− 36,949 [1]

[1] Small net gains occurred in 1937 and 1938.

The American people are extraordinarily mobile. For an adequate understanding of internal migration the student should go to *The Problems of a Changing Population* (Chapter III), the definitive research volume of the National Resources Committee, published through the United States Government Printing Office in May, 1938.

Mobility generally *tends* to prevent overpopulation in areas of declining resources. Most people seek to improve their lot; so they move. In 1930 some 22,000,000 native whites and 3,000,000 native Negroes were living outside the states where they were born. Two main movements have predominated: one to the West, to new lands and hopes; the other to industrial and commercial centers of the North, this last attracting 3,000,000 southerners and 1,650,000 westerners.

Throughout the nation, for several decades, a marked feature of internal migration has been the movement from farms to cities. About 40 per cent of the farm youths who were in their teens in 1920 had left the farms by 1930. The farm population bears the expense of rearing and educating most of the children who go cityward just as they begin to be able to repay this cost. All this represents a large transfer of wealth. It has been calculated that the 6,000,000 net migration of youths from farms between 1920 and 1930 would mean a contribution of about $14,000,000,000 from the farming communities to the cities of the nation. A

smaller proportion of older farm people migrate to cities. With immigration a mere trickle and children relatively scarce in cities, urban areas will not maintain their present numbers without this flow of rural migrants.

Negroes move chiefly from state to state and from South to North. Twenty-five per cent of their total population, which was 12,000,000 in 1930, were living outside their native states, and 88 per cent of those found in the North in 1930 lived in urban centers.

Internal movements of population tend to bring about a better distribution of people in relation to natural resources. Generally speaking, the less favorable areas have lost population to the more favorable. But, despite this, there remain sore spots of overpopulation. Critical questions arise: should the government purchase lands, develop new enterprises, and in other ways take definite action for these overcrowded areas? Our resettlement efforts are a partial answer. Many leaders believe that democracy must do more designing and less drifting, even while we retain our essential freedom of movement and of utilization of resources, natural and human.

URBAN POPULATION GROWTH

In 1787 nine farm families provided the food for each city family. Today the situation is almost exactly reversed: one farm family for seven city families. Before 1800 there were no very large cities in this country; today there are many, as indicated in Table VII.

On April 1, 1940, there were 37,987,989 persons living in the ninety-two cities which had a population of 100,000 or more on that date. These ninety-two cities had had a population of 36,195,171 persons in 1930, and thus showed an increase of 1,792,818 during the decade. This was an increase in population of 5.0 per cent between 1930 and 1940, compared with 23.7 per cent for the same cities between 1920 and 1930. It is evident from these figures that the larger cities have been growing much less rapidly since 1930 than during the preceding decade.

A STATIONARY POPULATION

In 1790 there were 3,929,214 people in the United States; today there are 131,669,275. What is happening to the total population can be seen by the rate of increase shown in the last ten censuses, from 1850 to 1940 inclusive, as listed on page 568:

TABLE VII *

POPULATION IN GROUPS OF PLACES CLASSIFIED ACCORDING TO SIZE, AND IN UNINCORPORATED RURAL TERRITORY, 1940 AND 1930

AREA AND CLASS OF PLACES	1940			1930			CHANGE IN NUMBER OF PLACES, 1930–1940		
	NUMBER OF PLACES	POPULATION	PERCENTAGE OF TOTAL POPULATION	NUMBER OF PLACES	POPULATION	PERCENTAGE OF TOTAL POPULATION	NUMBER ADDED	NUMBER TAKEN OUT	NET CHANGE [1]
Continental United States	—	131,669,275	100.0	—	122,775,046	100.0	—	—	—
Urban territory	3,464	74,423,702	56.5	3,165	68,954,823	56.2	344	45	299
Places of 1,000,000 or more	5	15,910,866	12.1	5	15,064,555	12.3	—	—	—
Places of 500,000 to 1,000,000	9	6,456,959	4.9	8	5,763,987	4.7	1	—	1
Places of 250,000 to 500,000	23	7,827,514	5.9	24	7,956,228	6.5	1	2	-1
Places of 100,000 to 250,000	55	7,792,650	5.9	56	7,540,966	6.1	3	4	-1
Places of 50,000 to 100,000	107	7,343,917	5.6	98	6,491,448	5.3	15	6	9
Places of 25,000 to 50,000	213	7,417,093	5.6	185	6,425,693	5.2	42	14	28
Places of 10,000 to 25,000	665	9,966,898	7.6	606	9,097,200	7.4	109	50	59
Places of 5,000 to 10,000	965	6,681,894	5.1	851	5,897,156	4.8	236	122	114
Places of 2,500 to 5,000	1,422	5,025,911	3.8	1,332	4,717,590	3.8	344	254	90
Rural territory	—	57,245,573	43.5	—	53,820,223	43.8	—	—	—
Incorporated places of 1,000 to 2,500	3,206	5,027,954	3.8	3,087	4,820,707	3.9	562	443	119
Incorporated places under 1,000	10,082	4,315,956	3.3	10,346	4,362,746	3.6	564	828	-264
Unincorporated territory	—	47,901,663	36.4	—	44,636,770	36.4	—	—	—

[1] A minus sign (–) denotes decrease in number of places.

* United States Bureau of the Census, Series P-3, No. 13 (May 31, 1941).

CENSUS YEAR	PERCENTAGE INCREASE OVER PRECEDING CENSUS
1850	35.9
1860	35.6
1870	26.6
1880	26.0
1890	25.5
1900	20.7
1910	21.0
1920	14.9
1930	16.1
1940	7.2

We are approaching an era of stationary or decreasing population. Unless large numbers of immigrants are admitted or unexpected increases in the birth rate occur, the rate of growth will continue to slow down until the number of inhabitants reaches a peak of approximately 160,000,000 about 1975. The different possibilities for future total population are illustrated by the post-1940 curves in Figure 7. In making their

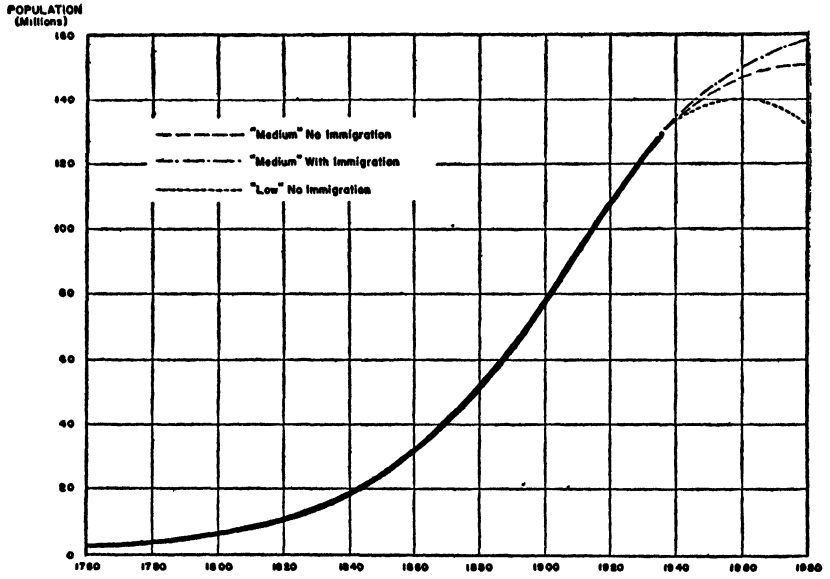


FIGURE 7. TREND OF THE TOTAL POPULATION OF THE UNITED STATES: ACTUAL FOR 1760–1930, ESTIMATED FOR 1930–1980

"Medium" and "low" refer to fertility; both have been combined with "medium" mortality. Source: National Resources Committee, *The Problems of a Changing Population* (Washington, D. C., 1938), page 24.

predictions, the experts have taken into consideration the effects of different rates of fertility and different volumes of immigration.

The birth rate has been declining for nearly a century. Until recently this decline has been offset by the reduction in death rates, by heavy immigration, and by the fact that we have had an unusually large proportion of women in the childbearing age. The declining birth rate now outweighs these factors which tend to increase the population.

The prospect of a slowing down of population growth has great significance for business and government. In the past, American property owners in the lines of population advance have reaped profits. In the future, continued expansion of the domestic market for American goods and services must be sought through the increase of effective consumer demand, through increased productivity and broadened distribution of income, rather than in the numerical increase of population. Governmental practices may have to be repatterned.

What the aftermath of world wars will bring, directly and indirectly, nobody can predict, but it is probable that the transition to a stationary population may, on the whole, be beneficial to American life. Our resources, if conserved and used wisely, should supply our citizens with the material basis for a high level of living.

AN AGING POPULATION

In 1820 half of our population was over 16.7 years of age; in 1930 half was over 26.4 years. This aging of the population can be illustrated for an even briefer span, as shown by the population pyramid in Figure 8. A stable population in 1975 will have proportionately many old people and fewer children and young people: more old people to be supported, fewer children to be educated. There will be approximately 22,000,000 people over sixty-five years of age, or three times as many as for the year 1935, according to present trends.

It should be emphasized that we are not rapidly becoming a decrepit people. The productive age classes, from twenty to sixty-four years, will probably be proportionately greater throughout the twentieth century than during the nineteenth. The striking changes are occurring in the two extremes rather than in the intervening age groups. Schools have already felt the change. In the years 1930–1934 enrollment in elementary schools declined by more than 300,000. High schools and colleges also will be affected within a few years. For the nation as a whole, additional

school buildings will not likely be needed, but more provision for the aged will probably have to be made.

Occupationally and industrially the population trend is significant. Soon the average age of workers will increase, with an upward shift in the number of older workers relative to the number of younger adults. If society is to meet the problem effectively, industry will need to adapt itself to this change of age in the labor supply. In view of technological advances, greater consideration will have to be given to conditions affecting older workers, especially to their retraining as they become threatened with displacement.

The census returns for 1940 can be adapted to Figure 8. The population pyramid continues to swell toward the top and to become narrower at the lower levels. The changes between 1930 and 1940 can be seen in tabulations for certain of the older and younger groups:

TABLE VIII

	1930		1940 (ESTIMATED)	
AGES	MALE	FEMALE	MALE	FEMALE
70–74	991,647	958,357	1,266,760	1,288,903
65–69	1,417,812	1,352,793	1,894,132	1,898,979
60–64	1,941,508	1,809,713	2,400,292	2,313,517
55–59	2,425,992	2,219,685	2,999,422	2,811,029
50–54	3,131,645	2,844,159	3,742,550	3,469,067
	(Ages 20–49 are omitted from this presentation.)			
15–19	5,757,825	5,794,290	6,187,058	6,159,423
10–14	6,068,777	5,936,100	5,974,438	5,816,496
5–9	6,381,108	6,226,501	5,450,738	5,275,135
Under 5	5,806,174	5,638,216	5,367,997	5,229,894

Although these 1940 counts are taken from a 5 per cent cross section of the census returns, it is to be expected that they are very close to the numbers for the whole population.

REGIONAL RESOURCES

Although our country as a whole is not overpopulated, the pressure upon economic resources in some places is serious, particularly in farming and mining areas. One is reminded of the famous theory of T. R. Malthus, who saw disastrous consequences in man's tendency to outrun his food supply.

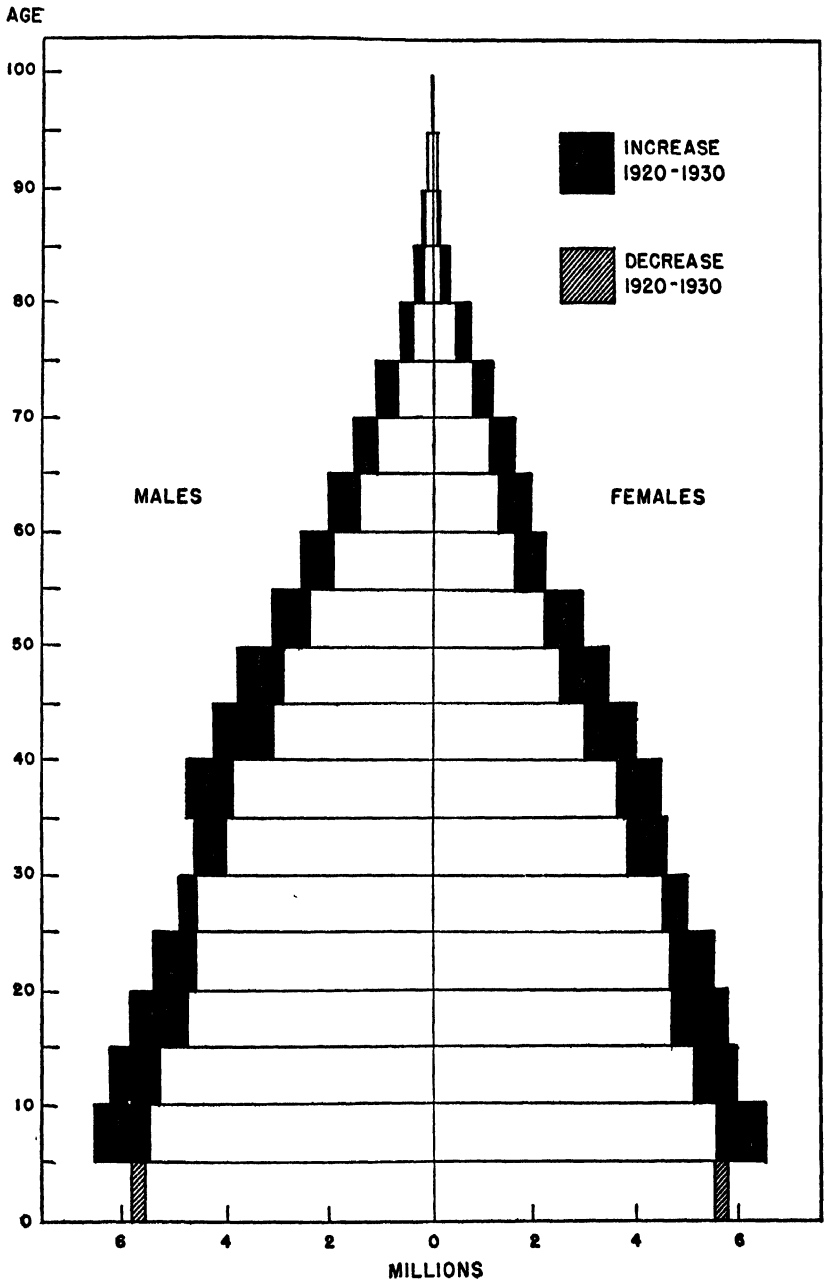


FIGURE 8. DISTRIBUTION BY FIVE-YEAR AGE PERIODS OF THE TOTAL POPULATION OF THE UNITED STATES IN 1920 AND 1930

Source: Census figures for 1920 and 1930.

In the eleven southeastern states,* in the middle 1920's, the average productivity of each farm worker was less than half of that in the rest of the nation. Pressure? The Southeast has 40 per cent of the farm population but only 17 per cent of the total land in farms. Until the South makes more adequate use of its natural and human resources, its farmers will continue to be at a disadvantage in getting a good living from the soil. The Southeast has the lowest per capita income—less than half of that for the nation as a whole—and the highest rate of human reproduction. The natural increase in population in North Carolina in 1937 equaled the natural increase in the combined states of Vermont, Massachusetts, Rhode Island, and Connecticut, although the population of these four states is about double that of North Carolina. The rural Southeast is excessively prolific. Such facts as these are indications of this region's maladjustment between population and resources.

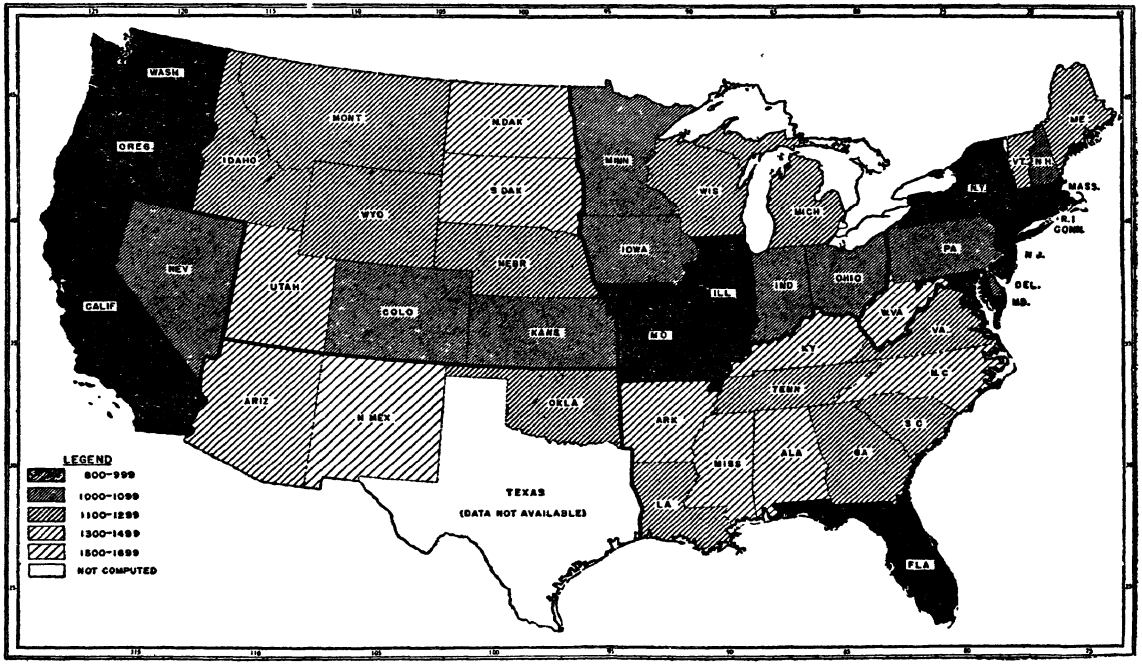
In the Great Plains, west of the Mississippi River, the plow first broke the land and then the people. Overgrazing of unplowed land, dust storms, and drought years combined to penalize this area for its planlessness. Transformations in land use would probably restore and maintain much of its soil quality, but even so the Great Plains, according to estimates, would support only two thirds of its present population at a good level of living.

In the depleted northern counties of Michigan, Wisconsin, and Minnesota, even with reforestation programs and with fuller development of resort possibilities in this area, there are more people than profitable jobs. The Appalachian region is another problem area, with serious displacement and maladjustment among the miners, and its agricultural resources insufficient to support the present farm population, much less unemployed miners as well. Excessive population may result, as in these extractive pursuits, from the exhaustion of the local natural resources on which the people have been depending for a livelihood.

FERTILITY AND SIZE OF FAMILY

Do all sorts of families in all parts of the country reproduce in about the same proportions? Are there great differences in family size between the poor and the more fortunate economic classes? Is the Negro increasing too rapidly? These questions and their answers have to do with what is termed *differential fertility*.

* Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Arkansas, Tennessee, and Kentucky.



EXPECTED NUMBER OF DAUGHTERS PER 1,000 WHITE FEMALES AT THE BIRTH AND DEATH RATES OF 1929–1931

Population experts measure fertility by determining the number of daughters that 1,000 newborn females would bear during their lifetime. To maintain the present level of population in an area, these 1,000 would have to produce more than 1,000 daughters during their lifetime in order to offset deaths occurring before the daughters themselves reach the childbearing age. Source: National Resources Committee, *The Problems of a Changing Population* (Washington, D.C., 1938), page 122.

The conditions under which the oncoming generation is reared are important in view of the slowing down of population growth. Agricultural people are reproducing much more rapidly than town and city people. If the present trends of birth and death rates should continue, it is probable that the differences in reproductive rates of different parts of the nation will become even greater than they now are. The reproduction rate in a fourth of the states is so low that the white population will fail to reproduce itself. (See the map on page 573 and the note below it.)

The Southeast and the Southwest are clearly regions of high fertility. The South as a whole has the largest families, the West the smallest. The poor economic status of the South has already been emphasized. Poorer families, whether in the city or on the farm, have on the average more children than do more favored families. High economic status is definitely associated with a low birth rate. Fertility in our poorest areas is 77 per cent in excess of that necessary to replace the population in those areas, as against a deficit of 17 per cent in the areas with the highest level of living. Couples with little or no schooling have more children on the average than those with considerable schooling.

Present differential birth rates subject a disproportionately large number of children in each succeeding generation to the blighting effects of poverty. Also, upon the poor, those least able to bear the responsibility, is placed an unequal share of the economic burden of replacing the nation's population.

Negroes are not increasing rapidly. According to present rates, it would take the Negroes at least twice as long to double their number as it would take the whites. Moreover, the urban Negro has undergone a marked decline in fertility.

HEALTH AND ACCIDENTS

People are taller, they are in less danger from communicable diseases and epidemics, and they live longer, than a century or even a half century ago. But this favorable generalization does not reveal the variations in the welfare of different groups of the nation. Ill health and poverty go together. Information from some of our largest cities shows that the infant death rate is about twice as high in poverty areas as among the well-to-do. A third of our people live in families with incomes under $800 a year. Does that not mean that if sickness comes there is a "cutting down" on some necessity? The work of the Committee on the Costs of Medical

Care in the 1920's and the National Health Survey of 776,000 families in some twenty states, made in 1935 and 1936, reveal that because of hit-and-miss practices both the medical profession and the public suffer, and that "a great deal of preventable illness persists." (Public Affairs Pamphlets are recommended for study, especially numbers 10, 24, 27, and 31.) The poor are sick longer than the more favored people. It was found that even families with incomes between $1,000 and $2,000 had over 20 per cent more disability than the relatively well-to-do.

Health differences appear from place to place. Why so much tuberculosis in Tennessee, Virginia, Kentucky, and Maryland? Why so much pellagra throughout the South? Diet is certainly the best single answer. The lack of enough food, or eating the wrong kinds of food, makes a person an easier victim of various diseases. The South is not so poor, however, that with the same expenditure of time and money a closer approach to an adequate diet could not be made.

Great advances have been achieved in the country's health; years have been added to life expectancy; our infant death rate has dropped to the lowest in our history; smallpox, typhoid fever, tuberculosis, and pneumonia are among the diseases that have yielded to these advances; but we still lag in planning and prevention. If health programs were spread as they might be, we could, it is estimated, reduce our deaths by some 400,000 each year. The changing profile for infant deaths, for births, and for the total death rate appears in Figure 9. For 1940 the birth-rate curve

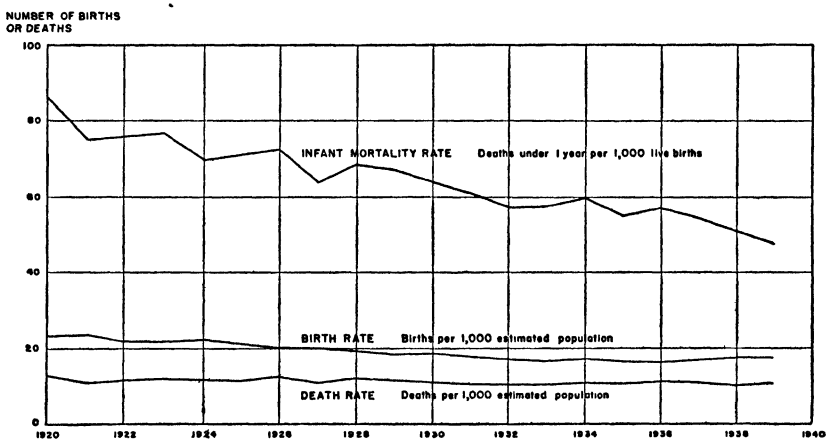


FIGURE 9. FLUCTUATIONS OF THE INFANT MORTALITY RATE, THE CRUDE BIRTH RATE, AND THE CRUDE DEATH RATE IN THE UNITED STATES BIRTH-REGISTRATION AREA, 1920–1939

Source: Census figures for 1920–1939.

turns upward to a point (17.9) slightly higher than it has been in any year since 1930; the death rate for 1940 (10.8) has risen slightly to about the 1938 level.

Life-insurance reports reveal the year 1940 as one of the best health years on record, but what can be said about accidents, particularly motor-vehicle deaths? The general accidental death rate since 1930 has ranged between 71.3 and 85.7 per 100,000 people. For motor-vehicle deaths the year 1937 was the highest for the decade, 30.7 per 100,000. Improvement for both 1938 and 1939 is reflected by the rate 25.0 for each of these years. Not without interest is the fact that the densely populated northeastern states are among those showing the most favorable motor-vehicle record for 1939. Rhode Island, our most densely populated state, had the best record for 1939; Nevada, the least densely populated, the worst record.

Questions for Democracy

As was pointed out at the beginning of this chapter, the population problem is basic to the effective consideration of a multitude of other problems. The relation of the following questions to the population problem is implicit.

Do we still believe in an American ideal of equality of opportunity for individual development, or are we living in a world of deals rather than of ideals? Can an American ideal be reached by drifting, or must we put forth some planned effort? Is it in accord with democratic ideals to allow people to live on land that will not support them at a decent level of living? Is it the democratic way to have millions of unemployed workers in the midst of billions of idle money and immeasurable natural resources? What shall be done to bring health and eugenic programs into closer effective operation for the people who need them most? If the farm population is responsible for the care of 31 per cent of the country's school-age children, yet receives only 9 per cent of the national income, what about the alignment of democracy's basic institution with democracy's avowed ideals and purposes? Should we be content when figures show that the Southeast ranks highest in percentage of children but lowest in educational provision for them?

Democracy's most precious asset is the children of today, the citizens of tomorrow. Education for today and tomorrow is, along with health

provisions, the best gift in our power. Prominent in the population report of the National Resources Committee are these sentences:

> The inequalities of educational opportunity that exist between rural and urban communities constitute a challenge to our ideal of democracy. Education can be made a force to equalize the condition of men; it is no less true that it can be made a force to create class, race, and sectional distinctions.

The children of the South, the East, the West, and the North are the nation's children, the citizens in the making whose burdens may be very heavy in the years ahead.

It is not the American way to tolerate for long those conditions which make for inequality. With the degree of mobility that has characterized the American people in the past and is likely to continue in the future, the cultural and intellectual level in any region has its influence on the life of every other region. Migrants enter into all phases of community life. Into their adult years they carry the ability or the inability to share wisely the privileges and duties of citizenship.

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Chapter XXX

AMERICAN SOCIETY IN A CHANGING WORLD

IS THIS contemporary world unique? Are modern social dilemmas perhaps the final curse on mankind, the crowning disaster to punish him for his multifold sins? Or is the contemporary world, after all, no more or less than the one that this generation has inherited and which within limits it may shape and direct for the present and the future? The denial of historic values and practices, the eclipse of great nations, the substitution of emotion for reason, and the resort to force to attain objectives—all these confuse us and make us wonder what can be the course of our exceedingly dynamic and rapidly changing society.

The fact that the present world is one of change does not make it unique. Society, in whatever period of history, is never static, but always changing. The rate of social change, however, varies; slow and orderly at one time, it is sudden and catastrophic at another. Nor does the process often possess inner harmony; usually it is characterized by paradox and contradiction. At times some aspects of a society change exceedingly rapidly, while other phases of that society lag behind. Likewise, the process of change is often piecemeal; whereas some aspects of an institution may undergo change, others may remain practically unaltered until the discord of disequilibrium forces change.

In the past, Western society has managed to survive the most difficult of transitional periods. That the world today is in the midst of such a period of social transition there can be no doubt. We have already observed many of the specific problems facing modern society. In conclusion, it might be well to contemplate those fundamental maladjustments which lie at the basis of our perplexed world.

In the field of political activity the following pressures and tensions may be discerned. First, the modern world has witnessed a destruction along wide fronts of the political system existing before the First World

War, in which individual rights were cardinal principles. In the totalitarian states of Europe there has arisen a tyranny of state over individual more complete and more effective than under the absolutist governments of the eighteenth century. But the obedience of the individual to the totalitarian government does not result completely from blind tyranny. Implicit in the totalitarian set-up is the concept of individual rights as rooted in and derived from the group. Yet in the disproportionate emphasis upon the state the individual has been sacrificed. Thus the totalitarian states have failed to strike a balance between the two and consequently have not created the true "socio-individual."

Second, whereas economic activities had suffered governmental restraint before the nineteenth century, the rise of economic liberalism brought a concept of a free and interdependent world economic order unhampered by state interference. Even at this period, however, there was never complete acceptance of rampant economic freedom, and regulation never ceased completely. Since 1914 state regulation of business has been extended to such an extent that it can no longer be considered exceptional. It might be said that regulation is now normal, *laissez faire* exceptional. The consequent increase in state functions has produced serious problems in governmental and corporate agencies, institutions, and philosophies. Especially has this been true in the United States. That the undertaking of even a partially planned economy involves many socioeconomic problems as well as political ones is, of course, obvious. There is the major problem of harmonizing the best of the traditions of American economic and political democracy with the new concept of a planned economy and the establishment of the fact that the two are not necessarily incongruous in theory or procedure. Once the transition from a free to a planned economy has been accomplished, the problem of administration in a country so large and containing such varied economic and cultural regions as ours would be a major one.

Finally, the emphasis of the modern world upon armaments, aggression, and war presents a dark and gloomy present and an uncertain future; but this is in no sense a new trend in history. Insecurity, arising from one cause or another, leads to more emphasis upon armaments, which make aggression possible. Aggression produces fear elsewhere, which results in other armament programs. Powerful armies and successful conquests in one area lead to attempts in another to rival and even surpass the accomplishments of the first. And so the cycle con-

tinues. In war, and even in preparation for war, the purposes and methods of society undergo a profound change of emphasis. National power and security—generally more important than individual welfare in the nation-state—become now unquestionably paramount. United, coordinated effort supersedes individualistic self-direction. Military goods take precedence over consumers' goods. Whether militarism is to be master or servant is one of the vital questions of our time.

The economic tensions in the contemporary world are no less fundamental and far-reaching in their implications than the political. Among those of major significance are the following: First, the capitalistic countries have had economic institutions and practices which are contradictory to the assumptions and institutions of an individualistic, competitive capitalism. This fundamental contradiction between basic assumption or philosophy and actual practice can be made clearer by concrete illustration. Our economic society has developed under a philosophy of freedom of enterprise. Our productive and distributive organizations have been based upon the principle of specialized production for export and constantly expanding markets, domestic and foreign. In actual practice, however, we find contrary conditions. Various types of political controls and obstructions limit freedom of enterprise; private monopoly and quasi monopoly prevent the free operation of economic forces in various fields; tariffs, political manipulation of foreign commerce, and rapid industrial development in other countries have made invalid the assumption of expanding foreign markets. Is the capitalistic economic system of the period before the First World War compatible with existing economic and political conditions? Is "regulated capitalism" or "corporate capitalism" likely to be the economic organization of our time?

Second, the United States is witnessing tendencies toward a closed economy which entail difficult problems of adjustment. The regulation of foreign trade removes some aspects of the domestic economy from world forces while leaving other aspects subject to those forces. Moreover, within the national economy many restrictive agencies remove other elements of the economic system from the free operation of economic forces. Conspicuous among such restrictive agencies are labor unions, associations of manufacturers, firms capable of administering prices, associations of professional men, and governmental control of agricultural production.

Third, the American economy, seeking profits, continues to reflect scarcity when with full utilization of human and natural resources it is capable of producing abundance.

Fourth, there is the problem of combining certain desirable objectives which seem mutually conflicting, such as attaining a proper balance between security and freedom, between stability and improvement. One instance of threatened unbalance in the economic and social sphere of life is the large-scale application of mechanized production methods to agriculture.

In the social and intellectual realm, likewise, individuals and groups are subject to disruptive forces. In the first place, science has had enormous influence upon the secularization of man's subjective activity. Scientific discovery and invention made possible the possession of more material goods, which in time many men found to be ample substitute for spiritual satisfaction. Interest in the traditional religion—faith and dogma—has declined. Under the impact of science and intellectualism, man lost much of his awe at the mysteries of nature and God, and placed his reliance in "rational" man as being capable of finding mental and physical security and progress. In reality, modern man did not substitute fact for faith, but rather he replaced his traditional faith by faith in science. But science did not hold all, and man's problems remained much the same. Confused and afraid of mental insecurity, many now predict a return to "blind faith" and irrationalism.

Moreover, man has seen modern science and technology shaping his faith and beliefs with effective and misused propaganda that confuses the intellect and leads the individual to seek mental security in group opinion. Standardized behavior threatens the contributions of the "variate-from-type" personality who in return for protective nourishment, for survival in society, uses his talents for combining cultural factors into new discoveries and inventions.

Such important institutions as family, church, and state are playing far different roles in modern life and are themselves undergoing fundamental alteration. In Germany and Italy, the role of woman in society has become one of primary physical function, while the Soviet Union has sought to give her political and economic equality. In the United States, the family, having given up many of its responsibilities for the character training and health care of the child to the progressive educators and governmental welfare workers, has found no new functional role. In

the church, there has been a trend toward socialized religion as an adjustment to the impact of naturalism. Though vigorously opposed by the fundamentalists, a mild Christian socialism has arisen within the ranks of the various churches in the United States. The modern state has been assuming in piecemeal fashion the functions of other social institutions, reflecting the need of growing diverse cultural groups for unity.

Finally, underlying the dilemmas of the modern world is the question whether or not man can make "scientific use" of science. Can man develop the social techniques for the utilization of machine technology for his needs and welfare rather than for excessive profits or war?

The relations between economic and political organizations in our country present a process pattern of social change. It is an intricate pattern, but discriminating inquiry reveals three tendencies: (1) growth of the nation in population, territory, and wealth—the whole society has greatly increased in magnitude and power; (2) development of collective activities through both (a) governmental assistance to and regulation of business and (b) the rise of large-scale corporate enterprises; (3) multiplication of new occupations and opportunities for individuals—that is, science, invention, and the new forms of organization have created new individualistic activities, such as those of electricians, mechanics, and accountants. Just when the centralizing tendencies began seriously to rival the forces of individualism it is difficult to say. Perhaps it was during the Civil War. Now it is disturbingly apparent that the collectivistic elements in our economy are so large as to raise the question whether traditionally individualistic elements are dominant or recessive. Centralizing, collectivistic influences do not necessarily constitute socialism, fascism, or any specific form of collectivism. Whether collectivism develops, and, if it does, what form it takes, depend upon the relative importance of the constituent elements in a nation's life.

In terms of contemporary conditions, what constituent elements make for the "better life" which free Americans are seeking? How shall we seek that better life? What approach, what agencies, what instrumentalities, which do not violate fundamental American values, are available for the search? These are pertinent questions, and, if the American ideal of opportunity for all men is to mean anything to the men and women of today, they must be courageously answered. There is no certainty that liberty and democracy will be victorious in contemporary America; nations have been known to forsake their ideals and to turn their backs

on the best in their heritage. The central problem which faces America in her attempt to realize her fundamental objective of a society in which all men shall be free to seek a better life is today quite clear. It is the problem of attaining a workable society in which political democracy, personal liberty, and economic security are effectively synthesized.

In the critical times which lie ahead and in the attempts to solve problems infinite in their complexity, America is fortunate in possessing valuable assets which may well determine the difference between success and failure. Not the least important is America's self-confidence, her unshakable optimism, her faith in her peculiar destiny. At times, in the history of the nation, this faith in the future has been rudely shaken, but always it has returned more irresistible than ever. How could it be otherwise? Our resources are abundant, our technical equipment unsurpassed, and our dream of a better life for all still a deep reality. America is "a fabulous country," wrote Thomas Wolfe, "the only fabulous country; it is the one place where miracles not only happen, but where they happen all the time." In its recent survey of America, *Fortune* magazine found: "Battered by ten years of depression, the people of the United States—even the lowest income level—still have a supreme confidence in themselves and their future." This faith and optimism have been part of both the strength and the weakness of the American character. It has made Americans slow to accept the reality of narrowing economic opportunity and the necessity of resorting to new social techniques and controls to meet the pressing problems of an industrial society. Yet this basic optimism may well prevent any permanent national disillusionment and constitute the intangible basis of a determination finally to achieve solutions of our dilemmas.

Whatever else may be said of the future, it can be safely stated that it will not be like the past. The solution of social and economic problems will call for experimentation, modification of many existing institutions, and substitution of new techniques and attitudes for those found to be outmoded and unsuited to the tasks which face us. Fortunately, America has a tradition of change and experimentation. Another part of this tradition is a distrust of doctrinaire extremes, of neat ideological patterns which solve all problems. In general, Americans believe in no "royal road to recovery." This pragmatic piecemeal approach means that in meeting our economic problems we shall probably attempt to combine individualistic economic activity, governmental regulation, government owner-

ship and operation, and the co-operative movement. However, there is a growing realization that we need greater vision in the combining of these varied forms of economic organization. Small and medium-sized business and agriculture seem well adapted to individualistic economic activity with only sufficient governmental regulation to assure healthy operation and survival. Other phases of the economy, such as the control of money and credit, electric power, transportation, communication, and certain natural-resource industries, tending to be monopolistic in character, will probably be increasingly absorbed by government. There is at present great need for a clearer differentiation between those realms of our economy in which individualistic activity functions successfully and those in which governmental regulation or operation is desirable.

Americans will define the "better life" in different terms at different times. Today, material security has an important place in the average man's idea of a better life. By material security he does not mean the right to live comfortably without working. On the contrary, he desires a reasonable chance to earn a living at some occupation. When he becomes sick or when old age overtakes him, he desires reasonable protection from economic misery. For his children he expects adequate food and shelter, medical care, and educational opportunity. In the totalitarian countries man has sacrificed personal liberty in the hope of attaining economic security. Should economic opportunity become more and more limited in the United States in the future, there will be (as is already evident in certain agricultural and industrial regulations) strong pressure to do the same in this country. However, should Americans give up their liberty for economic security, they will have sold their birthright for an illusion, and the American ideal will have been forfeited. If man is to be man and not a slave, there is no security for him apart from freedom.

Another essential element in the "better life" is a higher cultural and intellectual level for the American people. Americans of all economic and social classes must devote themselves to the public good, to the struggle for social justice. Trends in social thought have gradually led to the recognition that true personal security and welfare in the long run rest in the attainment and protection of the good life for the group. The wisest course of action in the future probably lies between the unrestrained individualism of the American frontier and the subordination of the individual to the group as in the totalitarian countries. There must be more and better education for all, not simply the formal education of

the schools, but a continuing program of education reaching all classes and all ages. There can be no retreat into the past or away from the perplexities of the present; realities must be faced. The deficiencies of the social order must be sought out, and attempts must be made to correct them. In the words of Frank P. Graham, America must stand

> for the freedom of open and wide discussion of all issues and a fair hearing to all sides; for the ways of peace and democracy rather than of war and dictatorship; for a new hope to youth and a more equal educational opportunity to all children in all the states; for the right to honest work whether in private industry or on public works; for humane nation-wide minimum standards of hours, wages, and conditions of fair competition in justice to workers and businessmen; for money as the medium of exchange rather than as master of labor and enterprise. For the saving of our soils, minerals, forests, and water power; for the security of banks, farms, industries, and homes; for farmers as equal partners in our economic society; for the advancement of American democracy by more equality of bargaining power through the organization of workers, the co-operation of farmers, and information of consumers; for social security against old age, unemployment, sickness, and the hazards of modern society; for intelligent production as a way of abundance and decent consumption as a way of life; and for a more abundant distribution of the good life for all people.

In 1926 André Siegfried published a book entitled *America Comes of Age*. Both the title and the contents of the book emphasized a fact of transcendent importance to the United States and perhaps to the world—namely, that we as a nation have "grown up," have reached our maturity. Many others before and since have called attention to the significance of this for the United States. It implies at least two things. First, we are now ready to accept our inheritance. As a people, we are no longer so young as to take everything for granted. We have advanced to that stage in our cultural development where we should realize what we are and our place in the world. It implies that we are ready for a critical evaluation of ourselves and of others. Second, this maturity has been attended by an intense dissatisfaction with the deficiencies of American life. Since the end of the nineteenth century this dissatisfaction has been increasingly evident in our literature. As critics, we probed ever deeper into our own inadequacies, until the discovery of how far we are removed from what we should be and could be produced for a time a literature of disillusionment and despair. It is to be hoped that this will pass. Perhaps we may come to realize that self-analysis and courageous criticism are the only sound basis for the attainment of the American ideal.

It was almost a century ago that Walt Whitman wrote the following lines. They have lost none of their truth in the passing of time.

Have the elder races halted?
Do they droop and end their lesson, wearied over there beyond the seas?
We take up the task eternal, and the burden and the lesson,
Pioneers! O pioneers!

No longer pioneers in the settlement of a new continent, if we accept our heritage, we shall become pioneers of a new and better America.

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