

A large, billowing mushroom cloud from a nuclear explosion, with a thick, dark column of smoke and debris rising from the ground and a large, white, textured cloud head. The background is a dark, textured surface, possibly a landscape or a sky.

LAWRENCE DENNIS

**OPERATIONAL
THINKING**

for

SURVIVAL

Operational Thinking
for
Survival

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Lawrence Dennis

Operational Thinking
for
Survival

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The Situation

How, not what, to think about the challenges of the space age—a period of permanent war crisis—is, perhaps, the biggest problem confronting mankind and its leaders in the mid-20th century. That is the problem with which this book is mainly concerned. It advances no solution or solutions for world problems or for those confronting the American people and their leaders in this period other than that of operational thinking, which is a way or means to working out all sorts of solutions for all sorts of problems rather than a solution in and of itself. The big idea or undertaking of this book is to set forth, explain, and discuss what it calls the operational approach to current problems and challenges of a political, social, economic and war nature. The essence of this approach may be called operational thinking or thinking always in a frame of reference of operational possibilities, probabilities, choices, and imperatives. Such thinking, it is argued in the succeeding pages, would contribute more to the achievement of desired results and to the avoidance of major disasters than the sort of thinking that long has been and is currently being applied to most of the world's problems outside of the broad fields of natural science and technology. In those fields, operational thinking has long been the rule rather than the exception.

Let it be repeated that operational thinking should be considered a way or a means for arriving at all sorts of solutions rather than as being in or of itself, a solution. One can correctly think out a problem and the right solution for it and then do no

more about the matter. But one is not likely to arrive at the right solution, choice, or decision unless one thinks through operationally the whole problem. This becomes more and more true and important every day with the advance of science and technology.

There is absolutely nothing new or original about the idea or the practice of operational thinking. But it has just so happened over the entire period of modern history right up to now that, while the operational approach has been the standard or the increasingly followed way of grappling with problems and seeking solutions in the many fields of natural science and technology—whether of physics, chemistry, engineering, or medicine—it has not been and still is not the beaten path being trod in the fields of politics, economics, human relations and, last but not least, of war. Thus, to cite a concrete example or case in point, a great deal is, and over the years has been, thought, said, and written about the question whether a given war is, was, or would be a just war. But relatively little consideration has been or is now being given to questions such as how a war being prepared for and brought on will work out in terms of results. And in current thinking, talking, and writing about past wars, as for examples the last two world wars, relatively little attention has been or is being paid to such questions as what may be or what have been the results of these two wars and what might have been the results had given nations such as the United States and Great Britain kept out of each of these great wars. Operational thinking can be equally helpful about wars of the recent past and about future wars now in the making. Indeed, only such thinking about war today can be useful.

This book in no way takes or sustains a pacifist position as to all war. Specifically, it recognizes that some wars fought in the past, for instance the war of the American Revolution, have been what may be called just wars. Many past wars might not now be given by most people the moral rating of just wars for the winners or the victors. This book has no concern with questions about what was, what is, or what would be a just war. Whether a war of nuclear co-annihilation of most or all of the human race on this earth would be a just war for the American

or the Russian side in such a war does not even remotely interest the author of this book. This book does, however, suggest that operational thinking about the last two world wars of the 20th century leads to the conclusion that most of the victors, with the exception of communist Russia, did not win much if anything worth fighting for out of those two world wars but, on balance, lost a great deal over the long run as a result of the victories they won.

The general theory being currently followed in American thought and action would seem to be that if the general consensus of American public opinion holds that a war under consideration would be a just war then it should be fought regardless of the consequences. Now that the entire human race may be wiped out as a result of fighting a just war, it would seem logical, if the survival of the human race is cherished as a worthy value, that a new and different, or an operational, approach be made to the war problem whenever it has to be faced. Would a war that wiped out most of the human race on this planet be a just war for either side?

Two points about war in the nuclear age call for operational rather than moralistic, legalistic, or normative thinking about the challenges faced. In the first place, war in the 20th century has become incalculably bigger and deadlier than it ever was before. It now costs somewhat more than \$50,000 to kill a man; in Napoleon's time it cost only \$3,000, and in Caesar's day only 75c. War has become bigger in costs and deadlier in consequences actual at the moment and predictable in the near future. In the second place, war in the middle of the 20th century is serving purposes or performing social functions such as maintaining full employment with continuous economic expansion, which wars of the past were not started, fought or kept up to serve or to perform, either at all or to anything like the same extent as in the nineteen sixties.

The second just mentioned point about war which calls for operational thinking is that the most important of the purposes which war and preparations for war may be said to be serving in this period of the 20th century is that of providing a permanent and a practically adequate or complete solution for under-

consumption, thereby insuring not only full employment but continuous economic expansion through permanent inflation.

Operational thinking about war in the late 20th century must turn about its costs, consequences, and functions more than about its causes, its righteousness, or its unrighteousness or than about a possible cure for or preventive of war. Here it may be observed, somewhat parenthetically, that if a preventive of war is to be found in the last three decades of the 20th century, it must be in the nature of a substitute for war. Such a substitute would have to perform the function or service of providing full employment and a permanent solution for the problem of underconsumption now being so well performed by the state of permanent cold war in which the United States and both its rivals and its satellites are being kept.

In this book no attempt is made to prove guilt or responsibility in connection with the causation or the consequences of the first two world wars of the 20th century. And no pat solution for war or formula to end war, like Woodrow Wilson's war to end war, is offered. Who or what caused World Wars I or II are open questions to which the author of this book does not address himself.

Here a big and controlling consideration is that historical theses or interpretations, useful, interesting, and desirable as they may be as literature or philosophy, can never be proved in the way a criminal charge involving only one single act committed in an infinitesimally small sector of time and space such, for example, as a murder, can usually be proved. The reasons are strictly and almost entirely quantitative. All the facts about a single act like a murder or enough of the facts to support a verdict of guilty against the murderer can usually be brought together and presented in a relatively short time to a trial jury. But all or even most of the facts about the causes or antecedents of a big war can never be brought together or presented in the same way.

Historians must select their facts. They can never obtain and present all the facts about any long period or any big historical pattern such as a big war. The historian can select facts to prove a certain thesis or certain conclusions and leave out or play down facts contrary to that thesis or to those conclusions. Or the his-

torian can select facts to prove each of two or more contradictory theses or sets of conclusions, thus leaving most, if not all, of the readers unable to decide who or what really caused what did happen to happen. Most readers naturally prefer a history book which proves a clear and definite thesis, to a book which leaves open all or most questions as to who and what caused to happen just what did happen.

Operational thinking about war or any historical pattern, past or present, while it may lead to or suggest certain conclusions, has not the major objective of proving guilt or innocence or moral responsibility. It has only the objective of enabling one to understand as much as possible about what happened, why, and how. And here it is not amiss to quote that old French saying that to understand everything is to pardon everything. Understanding a great deal about the past may give rise, incidentally, to conclusions or even convictions as to who or what caused what to happen as it did. But such conclusions are secondary to conclusions as to why and how a different course of events and a different pattern of results could and should have been brought about. The major objective of operational thinking is not to arrive at or to support verdicts of guilty or not guilty as to given nations, groups, movements, or causes, or as to moral responsibility for what happened or what is happening or what may happen. The major objective of operational thinking about such challenges as war now poses is to arrive at a degree or quality of understanding of the recent past, the present, and what may happen in the future which will be most useful for practical purposes, such as making decisions and choices for national, group, or personal interest and, most important of all, for survival. This is quite different from the task of a state attorney in preparing or presenting a case to support a criminal charge just as it is from the task of the judge and the jury trying the case. The main concern of the law and its agents in the conduct of a criminal trial is to establish the guilt or innocence of the accused. The larger interest of society in connection with crime is in how it may be kept down or minimized. The idea that the punishment of criminals prevents crime, deters others from crime, or prevents an increase in crime, is one of the fictions of the law

being continuously refuted by the steady increase in crime. Operational thinking about crime is quite different from legalistic or moralistic thinking about crime.

There are three types of approach to current problems and challenges, other than that of operational thinking, which are most commonly being made and which are most unlikely to prove useful or productive of right choices and decisions for survival and progress if not combined with operational thinking. One of these approaches is that of turning to and relying on experts for correct diagnoses and prescriptions. A second is that of proceeding on the assumption that facts, just facts, can provide all or most of the answers and solutions. And a third approach is that of attempting to discover and apply laws, of one sort or another, especially economic and natural laws. Applying laws to the given problem or challenge under consideration is done on the general theory that events and the results of given decisions or courses of action must, in the long run, conform to relevant and well established laws of one kind or another.

Making one or more of these three types of approach to the Communist regime, just after it had been set up in Russia in 1917 by Lenin, for predictions or calculations as to what to expect in the way of results of the rise of that regime, one might have asked the opinion of experts on Marxism, communism, socialism, and Russia; or one might have reviewed and been guided by an imposing array of available historical facts about socialism and Russia in the past; or one might have tried to apply all sorts of economic and other supposedly relevant laws to the new political and economic experiment being launched in Russia by Lenin and his associates back in 1917.

It seems obvious, today, in the light of over fifty years hindsight, that anyone who in 1917 had attempted to predict the future of the new communist regime in Russia on the basis of expert opinion, past historical precedents, or factual data about communism and Russia, or of economic and other laws, would have made predictions as to the future of that regime largely, if not almost entirely, refuted by subsequent events. Most of the expert opinion about the future of the new communist order in Russia expressed and publicized in the United States and western

Europe during the first few years of that new experiment has since been proved terribly wrong by events and by the successes of the Kremlin since 1917. Most of the experts in history, economics and political science then said that the communist regime in Russia could not survive because it ran counter to many economic laws and so many natural laws. For instance, the communist regime has been operated continuously for over fifty years on the basis of steady inflation. But, as yet, it has not collapsed, as believers in Gresham's Law predicted in those times for any regime run on permanent inflation and bad money.

Only operational thinking of a distinctly speculative and imaginative character could, in 1917, have produced anything anywhere near accurate or at all useful in the way of diagnosis and prediction as to the future of the new communist regime in Russia. And so, today, well into the second half of the 20th century, it is safe to say that any predictions or calculations as to the future results of an indefinitely prolonged cold war or of the waging of an all-out nuclear war of co-annihilation, to have any chance of being somewhat confirmed by future events and of proving useful, must be based mainly on operational thinking of a highly imaginative and speculative character. The same may also be said as to any analyses and forecasts which might now be made about the present rate of population increase throughout the world and its results, or about the major interest conflicts going on over the world such, for example, as those going on between capital or ownership and labor in the western world, or between the emergent nationalisms of Africa and Asia on the one side and the white colonialisms or imperialisms of Europe on the other, and about the results of such conflicts.

The reasons for the preceding broad statements about forecasting the future on the bases of expert opinion or of facts about the past and present but not about the future—there are, of course, no facts about the future—or of supposed economic and other laws instead of on the basis of operational thinking of a highly speculative and imaginative nature should be obvious to any rational or coldly logical mind. Expert opinion is likely to prove correct only if, when, and as it is based on what has been proved or demonstrated by recent and relevant tests, as in

the case of medical or scientific opinion, diagnosis or prediction.

A war to be fought in the future with nuclear weapons or for that matter any war to be fought in the future cannot be pre-tested in the way a new medicine or treatment is tested before being administered by doctors. The wars of the past constitute no relevant tests of the third world war of the future as tests of a new inoculation for polio might constitute a safe and sound demonstration of what may be expected of its future use.

Facts about past wars or past social, economic, or political experiments, are unlikely to prove relevant to future wars or social, economic, or political experiments. As has so often and so wisely been said about military leaders, what they do before the next war is to prepare and plan to fight over again the last war, only to discover, in action, that the next war is different. Never in the past was a new war so different from previous wars as a third world war with nuclear weapons seems likely if not certain to be, for the simple and sufficient reason that conditions governing a counterpart in the future will be so different.

The conquest of Mexico in the second decade of the 16th century by Cortez, with only four hundred Spanish fighters, or the conquest of India in the seventeen hundred and fifties by Clive with only some five thousand British-led fighters, opposed by over twenty times as many Indian adversaries in the battle of Plassey, provide absolutely no bases for predictions as to the results of any future attempts by the United States and/or its white, European allies and satellites to exercise leadership or control by means of force over any considerable area and population of Asia or Africa in the latter decades of the second half of the 20th century or after. The idea that the United States and/or its West European satellites or allies can today or later imitate the conquests of Caesar or even the more recent empire builders of England, Spain, Portugal, France, Holland, Italy, Belgium or Germany is too obviously naïve and unrealistic to merit any attempt at refutation.

As for laws furnishing a key or guide, the same general considerations should be recognized as those which point up the utter irrelevancy of the past to what is operationally possible or probable since the middle of the 20th century. What may have

been or what was a fairly reliable so-called economic law under the conditions prevailing in the 19th century or the century or two preceding it, is no longer relevant or reliably applicable today because of such great changes in conditions.

Thus the law of supply and demand had a quite different meaning or applicability fifty or a hundred years ago from what it has today in many new, big, and wholly different situations, simply because the State did not intervene in the economy fifty or more years ago, with limitless outlays of managed money and with the exercise of police powers for price, wage and other controls and for taxation, regulation, and subsidies as it does today.

Then there is Gresham's Law, one of the soundest of the so-called economic laws. It says that bad money drives out good money. This law no longer has much meaning or point in a world which, with steadily rising prices accompanied by expanding production, is now operating almost everywhere on bad money—that is, managed money which is not, as money used to be before the early nineteen thirties, redeemable in a fixed quantity of gold. The development and use of bank checks to make over three fourths of all money payments and technological progress forcing a steady rise in production, with no increase in labor or working hours, have rendered Gresham's Law about money almost completely obsolete.

Gresham's Law had point in past periods when inflationary spells were usually, if not practically always, followed by a return to sound money and the gold standard. In those past periods, after bad money had driven out good money it was found increasingly difficult, if not eventually quite impossible, to carry on using only bad money. Now, as will be explained more fully farther on, it has been found operationally possible or practical to carry on indefinitely using bad money. So, Gresham's Law, true or correct as it always used to be and still is in a limited sense, no longer has much point or utility as a basis for economic planning or prediction.

Then, too, the semantic or meaning questions, what is good money? and what is bad money? must now arise whenever Gresham's Law is invoked or cited. Is the American paper dollar

bad money just because it is inconvertible by the American holder into a stated and fixed quantity of gold, or because its purchasing power has been falling for sixty years and still is falling at the rate of around 2% a year? In the sixteen years of peacetime prosperity from 1897 to 1913 wholesale and consumer prices rose at the compound rate of 2½% per annum. Over the sixty year period from 1897 to 1958 the per annum rate of increase of prices (wholesale and consumer) was 2½%. During thirty six of those sixty years, or from 1897 to 1933, the United States was on the gold standard. Is not the paper dollar still good money, notwithstanding its irredeemability in gold of a fixed quantity, when it can buy so many things which were not to be had for any kind of money, including pure gold, at the time Gresham's Law was propounded some four hundred years ago? Does the quality or goodness of the paper dollar, in terms of its purchasing power or convertibility into gold, matter very much so long as the supply of such dollars is practically as limitless as that of wood pulp with which to make paper on which to print money, and so long as practically everybody is earning or making more and more paper dollars every year so as to be able to maintain a steadily rising standard of living? If the supply of bad money and of the good things such bad money can buy go on rising in quantity, what difference does it make that the ever-increasing supply of such money is what Gresham and a long line of economists since his time have called bad money? In brief, do such terms as bad money any longer have much point? The evolution of the credit card is just another currently operative monetary factor of increasing importance which is tending to render bank checks as well as paper money obsolete.

Laws, like the law of supply and demand or the law of gravity, are still valid and have some value or utility as tools of thought but not as rules limiting what can be done. Concretely, for example, the law of gravity does not prevent aviation or the space program. It is a great mistake to proceed on the assumption that the invocation or application of such laws can take the place of operational thinking or that operational thinking must bow to such laws. Would there be any aviation today if inventors, engineers, and flyers had respected the law of gravity the way

so many economists have been telling us for decades that we must respect the law of supply and demand or Gresham's Law? When Dr. Salk came forward with his polio vaccine, would any one of his medical colleagues have raised the question whether it was consistent or inconsistent with medical laws laid down a hundred or several hundred years ago? Over the past sixty-odd years that heavier-than-air flying machines have been in process of development and are now being brought to a point of perfection at which some of them can travel at a speed faster than that of sound, has any physicist ever raised the question whether these new flying machines violate the law of gravity? Of course aviation violates the law of gravity. But, so what? The birds have been violating the law of gravity since long before the dawn of human history. One of the chief functions of science today is to develop new ways and means of overcoming natural laws like the law of gravity.

It is only the social and the political scientists, notably the economists, who are still so far behind the times as to be ever inclined to invoke or expound laws to prove that something or other can or cannot be done, will or will not happen, will or will not work or will or will not produce a given result. They seem to feel that their mission is to discover, formulate, expound or explain and apply, or cause to be respected and obeyed, laws governing and limiting human behavior in the economic field or the impersonal behavior of economic factors like production and consumption, supply and demand, or prices.

In the natural sciences the experts have no such illusions or operational naïveté and irrationality. So far as natural laws, like the law of gravity, are concerned, the natural scientists undertake not to try to make people respect or bow to such laws but to try to enable people to defy these natural laws, as aviation has been doing for over half a century. The natural scientists are operational thinkers and performers. Too many of our economists and social scientists are not operational thinkers or practical realists.

Keynes, the most influential economist of the 20th century, well understood all this when, back in the early thirties, he wrote,

The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed, the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist.

Survival The Big Issue

For the first time in the history of the human race its survival has become a real issue. Will it or will it not survive a war of nuclear co-annihilation? This is not a moral or a legal question. It is strictly and only an operational question or issue. Right here one must recognize with clarity and emphasis the colossal difference between the survival of individuals and the survival of the community, the nation, or the race itself. Conventional or traditional thinking has almost always and nearly everywhere put many cherished values of the community, the nation, the group or the family ahead of survival for its individual members. Thus, it has been an accepted ethic that the individual fighting for his country or the member of a family defending his own should, if necessary, be prepared to lay down his life for his country, his faith, his cause, his kin or his kind. In these past periods of challenge, the survival of the individual fighting for his king, his country, his kind, his faith, or his political, racial, or other cause, and his fellow countrymen, co-believers or fellows, has often been in issue and has often been gloriously sacrificed. But never until now, in this age of nuclear warfare and the possible annihilation of all or most of the human race, has survival been in issue or in real danger. This new situation calls for new and different thinking about all the factors, the behavior of which may determine survival or cause non-survival.

The great weakness of the West today is outmoded or operationally unsound thinking about the challenges of the space age.

It has not been bad values, false doctrines or wrong ideas so much as it has been bad operational thinking that has been responsible for the decline of the West in the 20th century. Thinking today for survival must be operational, not legalistic, moralistic, normative or doctrinal. The only economic, natural or other so-called laws that are valid and useful as bases for calculation may more accurately be termed operational imperatives. Thinking about current problems and challenges, to be useful, must turn around determinable possibilities and calculable probabilities, not legal, moral, or value certainties. What creates a legal certainty is a legal opinion. What creates a religious, a moral or a value certainty is faith. What the fate of western civilization and the survival of the human race in the nuclear age depend on is accurate calculation as to what is operationally possible and probable, and not as to what is morally certain. There is little that is operationally certain about the future but a great deal that is calculably probable. Anything, of course, can be made by faith or conviction morally certain about the future.

Conviction or moral certainty that one's cause is just or that the war one's country is fighting or is likely to be forced to fight by its policies and action in international relations, is or will be a just war, will not insure that that war will not have disastrous consequences. To be sure, faith, religious or other, and moral certainty that one's cause is just or that the war is just which one's country is fighting or is about to fight will make the fighters having such faith, conviction, and moral certainty better fighters or better killers of each other.

The great, if not the only important, function in war of religion, faith, conviction and moral certainty, down through the ages, has been that of making better fighters or better killers of the warring true believers and patriots on both sides. But, in the nuclear age, with weapons capable of wiping out the entire human race in another war, the contribution of religion, faith, conviction and moral certainty to making the fighters better killers in war has become superfluous. Today we have, in the atomic and hydrogen bombs, and in the means of delivering them by intercontinental ballistic missiles, such nearly total omnipotence for the operation of killing the enemy people and destroying

their property, on both sides, that we no longer need, as we did in past wars, the contribution of religion, ethics, faith, and moral certainty to belligerency. As a factor making people better killers in war, religion is now obsolete.

For any and all war in the future, it is important now to recognize that we no longer need religion, faith, moral or legal certainty, patriotism, or what used to be called morale, to make better killers or the best possible killers of the fighters on both sides. We now have science and technology to give the fighters on both sides a sufficiency of means of killing and destruction. The big idea now to grasp about the nuclear war of the future is not that of the superiority of one side over the other in means of killing and destruction. No, the big idea to grasp and react to about the nuclear war of the future is that of sufficiency.

Naval or military superiority used to have meaning, or to make sense as a power factor. Today, superiority is an outmoded concept so far as nuclear war is involved. In the nuclear war of the future both sides will have a sufficiency of nuclear weapons or means of killing and destruction to wipe out most of the people on both sides. If both sides have a sufficiency of means of killing and destruction to annihilate the people, cities, towns, and means of production on both sides, of what possible importance or significance is the fact that one side has a superiority in the quality or quantity of such lethal weapons? So far as nuclear arms are concerned, if both sides have a sufficiency of such weapons, it is utterly unimportant which side has superiority.

And right here, somewhat parenthetically, it is to be observed that, in any all-out nuclear war of the future, it is practically certain that the side which first pulls the nuclear trigger or delivers the first nuclear blow against the enemy will not, thereby, knock out the enemy, thus rendering him incapable of striking back with the same weapons and inflicting just about as much damage and as great loss of life as that suffered from the first blow delivered. In other words, the situation in respect of an all-out nuclear war as regards the two major nuclear rivals in the world today, namely the United States and Soviet Russia, is in no way analogous to that of two duellists or two individuals facing or confronting each other, each with the same sort of load-

ed gun. In such a situation or encounter the individual firing the first shot may, thereby, kill his opponent and thus, once and for ever more, end any chance of that opponent firing back and killing the firer of the first shot. But in nuclear war, there is no chance whatsoever that the nation firing the first nuclear shot or series of shots will or can thereby incapacitate the enemy nation to retaliate in kind.

War has now become something to be thought about in a strictly operational frame of reference. Of course it might have been better for the human race had war in the past been thought about more and more often in the same frame of reference. Such thinking about war on both sides might have averted many disastrous wars of the past. But, in the past, war was different from what nuclear war is likely, if not absolutely certain, to be in the near future. When military and naval as well as economic or industrial superiority could be decisive in a war or could insure victory and the fruits of victory for the winning side, thinking in a religious, moralistic or legalistic frame of reference about a possible war to be fought had some point or made some sense.

If it seemed likely or certain, in any past period, that military, naval, or economic superiority insured victory and its fruits for one side, then it made sense to bring in religion, faith and morals to build up a case that the war would be a just, a righteous, or a holy war for the side having such superiority and moral certainty of victory. Making out such a case made better fighters and better killers of the combatants on the superior side.

There can, however, be no sense to invoking religion, faith, morals, ethics, or patriotism to justify fighting a suicidal war in which both sides have a sufficiency of nuclear weapons for mutually suicidal co-annihilation. And, of course, the case against fighting such a war needs no support from religion, morals, ethics, or faith, though the case can and should receive such support. The case against a suicidal nuclear war stands or falls on the rational conclusions of operational thinking about the calculably probable, if not nearly certain, results of such a war, the principal result being that of the co-annihilation of both sides fighting the war.

The great English historian Gibbon, in his *Decline and Fall*

of the Roman Empire, said that the fall of Rome "marked the triumph of barbarism and Christianity over civilization." After a war of nuclear co-annihilation, as the only morally acceptable alternative to a peaceful coexistence which would be immoral and unethical according to certain ideas of morality and ethics, has wiped out the human race on this earth, will historians or observers from another planet be able to say that this achievement marked the triumph of civilization, morality and science over the human race? Here one cannot help recalling the lines of Robert Burns, "Oh morality, thou deadly bane, Thy tens of thousands thou hast slain"—and substituting in place of tens of thousands, hundreds of millions.

Religion, faith, morals, ethics, patriotism, and law, as already pointed out, have made great contributions in all the wars of the past to making better fighters and better killers of the combatants on both sides. It would be difficult to cite or to prove many examples in history of these same forces having prevented the outbreak of a war or having caused the termination of a war in progress otherwise than through victory of one side. But today, if sound operational thinking about nuclear war leads to only one conclusion as to its outcome or end result, namely that it will be suicidal for most, if not all, then it may be possible to mobilize and utilize successfully religion, faith, morals, ethics, patriotism and law to support opposition to a war which, according to the logic of operational thinking, could only be suicidal for all concerned. Thus, for the first time in history, operational thinking coupled with the latest achievements of science and technology may give religion, faith, ethics, morals, patriotism and law a chance to make a real contribution to peace and the prevention of war instead, as in the past, of only making better fighters and killers of the patriots and true believers on both sides.

There is not, and there probably never can be, one formula for the solution of the world's problems, the chief of which today is war. Solutions or formulas for specific problems, challenges or situations must be worked out, but only and always within an operational frame of reference. What works? How? And with what probable results? These are questions continuously to be faced and answered. If there is anything about which one can

think operationally in a way to arrive at fairly probable or almost certain conclusions, it is as to how a nuclear war would work and what would be its results. The nuclear age has rendered operational thinking an imperative for survival.

Survival Comes Before Reform Or Progress

Reform, or social change, usually assumed for the better, is old hat. It has been going on since the Reformation, or, in one sense, since the dawn of history and long before the Reformation. There is today and there probably always will be need for reform or for social change. But, in the nuclear or space age, reform or social change will not necessarily insure survival or even the general welfare, unless one chooses to reserve the terms reform, social change and progress for only those things which must and can be done and for all the changes which must and can be made for survival and the general welfare. The point here is that those things to be done and those changes to be made for survival with progress, cannot be determined or realized by making only a narrowly limited reform or progress approach to current problems and challenges. Progress in science is making the suicide of the human race through nuclear war more possible and more likely. It is not making the survival of the human race more likely. That is what only more operational thinking can do.

Progress, like reform or social change, has also been going on for a long time. In the second half of the 20th century there is more and faster progress than there ever was before. But where it used to mean most of the time or in most cases change for the better, and solutions for long standing problems, today it is increasingly creating new and bigger problems, for many of which progress, especially of a scientific or technological nature, is not providing solutions. Thus progress today is creating ways and

means for the extermination of the world's population in a nuclear war, but it is not developing a sure or even a likely preventive of such a disaster. Progress is doubling the world's population every fifty or sixty years so that, at the present rate of population increase—if it were to continue as, undoubtedly, it cannot—in 500 years there would be one person for every square yard of surface of the entire earth. Progress may provide food for the increasing population of the entire world for another ten years or so, but hardly much longer. Is a nuclear war of co-annihilation to be the solution of scientific progress for the problem of population increase? Or is some other solution to be sought and found? The issue is operational rather than moral.

Reform, meaning change, is inevitable. So, too, is progress. Both reform and progress have become daily more and more so in the 20th century by reason of the steady and continuous advance of science and technology and because of the play of innumerable other human, social, political and economic factors. This 20th century pattern calls for a different approach to or for a different way of thinking about reform and progress to that generally followed up to the end of the 19th century. The 19th century may be said to have begun around 1815 with the termination of the Napoleonic Wars and the end of many antecedents of that era. The 19th century may be said to have ended in 1914 with the beginning of World War I, and the current new era of one world war after another into which Woodrow Wilson's war to end war and its consequences ushered mankind. Operational thinking today sees as consequences of Woodrow Wilson's war to end war Lenin's communism in Russia, Mussolini's Fascism in Italy, Hitler's Nazism in Germany, Franklin D. Roosevelt's New Deal in the United States and the state of permanent cold war of the second half of the 20th century.

From the time of the beginning of the Reformation and the discovery of America around the end of the 15th century, down to the end of the 19th century, signalled by the beginning of World War I, the obviously indicated approach in thought and action to reform, or social change, and to progress, was to concentrate on efforts to achieve more and more of both. In that four-century era of reform, social change, and progress, there

was always a great deal of opposition both to reform and progress, and to social change of any and every kind. Not so any longer. Progress or change is generally being accepted or taken for granted just about everywhere. What we now need more of is not the pre-20th century opposition of the die-hard conservatives to social change, but more rational efforts to guide or to shape current trends. Nuclear fission is not something to be stopped but something to be used only for human welfare, and not for carrying out the suicide of the human race in a nuclear war. Science, technology, permanent war, population increase, the revolt of the masses everywhere, the rising tide of nationalisms across Africa and Asia and the end of empire everywhere are all forcing upon mankind the world over all sorts of change or reform and so-called progress.

The problem since the mid-20th century is no longer one of trying to achieve or to speed up social change—call it reform or progress as you will—but of seeking to shape, guide, readjust, or direct progress or change which is inevitable and to work out the many alterations which social change, reform, or progress may render necessary for survival and for the general welfare. Here it will be found useful to remember that, while trends, like great streams of water, cannot be stopped or turned back, usually, if not always, they can be, to a considerable extent, directed into certain channels or along certain courses.

The great weakness of most so-called conservatives at the end of the sixth decade of the 20th century is that, instead of trying to shape or guide many current trends which are more or less inevitable, they are naïvely, unrealistically and futilely trying to oppose unconditionally such trends. They are seeking most hopelessly and ineffectively to stop or to reverse the inevitable.

The key explanation of this type of error and futility is a lack of operational thinking. Engineers think operationally and try to plan and act accordingly. Hence no engineer would ever for a moment entertain the idea of stopping or causing to flow backwards against the law of gravity a mighty stream of water. But any engineer can come forward with all sorts of practical schemes or projects for channelling a mighty stream of water. It is only in the fields of politics, economics, international affairs, and so-

cial and world changes of all types, that most conservatives, and a great many so-called liberals, are continuously trying to stop rather than to channel or direct current and inevitable trends.

Four Great Challenges Of The 20th Century

The first challenge of the 20th century is that of underconsumption, resulting in mass unemployment. The second is war, resorted to as the only practical means of keeping total consumption high enough for full employment. The third is the 20th century world-wide revolt of the masses, which includes the pressure group power of organized labor and other organized minorities in the western world as well as what Lothrop Stoddard right after World War I called the rising tide of color, or the revolt of the colored world against white supremacy. Here geographical terms such as the world of Africa, Asia, and America south of the Rio Grande may be deemed preferable to the term, the colored world. The rising tide of anti-West xenophobia across Asia and Africa is one of different nationalisms rather than of one or more racisms, religions, cultures or ideologies. In most of Asia and Africa it can be accurately labeled anti-colonialism.

The fourth challenge is that of population increase, certain to result in over-population, first in the already heavily populated areas of China and India, and eventually everywhere, if present rates of population increase continue to rise or even just remain where they are now.

The term, the colored world, may be objected to by many and on different grounds, largely semantic in nature, one of which is the point that all the people in Asia and Africa are not colored, by the definition of that term as it is currently accepted and applied in American law and usage, but that many are Caucasi-

an. The operational thinker sees little point to these distinctions in the larger or global frame of reference. There is and never can be any scientific definition of white or colored as applied to individuals or large groups often called ethnic or racial. Certainly the vast majority of the people of Asia and Africa, who constitute around two-thirds of the world's population, are by most recent and current definitions of the word, colored. It is easy and plausible to make a color differentiation between the Nordic, blue-eyed blondes of Scandinavia and much of Northern Europe and the jet black natives of much of Africa. But hundreds of millions of people inhabiting Europe, the Americas, and even both Asia and parts of Africa, are of such mixed color pigmentation, due to intermixtures between the light and dark colored peoples over past centuries, that there can be no scientific basis for the drawing of any objective color line. Here it is interesting to note that an Ohio State University professor of sociology and anthropology, Robert P. Stuckert, in the June, 1958 issue of the *Ohio Journal of Science*, said that a genetic study of African and non-African population in the United States from 1790 through 1950 indicates that over 28 million whites in the U.S., or 21% of the persons classified as white in 1950, are part Negro. He says,

One conclusion stands out from these data. The belief in the racial uniformity of an individual's ancestors may be the basic myth of the white man's past.

It is generally agreed among ethnologists and anthropologists that the Negroes in the United States will, in time, be completely assimilated into the white population. Whether or not this will take several hundred years is open to speculation.

Blumenbach, a famous ethnologist, divided the races of the world into five categories: white, black, yellow, brown, and red. Accepting that set of groupings, it would seem plausible if not logical to say that all the races of the world except the so-called white or Caucasian race are colored races.

Ideas or concepts expressed by phrases like "white supremacy" or Kipling's "white man's burden" are, after all, part and parcel of the culture, traditions, and history as well as the literature and

folk lore of the western world over the past fifty years, if not five centuries. And these concepts, together with all that has gone with them in the way of policy, action or behavior, have been and continue to be dynamic factors. Furthermore, laws in over half the states in the United States against differently defined intermarriage between members of the white race and persons not so branded by law are operational realities. Racial segregation by law is a reality still in many American states. So is *apartheid* in South Africa. So are various patterns of race separation, race discrimination and race prejudice over most of the western world. Such realities certainly support use, in a literary, though not a scientific way, of the labels the white world and the colored world.

The big point of this chapter, which briefly states four great challenges of the 20th century, is readily and inevitably arrived at by anyone who tries to think operationally about the world situation and world trends at this point in the 20th century. It is largely a matter of trying to see the forest and not just a few trees. A key weakness of thinking, planning, policy making, opinion shaping and action by governments, groups, and individuals in the western world during the first half of the 20th century has been a consistent and continuing failure on the part of leaders (1) to take a large enough view of events and of forces at work, (2) to try to see the play or behavior of all of the controlling factors in an integrated pattern, (3) to think operationally in terms of cause-effect action and reaction.

Nothing, perhaps, has contributed so much to faulty thinking and irrational action on the part of the leaders of the western world in this century as the legalistic, moralistic, and, therefore, limited approach to big problems, such as those created by underconsumption, war, the revolt of the masses, the rising tide of color—or call it, if you prefer, anti-western, anti-colonial or anti-foreign native nationalism or xenophobia—over Africa and Asia, and rapid population increase. The way of the law or of law enforcement agents, including the lawyers on both sides in every criminal or civil law suit, as well as the judge on the bench and the policeman on his beat, is to try to treat every case separately or in complete detachment, and in accordance with certain

rules of law which, supposedly, cannot be altered or modified to meet operational requirements in any given case.

The judge trying a case, the prosecuting attorney seeking an indictment from a grand jury or a conviction from a trial jury, the policeman making an arrest and filing charges in line of duty and the jury members trying a case, are not supposed to give thought to, or to be influenced by consideration of, all the possible and probable consequences of the action they may take in the course of law enforcement. They are supposed to concentrate on the limited law enforcement task which devolves upon them in each separate case of violation of the law which they have to process. That is as it should be and must be in any practical scheme of law enforcement. But any such or any similar approach to the larger problems of politics, economics, international relations or interest conflicts between large groups within a nation makes no sense and can only lead to disastrous errors and failures. The policeman need not give *any* thought to the consequences of the arrest he makes of a lawbreaker. But a nation should think of nuclear war today *only* in such terms or in such a frame of reference.

The law, which is to say the courts, the police, and all law enforcement agents and agencies, can only deal with crime or juvenile delinquency by the case method. That is to say, the law, and its many agents and agencies, can proceed against or process the cases only of legal persons, individuals, or companies, against whom or which charges or complaints are duly filed. The law can do relatively little that is effective or of much value about all the crime or violations of the law being committed every day or about juvenile delinquency. It can only process that very small percentage of cases which the legal machinery can handle.

At the end of 1966 there were only something less than 300,000 inmates in all the jails, prisons, and penitentiaries of the United States, nearly all of which were full up and many of which were overcrowded. Yet, during the year 1958 over three million major crimes were committed, for which nearly that number of individuals could and would have been sent to jail, were the police able to catch all these offenders and make out cases against all

of these law violators, were the courts capable of processing so many cases and were the prison capacity of the nation sufficient to house so many inmates. Actually, it would cost over \$30 billion to create adequate prison space to house in confinement just one year's crop of three million new offenders, to say nothing of the carry-over from past years of prisoners serving longer sentences than just one year. It costs from \$10,000 to \$20,000 an inmate to provide good security prison accommodation.

Back in the twenties, during the good old days of Prohibition, that "noble experiment," as President Hoover called it, there were said to have been in operation at one time in the city of New York over 10,000 speakeasies or dispensers of alcoholic beverages in violation of the law. Had anyone then called this to the attention of the Mayor of New York or to its Police Commissioner, he would no doubt have just shrugged his shoulders and said that the law enforcement agencies of the city were doing all they could about the matter. About all they could do was to raid a dozen or so speakeasies every week and process the cases of this small number of offenders as the law provided for. About the same reply or reaction would probably have been made by the Governor of the State of New York or by any official of the Federal Government from the President of the United States down through the Attorney General of the United States, the Director of the F.B.I., to the United States attorneys and marshals in the New York area.

Similarly, in 1959, when, over the radio on January 19, Edward R. Murrow put on a sensational exposé of the use of call girls and prostitutes by big business firms in New York City to help put over big business deals, it was stated in the program that between 3,000 and 30,000 girls were practicing prostitution in New York City, many of them with frequent, if not constant, patronage by big business firms. Police Commissioner Kennedy of the City of New York said he doubted that there were 30,000 girls plying the oldest profession in the world in New York, as Murrow's program said was possible. But the Commissioner admitted that there were probably more than three thousand.

A few days after the Murrow exposé, the New York Police Commissioner made a raid and arrested four women for prosti-

tution. The police in New York, as in most, if not all, large cities, can any day make one or two or a half dozen arrests and process through the courts as many criminal cases involving prostitution. But what possible contribution can two or three or a dozen or more such criminal prosecutions make to the elimination or even the reduction of prostitution, running into thousands of violations every day in a large city like New York? All the law and its agents can do, as a practical matter, about crime is to make a few examples in a few cases which the legal machinery and prison space of the given area can process. That is no more a deterrent or a preventive, so far as crime is concerned, than thousands of deaths in automobile accidents every year are a deterrent to or a preventive of reckless, incompetent or drunken driving.

The big point of this somewhat long and perhaps tiresome digression on the limitations of the law so far as crime prevention is concerned is that the operational approach to crime has to be entirely different from the legalistic approach. Operational thinking about crime is not concerned with processing a few individual cases through the law enforcement agencies. It is concerned with the causes and the consequences of so much crime as well as with operationally practical ways and means to reduce the number of criminal acts. If attempts at law enforcement by the police and the courts are among the ways and means to combat or curb crime, it must be recognized that they are just one pattern of ways and means to be used against crime and neither the most effective nor the most adequate way and means to curb it or keep it down.

The operational approach to a problem like crime or juvenile delinquency will not lead to or end up with just a few sensational arrests, trials, and jail sentences for a few offenders. Nor will it result in the discovery and use of some one solution for crime. But such operational thinking by a sufficiently large and influential number of citizens might or most likely would produce all sorts of action by the state, by large groups and by individuals, the overall result of which would be a decrease in crime and juvenile delinquency.

The trouble here, as with most other social problems and evils,

whether connected with war all over the earth or with crime within any one country, is that most people tend to proceed on the assumption that there are governmental agents, agencies and formulas, such as the law, the courts and the police for crime at home, and others such as American foreign policy, the American State Department, the American armed forces and, of course, the United Nations, to take care of the problem of war in the world, and that all these agents, agencies and formulas must be relied on to do their respective jobs. What could be sillier than supposing that the law, the courts, and the police can or will ever stop, curb, or prevent the increase of crime? What could be sillier than supposing that the American State Department, armed forces, and the United Nations Organization can prevent war or give the American people security against a war of nuclear co-annihilation?

The major challenges faced by the western world in this century cannot be satisfactorily met by attempts to apply laws or rules to specific problems or cases, each in complete isolation from all other problems or challenges. Meeting the challenge to the law, or to the peace and order of the community presented by a single lawbreaker or even a limited number of lawbreakers committing a violation of the law or a breach of the peace, is one thing, and calls for one pattern of law enforcement response by appropriate officers of the law. Meeting any one or all of the challenges to our entire society such as those listed in this chapter and discussed at some length farther on is something entirely different.

To meet these big social challenges calls for operational and integrated thinking-through of the problems posed and the solutions possible. It is not a single act or a large number of acts which must be proved and tried with a view to securing verdicts of guilty or not guilty. Any legal or judicial action, any administrative or governmental action or any action by any large group of people in any nation or any action by any nation against another nation, should be operationally thought out and debated with a view to arriving at a rational judgment as to what is possible and what is probable in the way of results or consequences of such action.

The big point to keep in mind here is that the problem is not one of determination of who is guilty and of what, or of meting out punishment to the guilty. Challenges as big as underconsumption, war, the revolt of the masses, the rising tide of color over Asia and Africa against white imperialism and colonialism and of a world population doubling every fifty, seventy or one hundred years cannot be met by the drafting and enforcing by means of armed force of any given set of laws or rules. Undoubtedly much legislating and much use of force to enforce such laws or rules must form part of any overall pattern of responses to these challenges. But it is absurd to think that either a multiplicity of national governments or one single world government can meet these challenges just by enacting and trying to enforce either a single set of rules and principles, a so-called world rule of one law, or a series of different and conflicting rules, principles and laws.

In other words the survival, progress and welfare of the human race cannot be insured by the drafting, enactment and enforcement either of one law or of a number of conflicting laws. Outlawing war makes even less sense than did the 18th Amendment outlawing the manufacture and sale of alcoholic beverages in the United States some fifty years ago.

The Underconsumption Challenge

Only a few heretical and, in their time, discredited economists like the late J. A. Hobson (1858-1940), or the late John Maynard (Lord) Keynes, who, however, was never professionally discredited among his fellow economists to the extent Hobson was, ever thought or wrote much about the problem or challenge of underconsumption under modern capitalism. The modern capitalistic system may be said to have started only after the middle of the 18th century, to have flourished in the 19th century and to have begun, first, to go down in the Great Depression and, thereafter, to have gone into a transition to a welfare and permanent war state. Underconsumption has always been inherent or incipient in the system. But this is a fact which orthodox, liberal and conservative economists and thinkers alike, with only a few exceptions such as Hobson, have been indisposed to recognize or even to mention.

The socialists of the 19th century, including even the extremists like Karl Marx, did not give as much thought to underconsumption as a major challenge under the capitalist system as a growing number of economists and students of current history have done since the Great Depression of the thirties. Most of these economists have followed the lines of thought and reasoning developed by Keynes in the late twenties and early thirties. The 19th century Marxists and communists rather concentrated on the problems or issues posed by applying high standards of what they considered to be social justice to the economics of

capitalism, particularly to the distribution of wealth and income. The extreme socialists, like Marx, believed and taught that the workers of the world had to unite and take power to set up and run an economy under which they would fare better. Their big idea or message was that capitalism was unjust, not that it was unworkable by reason of an increasing tendency to underconsumption, such as would eventually compel resort for survival to drastic supplementary or compensatory spending by government or the State in order to provide for enough consumption to maintain full employment.

The 19th century Marxists believed and taught that capitalism, or the private ownership and management of the means of production, could only work if and to the extent that the system ground the faces of the poor workers or kept down the wages and living standards of the workers. Events throughout the western or the still so-called capitalist world today are proving just the contrary. They are demonstrating conclusively that capitalism today, because of the chronic tendency of any free market economy to underconsumption, can only work, can only prosper and can only survive, if and as there is somehow enforced and implemented a continuous rise in consumption by the workers or in their living standards.

The fact that the continuous enforcement of a rise in consumption has to be done mainly by the State and by the behavior of organized pressure groups, ever demanding and getting higher wages or, as in the case of the American farmers, bigger subsidies from the State, does not make the new pattern either capitalism, as that system worked and was defined before World War II, or any scheme of socialism such as was taught by any of the founding fathers of socialism. The operational thinker in the second half of the 20th century can think of no generally accepted "ism" word to apply to this new pattern. It might, of course, be called operationalism or pragmatism. It can only be defined or described accurately and usefully in operational terms or in a strictly operational frame of reference. Such is the new welfare state, planned economy and managed money pattern of the non-communist western world, being run on permanent war and inflation.

In the 19th century and even more so in the late 18th century a damning case could always be and was most effectively made out against capitalism based on the great inequalities of distribution of income then prevailing. When workers in English factories as recently as sixty-odd years ago were working ten to twelve hours a day, six days a week, for wages equivalent to four or five dollars a week and, back in the second half of the 18th century and earlier, for less, the social justice case of the communists and socialists against the free private enterprise economy was, indeed, hard to answer. But since then the dire predictions of Marx and the Marxist disciples that these conditions of poverty for the workers or this inequitable and shocking distribution of produced income would continue and grow worse have not been confirmed. On the contrary, such predictions have been glaringly or, rather, gloriously refuted by the rise in the wages, salaries and living standards of the working classes all over the western world in this century.

The great weakness of capitalism or free private enterprise in the 20th century has been underconsumption with its many bad results, the worst of which have been those of continuing and growing pressures driving the western nations to war and, by the middle of the 20th century, keeping most of the world in a state of permanent, so-called cold war. This weakness of capitalism was not precisely and fully predicted or clearly and theoretically foreseen by most of the Marxist or other socialist writers and thinkers. Still less did any of the founding fathers of Marxism foresee that capitalism would gradually develop government spending and taxing in ways to maximize employment and production as well as to level up personal incomes. Most of the Marxists predicted capitalistic wars as they also forecast capitalistic depressions. But their theory tended to blame both wars and hard times under capitalism on the greed of the capitalists and of the governments of the nations of the western world.

Today the pressure to war or to policies and measures, like the cold war armament race, likely to plunge the world into an all-out war of nuclear co-annihilation, does not result from or grow out of the greed or lust for power of the so-called capitalist countries, the chief of which is the United States. No, the pres-

sure on the western world to move towards war in the mid-20th century grows almost entirely out of the need of the western world, still partly capitalist and not completely socialist, for a colossal amount of State spending on war preparations or the nuclear arms race as the only practical means of staving off a depression by keeping total consumption sufficiently high for nearly full employment.

According to most socialist theory the sum total of profits for ownership and management is determined by how much the employers can exploit the workers, rather than, as is the case today, by how large an output the capitalistic employers of labor can sell. The big problem of business or capitalistic producers is not, as so many socialists and even far too many capitalists have taken for granted, that of minimizing production costs, largely by cutting or keeping down wages, but rather that of maximizing sales. Briefly, what matters is not the cost of production but the volume of total effective demand which determines total consumption.

And here it is to be observed that the total volume of sales is not always or even usually increased any more by lowering production costs and selling prices as so many now outmoded economists have believed and taught. In the 20th century total output and sales have declined under falling production costs and prices. Conversely, output and sales have risen under rising production costs and prices. That is the way the economy works in the 20th century, not the way it was supposed by the classical economists and the Marxist socialists of the 19th and 20th centuries to work.

During the depression of the nineteen thirties, American farm prices got so low that the agricultural surplus could not be sold. Then, or over a period of more than four extreme depression years after 1929, it was conclusively proved or demonstrated, not only in the United States but all over the western world, that new investment of private capital or savings in the creation of additional capital or producers' goods or of housing does not increase while total consumption or consumer demand is falling. Why should it? Only an irrational mind, or a classical economist who believes in Say's Law, that production always creates effec-

tive demand for what is produced, can possibly believe or expect that falling prices due to reduced consumption will cause an increase in investment to create more producers' goods and thereby to increase output. Why should savings be invested in capital goods to produce more consumer goods while consumption is declining?

Actually, of course, there was much less of an underconsumption problem in the early days of modern capitalism, even in the most advanced industrial or capitalistic nations during the 18th and 19th centuries, than there has been in the 20th century. The chief reasons were that in the 18th and 19th centuries the capitalists, or those with surplus money invested or available for investment, usually found what they then considered most attractive opportunities for investment in the opening up of the new world and in the development and exploitation of colonies. In that period of over a hundred and fifty years prior to the post-World War I nineteen-twenties, when drastic immigration limitations began to be applied in the U.S., the movement of millions of people from Europe to the new world provided one very important and dynamic counter-active force to that of a chronic tendency to underconsumption.

But by the end of the 19th century the frontier was about over. By the mid-twenties large scale immigration into the United States was over. And by the early thirties, after the Crash of 1929, large-scale foreign investment or capital exports by the advanced industrial countries like the U.S. and Great Britain had dwindled to a trickle.

Foreign investment had become less attractive or less remunerative for a number of reasons, the chief of which was underconsumption in the countries exporting capital. The capital exporting countries like the U.S. and Great Britain just before and long after the Crash of 1929 could not or would not consume enough imports such as Brazilian coffee, Argentine meat and grain, or Peruvian or Chilean copper and nitrates from these lands in which so much British and American capital had been invested. Nothing hastened or predetermined the Crash of 1929 and the Depression of the thirties more than the unsoundness of foreign investment by the United States as well as Great

Britain. What made such foreign investment unsound was underconsumption by the countries which had done the investing of billions of dollars in foreign lands. They could not take enough payment in imports to cover interest on money loaned or profits on money invested in production. Such interest or profits had to be taken by the creditor, or the lending and investing countries, in goods and services from the debtor countries. Underconsumption in the creditor nations, from the late twenties down through the Depression thirties to the outbreak of World War II in 1939, rendered impossible the transfer of the necessary volume of payments to enable American or British investors in foreign lands to get the interest due them or to permit such investors in foreign enterprises to reap the profits from the production which their investment had made possible. In the recent book by James McMillan and Bernard Harris, *The American Take-Over of Britain*, the authors say, "America's stake in the United Kingdom is now 15 times greater than in 1939," and "The annual increase of the U.S. investments in England is twice as large as the total sum invested before the War." (German nationalist papers sometimes growl about the many firms there that are 100% or nearly so U.S. owned.)

American foreign investments have risen since 1939 or just before World War II from under \$20 billion to more than \$60 billion in 1965. During this period, thanks to war, underconsumption abroad has been no problem or difficulty so far as American investment abroad has been concerned. During the fighting years of World War II the United States gave its allies tens of billions of dollars in arms and economic aid. And, since the end of World War II in 1945, the United States government has given away (up to the end of 1966) a total of nearly \$100 billion in foreign aid.

Only war could have rationalized or justified in the American mind the giving away of so many billions abroad. Anyone who had proposed or even suggested, just before the beginning of World War II in 1939, or before the entry of the United States in that war at the end of 1941, that the United States combat underconsumption and reduce unemployment in this country by giving away to Americans to increase their consumption and

raise their living standards the billions which the United States has spent on war and foreign aid since that time, would have been generally pronounced crazy or a dangerous crackpot. Welfare spending is considered most unsound and downright immoral, while spending for war is regarded as being most sound and virtuous, in the moralistic but not operational thinking of most Americans or of the average American.

Only World War II Ended The Depression

One of the most obvious facts about the great depression of the nineteen thirties is that it finally took preparations for World War II, the waging of that war, and the consequences or sequels of that war to end that depression and to prevent its return. This, however, obvious as it may seem to a realist, is a fact which comparatively few people are prepared or willing either to state or to recognize. It is also a fact which most economists, social or political scientists and writers and commentators on current events studiously avoid discussing and even mentioning.

It really took Mussolini, Hitler, and Japan to end the depression by starting, back in the early thirties, the build-up of World War II and eventually, in 1939, by contributing to the starting of World War II. What indeed made it possible for Hitler to come to power in 1933, quite legally and peacefully, without any use of force and violence, was the failure of the Weimar Republic under the leadership of conservatives, liberals, and leftists, including the Social Democrats, to take adequate steps to end the depression and mass unemployment. Hitler and the Nazis came to power because and only because they undertook to do that. And Hitler, after he came to power, did end unemployment and the depression, due to underconsumption. This Hitler was able to do on the dynamic of war and revolution.

In other words, Hitler led the West through war and revolution out of depression. Saying this is not saying that Hitler was

the only or the chief cause of World War II or that, over the six and a half years between his call by Hindenburg to power in January 1933 and the outbreak of World War II in late August 1939, Hitler planned and caused the outbreak and fighting of that war. It is merely saying that underconsumption during the depression of the nineteen thirties and war as a solution for that problem were the dynamic factors in the preliminaries of World War II and that Hitler and Mussolini, as well as Japan, pioneered in resort to and use of the war solution for underconsumption, a formula the American economy is now using and relying on for prosperity.

In the nineteen fifties and sixties the United States and its West European satellites, receiving continuous subsidies in the form of economic and military aid, all followed the war trail Mussolini, Hitler, and Japan blazed.

Hitler, as a matter of economic or fiscal facts and figures, after he had come to power in 1933, or even after 1936, when he had got German production and employment well out of the depression of 1929-1932, did not set up in Germany as much of a war economy as the United States has been running on since the nineteen fifties. But these economic facts and figures of comparison do not refute the fact that Hitler came into power and took Germany out of the 1929-1932 depression on the dynamics of war and revolution on which the United States is running permanently in the late nineteen sixties. The *Survey of International Affairs*, put out in 1952 by the Royal Institute of International Affairs, London (Oxford Press), contains a fairly adequate and well documented survey of Germany's economic preparations for war:

Until 1932 Germany's rearmament had been kept well in check; but by 1938 she possessed a large and well equipped arm and she commanded more first line planes than Britain and France together.

Thus the basic armaments potential existed already in 1929. It was at that time prevented from yielding a large flow of arms: first, because treaty obligations restricted the production of certain categories of weapons; secondly, because under the Weimar regime successive German governments genuinely believed in

peaceful solutions of existing conflicts, and thirdly, because the reparations burden precluded any light hearted attempt, which some German parties were always willing to support, to impose upon the people any additional burden in the shape of rearmament. These three limiting conditions disappeared when the National Socialists came into power. Preparations for conflict were begun immediately.

Expenditures for military purposes, which included expenditure on weapons, on the erection of war plants, on fortifications, on the building of military barracks, on soldiers' pay and rations rose from RM 720 million in 1932 to RM 1.9 billion in 1933 and to 3 billion in 1934. This was about the same as in 1929 for military purposes and reparations. The annexation of Austria in March 1938 and the surrender to Germany of the Sudetenland in September 1938 caused a rate of increase in military spending between 1937 and 1938 higher in Britain and France than anywhere else except Japan. Spending for military purposes forged ahead in Germany as in Italy, and in Japan it more than doubled between 1934 and 1935.

The other powers, except the USSR, were slow in stepping up their efforts in the military sphere. . . . The United States who was three times as strong as Germany in manufacturing output and war potential, held aloof from this uneven armaments race throughout the 1930's. Indeed, her isolationism, in spirit and in fact, gave German leaders a convincing reason for virtually leaving out of their calculations the possibility of American intervention in any conflict in the Old World.

Military Expenditures (p. 454)
(at Market Prices)

| | Japan yen | Italy lire | Germany RM | U.S.S.R. roubles | U.K. £ | France francs | U.S.A. \$ |
|-----------|---------------|---------------|---------------|---------------------|-----------|------------------|--------------|
| | (in millions) | | | | | | |
| 1933 | 873 | 4,824 | 1,900 | 1,547 | 108 | 12,324 | 792 |
| 1934 | 942 | 5,590 | 2,800 | 5,000 | 111 | 11,200 | 708 |
| 1935 | 2,206 | 12,624 | 6,200 | 8,200 | 137 | 13,000 | 933 |
| 1936 | 1,078 | 16,357 | 10,000 | 14,816 | 186 | 15,000 | 1,119 |
| 1937 | 3,972 | 13,270 | 14,600 | 17,500 | 262 | 19,000 | 1,079 |
| 1938 | 6,097 | 15,030 | 16,000 | 23,100 | 391 | 29,000 | 1,130 |
| 1933-1938 | 15,200 | 67,700 | 51,600 | 70,200 | 1,200 | 100,000 | 5,700 |

The Military Expenditures of the Big Seven War Powers converted into millions of pounds sterling purchasing power: (the conversion rates are based on London and Cambridge Economic Service Bulletin I Vol. XVIII, Jan. 1940, p. 21, and on A. J. Brown's *Applied Economics*.)

| | Japan | Italy | Germany | U.S.S.R. | U.K. | France | U.S.A. |
|-----------|-------|-------|---------|----------|-------|--------|--------|
| 1938 | 508 | 167 | 1,170 | 924 | 391 | 207 | 231 |
| 1933-1938 | 1,266 | 936 | 3,540 | 2,808 | 1,200 | 1,088 | 1,175 |

[Over the six-year period Germany spent about three times as much on armaments as each of the big three, the U.S., Britain, and France.]

Burton Klein, in an article on "Germany's Preparation for War" in the *American Economic Review* of March 1948, makes the point that Hitler did not spend the 90 billion reichsmark on military preparations that he boasted in 1939 of having spent over the preceding six years, 1933-1938, but that he had only spent 51 billion as shown in the preceding table. Dr. Klein points out that this total was only about half of total public expenditures and only about 10% of the gross national product of Germany. Well, any nation spending ten per cent of its gross national product on war preparations can be accurately said to be running on the economic dynamic of war. The United States in 1958 and 1959 was spending about this percentage of its gross national product on war preparations. The 1952 *Survey of the Royal Institute*, edited by Arnold Toynbee, makes some very sound and instructive comparisons between the economies of the four nations committed to war preparations in the nineteen thirties, Soviet Russia, Nazi Germany, Fascist Italy and Japan, and the three principal powers in the free world, the United States, Great Britain and France:

There cannot be a shadow of doubt that Germany, like Japan and Italy, devoted more of her available resources to strengthening her military preparedness than did the democracies. (p. 457)

Careful investigations have shown that, although military expenditure rose from less than 2% of her net available product in

1929 to over 16% in 1938, aggregate real consumption increased slightly in Germany during this period and real consumption per head of population was only insignificantly lower in 1938 than in 1929. Net investment in real terms had not changed either. It follows that the great increase in Germany's military strength, purchases of goods and services by her public authorities, was not the result of a deterioration in real civilian consumption; it was instead the result of an expansion by about 20% in Germany's real net national income between 1929 and 1938. This expansion of Germany's real national product, closely conforming to that of her manufacturing output, was about all the result of economic and commercial policies which ensured the attainment and the maintenance of a full employment of her resources in the late 1930's. (p. 458)

There was clearly some connection between economic strength and military strength. The four countries [Germany, USSR, Italy, and Japan] whose output had risen since 1929 and had been maintained at a high level in 1938, were also the countries which devoted relatively the largest proportion of their available resources to war or to preparations for it. It had become painfully obvious that the four powers which, since the first World War and in consequence of the Great Depression, had adopted a totalitarian form of government, had been able to infuse a higher degree of stability into their economies than either of the three western democracies. Indeed, France never, and the U.S. only once, attained, in any year after the depression, the level of output and prosperity which had been reached in those two countries in 1929; and then, like the U.S., were in 1938 once again drawn into a new recession. (p. 458)

Manufacturing Production (p. 432)

a 1932 = 100

| | USSR | Japan | U.K. | Germany | Italy | U.S.A. | France | World |
|------|------|-------|------|---------|-------|--------|--------|-------|
| 1929 | 62 | 104 | 122 | 166 | 145 | 195 | 135 | 142 |
| 1932 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 1937 | 230 | 171 | 156 | 195 | 157 | 200 | 117 | 181 |
| 1938 | 258 | 179 | 143 | 211 | 158 | 153 | 108 | 169 |

b 1929 = 100

| | USSR | Japan | U.K. | Germany | Italy | U.S.A. | France | World |
|------|------|-------|------|---------|-------|--------|--------|-------|
| | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 1929 | 100 | 96 | 82 | 60 | 69 | 51 | 74 | 71 |
| 1932 | 162 | 164 | 127 | 118 | 107 | 103 | 87 | 128 |
| 1937 | 373 | 171 | 117 | 127 | 108 | 79 | 80 | 119 |
| 1938 | 417 | | | | | | | |

Relative Manufacturing Strength World Output (p. 439)

World output = 100

| | U.S.A. | USSR | Germany | U.K. | France | Japan | Italy | Seven Countries |
|------|--------|------|---------|------|--------|-------|-------|-----------------|
| 1929 | 43.3 | 5. | 11.1 | 9.4 | 6.6 | 2.5 | 3.3 | 81.2 |
| 1932 | 31.8 | 11.5 | 10.6 | 10.9 | 6.9 | 3.5 | 3.1 | 78.3 |
| 1937 | 35.1 | 14.1 | 11.4 | 9.4 | 4.5 | 3.5 | 2.7 | 80.7 |
| 1938 | 28.7 | 17.6 | 13.2 | 9.2 | 4.5 | 3.8 | 2.9 | 79.9 |

Relative War Potential* (p. 446)

*These figures are based on estimates for 1935 — Institut für Konjunkturforschung: Industrielle Mobilmachung, p. 75. The joint share of the seven powers was about 90.5% of the world output of capital goods and the relative share of each was as follows:

| | | | | | | | | |
|------|------|------|-----|------|-----|-----|-----|------|
| 1937 | 41.7 | 14.4 | 14. | 10.2 | 4.2 | 3.5 | 2.5 | 90.5 |
|------|------|------|-----|------|-----|-----|-----|------|

But meanwhile the concentration of public spending on armaments had led to working to capacity in the capital goods industries—i.e., armaments and heavy industries. In order to fulfill these agreements, orders, plant and equipment had to be increased. Thus private gross investment in these industries, having already in 1936 reached the level of 1929, almost doubled between 1936 and 1937. (p. 480)

Upon the achievement, through government expenditure on armaments and on non-military goods, of full employment in Germany (whose industrial economy was the most mature of the four economies in question—the U.S.S.R., Germany, Italy and Japan), the economic regime was converted into one of scarcities. (p. 489)

In 1938 Greater Germany alone, without the resources of her partners in the anti-Comintern Alliance, surpassed the USSR in military strength. Her military expenditure (her capital goods and steel strength) was still higher than that of the USSR and it was twice as high as that of Britain and France combined. Thus, for the kind of war which Germany hoped to fight in the east, her

military preparations appeared to be fully adequate. But the volume of her armaments production was not sufficient to enable her to fight a war involving the USSR, France and Britain together—not to mention the possible inclusion of the United States on their side.

This inadequacy of German armaments sprang directly from Hitlerian strategy, for Hitler never expected to fight a group of Great Powers nor did he expect to fight a prolonged war. He expected to gain his limited objectives in the short run by diplomatic threats or by blitzkrieg. It was for this reason that the volume of German armament production was not determined by available resources; but was set at the much lower level called for by the estimates of requirements to carry out this kind of strategy. (p. 489)

The ingredients of Hitler's success were a national resurrection after defeat, a militaristic tradition, a messianic leader. (p. 295, *On Germany*, by Martin Wright)

Operational thinking about underconsumption as the great problem and about war as its great solution in the 20th century has little concern with legalistic or moralistic questions as to which nation or which nations and which leader or which leaders were most responsible for or most guilty of causing or starting World War II. Such questions can only be answered on the basis of selected historical facts and in the framework of some one code or set of norms or rules assumed, though most unjustifiably, to govern the behavior of all the nations, governments, political parties and leaders involved. Answers to questions about war guilt arrived at must be determined largely by certain historical facts selected as bases for judgment and by the particular code or set of rules assumed to have been applicable. Actually, of course, no one can as yet marshal all the relevant facts, many of which are still sealed in official records not accessible to any student. Nor can anyone formulate any one body of laws, national or international, or of rules, to which the behavior of all the factors in play were ever subject either *de jure* or *de facto*. Nothing can be sillier than moral indictments of nations, governments and peoples, as Edmund Burke so wisely realized at the time of the American Revolution when, on the floor of Parliament, he said that he knew no way of indicting a whole nation

or people, in his *Speech on Conciliation with America* (1775).

Germany, Italy and Japan, as great powers capable of waging war, were liquidated by World War II, but the communists and their opponents—the chief one being the United States—all over the world, under the leadership and financing of the United States, have kept up the war solution for underconsumption since the end of World War II.

It is unwarranted to say that when Hitler came to power quite legally, in a constitutional manner, and without any resort to the use of force and violence, in 1933, at the call of the German President Field Marshal Hindenburg, Hitler had the purpose or plan of leading Germany into a world war against Britain and the United States. But he did proclaim from the housetops his plans for the conquest of France and for an alliance with Britain as preconditions for the conquest of Russia. He only wanted to fight communism in Russia and to make a German *Drang nach Osten*, or Drive to the East. Even the Labor Party's house Germanophobe historian, A. J. P. Taylor, supports the view that Hitler was not seeking a planetary war, as in his *Origins of the Second World War* (1961). Nothing could have been farther from Hitler's purpose, design or desire, from his advent to power in January of 1933 right down to his Munich agreement with the British in September of 1938, than to provoke, to start or to fight the world war he stumbled into in September, 1939, just as today it may be said that the United States is not spending eighty-five to eighty-nine billion dollars a year on war preparations with the purpose of starting and fighting a third world war to wipe out the human race. The purpose of Hitler, like the purpose of the United States in the nuclear arms race in the nineteen fifties and sixties, must be considered to have nothing to do with the case.

What most justifies linking the dynamic of the Hitler economic recovery with war as far back as 1933 is the fact that Hitler won the support of the influential German army crowd and of the big industrialists mainly because he promised to end the *Diktat* of Versailles, or the humiliating demilitarization of Germany as a result of its defeat in World War I. Obviously, that had to spell war, viewed either in the frame of reference of social dynamics

and attitudes or from the point of view of the long run trend. And Hitler also held out hopes to the German people of recovering some of their lost territory as well as their lost status. He also harped a great deal on the *Drang nach Osten* or Drive to the East which could only mean, sooner or later, war with Russia and the over-running of Eastern Europe by German legions.

Hitler and his top officials like Goering and von Ribbentrop undoubtedly cherished the naïve hope that Britain and France would allow Germany to rearm and recover its pre-1914 status, as well as to push its drive to the East, without going to war against Germany. As for the United States, Hitler and his top inner circle neither took the United States seriously as a possible armed foe in the future nor could they believe that the highly capitalistic United States ever could or would line up with communist Russia against Nazi Germany.

And, as a matter of fact, statements by any number of responsible British high officials, including Winston Churchill, made between Hitler's advent to power in January of 1933 and the Munich Agreement of 1938, between Hitler and Britain's Neville Chamberlain, supported the hope or calculation on the part of Hitler and his top command that the British would accept German remilitarization and, also, considerable German expansion to the East. For example, Britain's Minister of Defense, Duncan Sandys, wrote in the *Europäische Revue* back in October 1936:

Germany's rearmament is something more than simply the fruit of cold-blooded military calculations. The rearmament is the outward sign of a strong people's inspired political enthusiasm. . . . Isn't it just too obvious, and only human, that the hum of the new German air force—prohibited by the Peace Treaty—makes every German heart beat faster with patriotic pride?

The same British statesman said in the House of Commons in December of 1958 much the same things about German remilitarization in the late nineteen fifties that he had written twenty-two years before while Hitler was riding the crest of the wave of the future, which was a war wave, as, for example:

We are glad to see the progress of the new German Army, and

we welcome the accession of strength which it brings to NATO. I am glad to say that in the present dangerous situation we have Germany as our ally . . . the more efficient her army can be made the better it will be for the peace and safety of Europe. (from the *London Tribune*, Dec. 12).

And it is history now that Winston Churchill said in his book *Step by Step* (pp. 143-144):

One may dislike Hitler's system and yet admire his patriotic achievement. If our country were defeated, I hope we should find a champion as indomitable to restore our courage and lead us back to our place among the nations.

Hitler did not want, plan, or prepare for the war he got into. But he did have policies and arms which, given British, French and American ideas and attitudes, largely irrational and inconsistent with British, French and American self-interest, could only spell a second world war which Germany could not win. Hitler did not want or plan the war he got into just as today it may be said that the United States does not want or plan the all-out war of nuclear co-annihilation which the United States is likely to get into with Russia. But war was Hitler's major dynamic exactly as war today is the major dynamic both of the United States and its western satellites. For long run, big, overall purposes, the United States at the end of the nineteen sixties is following in the footsteps of the Fuehrer Hitler.

Here it is to be remarked, parenthetically, that most of the welfare and, strictly speaking, non-war spending by the State, resorted to by Hitler during 1933-1939 to end the depression, the like of which is now being resorted to by the United States and all its subsidized allies, riding on the American foreign aid gravy train, required war, that is to say, defense or national security, as a rationalization and a dynamic. Hitler could not have got the power he was given by Hindenburg, the German Reichstag and the German people, to spend Germany out of the depression, without the rationalization and dynamic of war.

Before Hitler was called to power by Hindenburg, the liberal and somewhat left of center Bruening government of Germany, just like the conservative Republican Administration of President

Hoover in the United States, had tried to practice economy and keep government spending down. To end deflation and start reflation, in Germany as in the United States, it took war, just war; first, the build-up, which was in the opening phase more psychological than economic, and finally, the real thing.

To spend a nation out of a depression or to keep a nation spending enough to maintain full employment, and thus to avoid a downfall into a post-war depression like that of 1929-1939, it takes war as a dynamic and a rationalizer. For a government to spend a nation out of a depression on welfare outlays would not be moral, right or justifiable in the thinking of the normal or average person either in Hitler's Germany in 1933-1939 or in the pre-World War II America of Franklin D. Roosevelt. President Roosevelt, after four years in office and his re-election in 1936, was unable to stop an oncoming recession in 1937 simply because, unlike the ruling powers in Germany, Russia, Italy and Japan, he lacked the dynamic of war. Then in the last quarter of 1937 he began to move toward war and the solution of all America's underconsumption problems. To have kept America out of another Hoover-Roosevelt Depression after World War II by public welfare spending of requisite volume would not have been possible. It took war or defense or security as a rationalizer and a dynamic to make the requisite amount of state spending. It would not have squared with dominant ideas of what would be right for the United States Government to spend as much on welfare as it has spent since 1945 on defense. To keep America out of another Hoover Depression, for over 20 years, after the end of World War II, by spending on defense by the State of the requisite total amount, running around \$85 billion in fiscal 1968 or 1969, has been dead easy. Public spending of billions by the State for war is moral. Public spending for welfare of enough to end or to stave off a Hoover Depression would not be moral. It would be an immoral waste of money.

The American people under a Truman, an Eisenhower, a Kennedy, a Johnson or a Nixon, like the German people under a Hitler, are a moral people. A moral people must consider most immoral heavy State spending on welfare to end or to avert a Hoover Depression. But a moral people cannot regard as im-

moral any amount of spending for war or preparations for war. For a moral people, war is a sacred cow. State spending for welfare must be kept down. State spending for war can never be excessive. Economy is a moral must where welfare is involved but not where war, defense or security is the issue.

Operational Thinking About War

Drawing an analogy between the Nazi economy over the six years before the outbreak of World War II in 1939 and the American or the western world economy over the more than twenty years from the formal start of the cold war in 1947, as has been done in the preceding chapter, may provoke some criticism and even resentment. It may be said, and quite correctly, that the economy, or the social and political, as well as the economic, order, of the United States and of its allies in NATO in the nineteen sixties has none, or certainly very few, of the major evils of the Nazi regime. It may then be argued, that, therefore, any comparison between the two orders is wholly unwarranted. Saying that is somewhat like saying that the good war fought by the righteous nation, like the United States or Soviet Russia in World War II, has nothing in common with and should never be compared with the evil war fought against that nation by an unrighteous nation like Nazi Germany or Japan in World War II.

The big point to be clearly grasped here and constantly kept in mind is that war is war. In other words, war and preparations for war, by whatever nation, with whatever motives and objectives, and under whatever political, economic or religious code and system the war may be fought or prepared for, must have certain economic, social and political mechanics and consequences, all of which will be and must be quite similar. In other words, the mechanics and dynamics of war are about the same, whether the warriors are considered angels or devils, and whether

the war is deemed to be a just or a holy war or the exact opposite. Of course, the war one's nation, cause or movement fights is a just or holy war, while the war fought against it by the enemy is not a just or holy war, but a criminal war. But the operational mechanics and imperatives of the war are likely to be about the same in an economic way for both sides.

It may be well in this connection just to mention two major differences between Hitler's preparations for war before World War II and those of the United States during the cold war preliminaries to World War III. First, there was Hitler's anti-semitism which has no exact or even approximate counterpart on the American or the western world scene during the cold war of the nineteen sixties. Second, there was Hitler's idea or objective of a *Drang nach Osten* or a Drive to the East in quest of more *Lebensraum*, or living space for the German people. It hardly need be said that the United States, in waging the cold war against Russia, had no *Lebensraum*, or living space, designs, ideas or objectives as regards Russia, Europe, Asia, Africa or any other part of the world.

But, having noted these two important differences between Hitler's preparations for World War II and America's current preparations for World War III, one has not only the right but also the obligation, as a matter of intellectual honesty, to point out two major, important or key similarities between Hitler's preparations for World War II and America's current preparations for World War III. One similarity inheres in the big, basic fact of a crusading anti-communism, the big idea or rationalization—both of Hitler's preparations and of America's preparations for war in the nineteen sixties. Hitler prepared for and fought World War II on the ideological or psychological dynamic of anti-communism, while America and its allies fought World War II on the dynamic of anti-Nazism. Now, America and its allies are preparing to fight World War III on the dynamic of anti-communism.

In the opinion of many, if not most, students of the Nazi record, Hitler's anti-communism was more important and a far mightier factor operating in Germany from 1932 right on to the total defeat of Germany in 1945 to win and to hold for the Nazi

regime the loyalty and support of the German people than was Hitler's violent and vicious anti-semitism. His anti-semitism, unlike his anti-communism, was more of a liability than an asset for the Nazi cause before and during World War II.

The second big or key similarity between the march of Nazi Germany towards World War II and the march of free America and the western world towards World War III, in addition to that of a crusading anti-communism, is implicit in the central theme of the preceding chapter, as to World War II being equally, for the nations on both sides in the war, the formula for ending the Great Depression. That similarity is that the American economy over the more than twenty years since 1947 has been running on the dynamic of war or preparations for war much more than did the Nazi economy of Germany over the six years prior to the start of World War II in 1939. The above two similarities, anti-communism and the use of war to end or avert a depression, are matters of record and not just of opinion or evaluation. These facts would seem to support the deduction from them that, given the prevalence of certain moral ideas about unlimited public spending for defense being moral and similar spending for welfare being uneconomic and immoral, Nazi Germany in the nineteen thirties and free America and free Europe in the nineteen sixties needed war or preparations for war in order to achieve or to maintain a high level of employment and of both production and consumption. Facts and figures or statistical data supporting this deduction have already been submitted in the preceding chapter. To follow Hitler in resort to preparations for war as a means to full employment, it is not at all necessary to follow him or his ideas, objectives and practices in other respects. This would seem too obvious to need any supporting explanation or argument.

Here it is also to be remarked that the most repulsive or shocking features of the Nazi regime such as may be briefly summarized by terms like anti-semitism and denial or suppression of conventional civil rights and liberties were not in any way as important or as influential in enabling the Nazi regime to bring Germany out of the Great Depression as was the remilitarization of Germany. And it should also be added that, for putting

across or carrying out a big enough program of remilitarizing Germany to end the depression there in 1933-1939, Hitler did not need either anti-semitism and all its horrors or the anti-civil rights and anti-civil liberties atrocities of the Nazi regime, especially in its later and its final phases.

All that Hitler needed in order to come to power and to bring Germany out of the depression on the dynamic of war or the remilitarization of Germany preparatory for World War II was his anti-communism, which had to be linked with anti-Slavism, Russia being, then as now, the world leader of the communist movement. And that, or just anti-communism, with Russia as the number one foreign devil, is all that the United States and all its satellites receiving continuous American foreign aid have needed in order to enjoy or to keep up a permanent cold war boom in the nineteen sixties.

Thus, it would appear self-evident that not only is war dynamic, as the formula for prosperity and full employment, as well as the anti-communist and the anti-Russian idea, indispensable as a rationalization or justification therefor, something of first importance that the Hitler regime in the pre-World War II preliminaries had and that the American and western world in the pre-World War III preliminaries have in common. That similarity would seem to the writer more important than the many, great and obvious differences between the Hitler regime of the nineteen thirties preparing for World War II and the American and western regimes of the nineteen sixties preparing even more feverishly and expensively for World War III than Hitler prepared for World War II. After all, what could have been more important in the nineteen thirties than World War II and preliminary preparations therefor? And, in the nineteen sixties what could be more important than World War III or preparations therefor rendering World War III inevitable?

Arms races must lead to and culminate in war. Hitler started in 1933 the arms race culminating in World War II. The United States, with the proclamation of the Truman Doctrine in 1947, started the arms race with Soviet Russia likely, if not certain, to culminate in World War III. The most important difference between America's spending in preparation for World War III

and Hitler's spending in preparation for World War II is that America's spending on war preparations is vastly bigger. And that is quite easy to explain, inasmuch as World War III is sure to be bigger than World War II. That is progress. Then, too, there is the fact that the United States is vastly richer than Nazi Germany ever was.

Summing up the points of fact and interpretation developed in this and the preceding chapter, one may say that they support the major thesis of this book as to the need for and the function of operational thinking about the major challenges confronting the entire human race in the second half of the 20th century, one, and perhaps the most important, of these challenges being that of war, just war. It has not been argued that one should not think about war in a conventional, a moralistic or a legalistic frame of reference. It has only been argued that one should not think about war only or exclusively in such frames of reference, but that one should also think about war in a strictly operational frame of reference.

Hitler lost World War II because he did not think rationally about war in an operational frame of reference. Stalin won World War II, and Russia, or communism, since the end of that war has been winning the cold war, simply because Stalin and his successors have consistently and rationally thought about war in an operational frame of reference. Stalin did not win for communism and Russia more out of World War II than Franklin D. Roosevelt and Winston Churchill won for their countries and causes out of that war because Stalin was more moral or more virtuous than the leaders of the United States and Great Britain in fighting World War II. Far from it, or quite the contrary.

The most important irrationality in Hitler's thinking about and planning for war was quite similar to the irrationality of the thinking and planning for war by the top armed forces chiefs in the United States in the late nineteen sixties. Hitler irrationally assumed that Germany could fight and win limited wars, as against Soviet Russia. The Pentagon master minds in Washington have assumed in the late nineteen sixties that the United States could fight limited wars with limited uses of nuclear weapons, as against Soviet Russia.

Hitler also, and quite irrationally, assumed that the United States, a capitalist country, could or would never line up with a communist Russia against Nazi Germany. Hitler's thinking about war was not sufficiently operational. He thought, as Alfred Rosenberg revealed to this writer in a long interview in 1936, that the military potential of France was of more importance for Germany than that of the United States, which he and his Fuehrer, Adolf Hitler, refused to reckon with as a possible enemy in a second world war for which Hitler was not planning. The facts that it was only America's entry into World War I that made possible a total German defeat instead of either a German victory or a draw, the latter being the more likely, and that America's war potential was greater than that of Great Britain, France and Russia in the event of a second world war, simply were not reckoned with in the thinking of Hitler and his top men like Rosenberg, Goering, von Ribbentrop, Goebbels and the others, with several of whom the author of this book had interviews in 1936.

The author told Rosenberg, in the presence of an official of the German Foreign Office, at the time of the Olympic Games in Berlin, that his main interest, as an American, was in keeping America out of another European world war which he then saw to be in the making. He told Rosenberg quite bluntly that it was mainly Hitler's extreme anti-semitism which was turning America against Nazi Germany, and suggested that if Hitler could modify his racism to the extent of treating the Jews with only as much prejudice and discrimination as the Negroes in America long had been and still were being treated, America might observe neutrality towards Germany's *Drang nach Osten*, or Drive to the East, against Russia and towards Germany's anti-communist crusade. Ribbentrop replied that such a course would not be honorable or "anständig," as he put it in German.

Rosenberg then suggested that the American people mind their own business and Hitler would mind his. The author replied that the American people could not be reasonably expected to react to Hitler's extreme anti-semitism with any such neutrality or as they might react to his anti-communism. What made it impossible for Rosenberg or Hitler to see the future outlook,

at that time back in 1936, three years before the outbreak of World War II, was the simple fact that Hitler and the Nazi leaders could not or would not think of war in an operational frame of reference. They could only think of war in a quasi-religious frame of reference in which their values, their beliefs, their hates and their emotional drives were dominant and in which rational reckoning about operational possibilities and probabilities was completely inhibited.

It was not Hitler's wickedness but his irrationality in not thinking about war in an operational frame of reference that lost World War II so completely for the Nazis. It was not Stalin's virtue or morality but his rationality in thinking about war in an operational frame of reference that won World War II for communism and for Russia, greatly aided by the irrationality not only of his arch enemy Hitler, but, also, of his loyal allies, Franklin D. Roosevelt and Winston Churchill. It has not been inferior virtue on the part of the United States or superior virtue on the part of communist Russia and communist China, and of their respective leaders, that has been responsible for the winning of the cold war since 1947 by the communist world and for the losing of that war by the United States and its allies. The war losers in the 20th century have lost because of inferior thinking or a failure to think about war in an operational frame of reference. The winners have won and are still winning because of superior thinking or because of their willingness and their ability to think about war in an operational frame of reference.

And here, somewhat parenthetically, it may be observed that, in the late nineteen sixties, the only hope that mankind can avert a third world war in one century, this time, and, probably, the last time, a war of nuclear co-annihilation of most, if not all, of the human race, would seem to lie in more and better—that is to say—more rational, thinking about war in a strictly operational frame of reference, instead of just in conventional, moralistic and legalistic frames of reference.

The Revolt Of The Masses And Population Increase

The point of this chapter is to correlate for the purposes of operational thinking about the present and the near future what are probably the two biggest social and historical facts of the 20th century: "The Revolt of the Masses"—a phrase lifted intact from the title of the book by José Ortega y Gasset, published in 1932—and population increase.

At this point this writer wishes to state and to have it clearly understood that, in using the phrase "The Revolt of the Masses," as in using the phrase, "The Rising Tide of Color," taken from the title of Lothrop Stoddard's book, published in 1920, he does not thereby subscribe to all that either of these two writers and thinkers had to say in their two classics. It would be pointless and a waste of time and space to try to summarize the theses of these two works, and to make a necessarily lengthy statement of agreements and disagreements with them. The titles only are used in this book to label, very accurately and dramatically, two great historical movements or patterns. After all, our major thesis about operational thinking is not an essay on what to think but on how to think about the challenges of the 20th century and about possible and probable responses to them.

The author does not pretend to have anything new or original to say about either of these two great factors. He only undertakes to state very briefly and summarily, the general thesis that in the 20th century, (1) the revolt of the masses, a phrase which covers not only the rise in power of organized labor throughout

the western world and of minority groups like the colored people in the United States, who are getting the South (and the North) de-segregated in the best tradition of the denazification of Germany, of which most southerners so warmly approved, but, also, the emerging nationalisms of Asia and Africa, and (2) an increasingly rapid rate of population growth throughout most of the world, especially among the non-white peoples, are historical facts and factors of political, social, economic and military importance, and that they should be thought about or thought through, together or jointly, in what it is helpful to call or to consider an operational, as distinguishable from a moralistic, a legalistic, or a value frame of reference.

Revolutions, revolts, uprisings, insurrections, class wars and population increase are not new developments in human history. But there is a great deal new and different about all of these factors and their behavior over the 19th century and, more especially, over the first two thirds of the 20th century. What is particularly new or different about the combined behavior of all these factors in the first two thirds of the 20th century, as compared with their behavior over known periods of the past before the 19th century or even during most of the 19th century, has been their size, magnitude, and duration.

The revolt of the masses, whether as seen in the demands and achievements of organized labor and the many fighting minority groups in the western world or in the conflicts and victories of the emerging nationalisms of Asia and Africa in revolt against white imperialism and colonialism in the 20th century, have been bigger, quantitatively or measured by the number of millions of people on the warpath for group, class or nationalist gain, than any similar revolts ever were before. And these developments have also been of incomparably longer duration in the 20th century, as well as of greater magnitude, than similar revolts ever were in the past. Thus, for example, Chartism, marked by the Chartist riots, went on for only a little more than a decade in England in the eighteen forties and then petered out. There are no signs in the United States of the nineteen sixties of either the A.F. of L. and the C.I.O., the big labor organizations, or of the National Association for the Advancement of Colored People,

petering out, after a far longer and a far more vigorous life than that of Chartism.

Dr. Ralph Bunche, a distinguished Negro scholar and then Under Secretary of the UN, on February 13, 1959, told an audience of colored people, speaking before the Periclean Club in Birmingham, Alabama, that the world of 1959 was no longer the white man's world. According to his arithmetic, the world's population in 1959 was two billion eight hundred million, of whom only nine hundred million, or less than one-third, were white. And, not only has the colored world numerical superiority, but it is displaying over any number of fighting fronts, from Arkansas to Algeria and Vietnam, etc., a will to power such as has no parallel in the behavior of colored peoples since the wars of the Crusades and of the Christians against the Moslems.

Much the same differences in size and duration as well as a third dimension, that of speed, are also to be noted in population increase over the first half of the 20th century as compared with population increase over any period of history prior to the 19th century.

The combination of bigger, more accurate and longer lasting revolts of the masses with a more rapid rate of population increase all over the world than ever occurred before is producing situations and confronting mankind with challenges the like of which were never faced in the past. Thus, by way of comparison, to cite only two or three concrete examples, it may be pointed out that the Puritan Revolution of 1649-1660 in England under Oliver Cromwell, the American Revolution of 1775-1783, or the French Revolution of 1789-1795 were not so long lasting, or so big in their impact on the world, as the communist Revolution started in Russia in 1917 and, over fifty years later, still exerting a world-wide influence over events in a large part of the world.

It may be said that the American Revolution was quite as important as—or more important than—the communist Revolution in Russia, and that its influence over the past century and three quarters was greater and more beneficial than that of the communist Revolution in Russia over the past fifty-odd years. But it cannot be sustained that the American republic or the United States of America during the first fifty or the first one

hundred and fifty years after its emergence from the American Revolution ever posed as much of a challenge or as many problems for the rest or most of the rest of the world as the Russian Revolution of 1917 and the regime it created have presented. Nor, indeed, can it be plausibly argued that the United States, the product of the American Revolution, was exercising as much influence over major world developments, involving war, preparation for war and revolution in the nineteen sixties as communist Russia, allied with communist China, has exercised over the more than twenty years following World War II. And over the one hundred and thirty-odd years from the time of the American Revolution to the capture of Russia by communism in 1917, during and as a result of World War I, the United States, while never without influence in many areas of the world, did not at any time exercise anything like the power by way of intervention, ideological, economic or military, that communist Russia has wielded since the end of World War II over Europe, Asia, Africa, and, even, the Americas.

The point of making these comparisons between the great revolutions and revolts against the status quo of the past and their counterparts in the 20th century, which may be said to have begun only with World War I, is not to sustain a value judgment or to say that 20th century revolutions or revolts are either better or worse than those of the past. The point of drawing these analogies is to make a purely operational appraisal of the behavior of these current revolts and conflicts.

To be sure, nearly all of the former colonies of Spain and Portugal in Latin America followed the patterns both of the American Revolution and the French Revolution somewhat or in varying degrees over the ensuing period of a hundred-odd years or during the entire 19th century. But these Latin American revolutions and the resulting new and independent republics never presented the problems and challenges to the rest of the world that have followed World Wars I and II in the emergence of the Asian and African nationalisms or of communist regimes in eastern Europe behind the Iron Curtain. Emerging native nationalisms in the Mid-East are a potential threat to an indispensable supply of oil for western Europe. The replacement of

Spanish, Portuguese and French colonial rule by the emergence of native, self-governing republics in the 19th century was never so much of an economic menace, actual or potential, to western Europe as is the rise and spread of native nationalisms in Africa, the oil rich Mid-East, and across most of Asia.

And, to make another comparison, one may say that movements like Chartism and the Chartist riots in England in the eighteen forties, while they did contribute to winning, ultimately, the right to vote for the masses in England, were nothing like as important, dynamic or controlling economically and politically, as the behavior and power of organized labor in the United States or in England have been in the nineteen sixties. And here the brief period of the Commune in Paris after France had lost the Franco-Prussian War in 1871 hardly merits mention by way of comparison. The leaders of that Commune movement never dared take over the Bank of France or attempt to set up a national dictatorship such as Lenin set up in Russia in 1917. At no time during the 19th century and nowhere in Western Europe and never in the United States, was organized labor so powerful politically and economically as it had become over all these areas by the end of the nineteen fifties.

As for the nationalisms of Africa and Asia, emerging in the 20th century from their former status under different patterns of western colonialism or imperialism, they, exactly like organized labor and other minority groups, such as the colored people in the United States, are presenting challenges and problems wholly different from those posed by their counterparts in the 19th century. And nothing is contributing more to intensifying and complicating these challenges and problems than the growing rate of population increase among the colored peoples over Asia and Africa and even in the United States.

There is, basically, little new to be said about population increase as a social, economic, political and, even, a military or a war problem or challenge. Malthus said much if not most of it over 170 years ago, in his *An Essay on the Principles of Population* (1798) when he propounded the doctrine that population tended, if not curbed, to increase in geometric progression—that is, to double in a given number of years—while the means of

subsistence could only increase in arithmetic progression, and that the difference between these two patterns of increase must sooner or later lead to trouble when population increase went on in geometric progression. Two plus two equals four; four plus two equals six; six plus two equals eight; eight plus two equals ten. That is arithmetical progression. Two times two equals four; four times four equals sixteen; sixteen times sixteen equals two hundred fifty six. That is geometrical progression.

When Malthus wrote his great work the world's population was less than five hundred million. Now, over one hundred and seventy years later, it is more than five times as great, or over 2800 million. During this period the world's population has doubled, on an average, about every seventy years. Now it is feared, because of current rates of population increase over the world, that the world's population may double in the next forty years or even a shorter period. The United Nations put out in 1958 an estimate that, by the year 2000, or roughly in forty years, the world's population would be six billion, two hundred and eighty million or more than twice what it was, around two billion, eight hundred million, in 1958. A forty-six-page report entitled "World Population Pressures," put out in February, 1959, by Dr. Harold L. Geisert, head of the Sociology Department of George Washington University, predicted an increase by nearly 152 per cent in the world's population over the next forty-one years.

According to this report the world's population rose 29% over the fifty years between 1800 and 1850, 37% over the fifty years between 1850 and 1900, 55% over the fifty years between 1900 and 1950 and, according to the best present projections or estimates, it will increase 151.7% over the fifty years between 1950 and 2000. Obviously, this rise in the rate of population increase over the 20th century is something new in human history and is something that cannot go on very much longer.

The *U.S. News and World Report* of November 28, 1958, ran as a front cover scare head "A Billion People in the U.S.? What the Trend Means to American Life." According to the authority responsible for the article, Professor Philip M. Houser, of the University of Chicago, the United States could have a population

of one billion by the year 2050 or, in a little over ninety years, a population six times as large as it was in 1950, if the rate of population increase continued to rise as it had been rising over the two decades after the start of World War I and as it was still rising at the end of the nineteen fifties. Dr. Houser did not predict an American population of one billion ninety years hence. He merely made the point that such a population could or would be arrived at, if the recent and current rate of increase or rise in the rate of population increase continued. It seemed probable that while the increase in population would continue over the next hundred years, it would not go on increasing each year at an ever faster rate, as it had been doing over the past twenty-odd years. But it was theoretically and practically possible for such an increase in the rate of population increase to go on in the United States with the result, in the year 2050, of a population of a billion people or roughly six times the size of the population a hundred years before in 1950.

What contributed to facile and popular refutation or discrediting, supposedly, though fallaciously, of Malthus, was the fact that over the 170 years after Malthus sounded the population increase alarm, the increase in the supply of food more than kept pace with the quintupling of the world's population. That is to say, in each period, in which the world's population doubled, the food supply much more than doubled. But what now makes a difference is the probability if not the virtual certainty, that the increase in the present world population by geometric progression, or its doubling every fifty, forty, or a fewer number of years, will create a real subsistence problem in considerably less than another 100 years in the already densely populated countries like China and India and, even, in the United States, before the end of another 200 years. With a population of a billion in the year 2050, even the U.S. might have a food problem.

In China and India a doubling of the present population in forty years would prove utterly disastrous. The United States, of course, might easily be able to take care over the next hundred years of a sextupling of its present population to a total of a billion. It could feed much better a population of a billion than China can today feed a population of six or seven hundred mil-

lion. But, if the current rate of population increase continued, even the United States, eventually, or say in two hundred years, when the population might be ten instead of three times what it is today if the present rate of increase were maintained, would be confronted with an impossible situation. The facts that the United States now has a big agricultural surplus and that its present food output might be doubled five or six times do not justify the conclusion that the food supply could be doubled over and over again to keep pace with an indefinitely continued doubling of the American population every thirty or forty years.

Certainly, whatever the humanitarian case for American foreign aid and for improved hygiene, reducing infant mortality and prolonging longevity in backward and overpopulated areas, it seems obvious that both of these humane factors will greatly aggravate the population increase problem. More food and better hygiene for backward countries like China and India can only mean more rapid population increase unless death control by better hygiene and a more adequate food supply is offset by birth control.

One of the darkest aspects of population increase, viewed in a strictly operational frame of reference, is not just pressure of population on the means of subsistence, causing in time millions of surplus people to starve. No, it is the pressure of such population increase on overpopulated countries like China to go on the warpath to win more land or living space by the conquest and settlement of underpopulated areas nearby such as Australia.

It has not been the undertaking of this chapter to cover analytically, theoretically, or prophetically the population increase problem or factor, something that has been competently and adequately done in a large number of recent books and current articles on the subject, but only to bring into operational focus on the world moving picture both the many interest conflicts being waged by organized and aggressive nations and groups within nations and the factor of a rising rate of population increase. The present rate of population increase is sure to render all, or most, of current conflicts of group and national interests more bitter and more dangerous. It is the connection or relation, of a strictly cause-effect nature, between population

increase and large group and national conflicts of interest that should be thought about more and more in an operational frame of reference. The big issue is not what is right or what is wrong in these conflicts. The big issue is what will be the result of their indefinite continuance, enlargement and intensification. Telling the colored majority of ninety per cent in South Africa that it was in the wrong if it went on the warpath against the white minority of ten per cent would not be likely to stop or restrain the colored majority out to dominate, liquidate or expel the white minority.

It is of far more importance that the groups within nations and the nations alike on the warpath for different group or national objectives are rapidly increasing in numbers or doubling in population over forty, fifty or sixty years according to the area, than that, in one's view of morals and law or of right and wrong, certain of these groups or nations are in the wrong or are fighting or striving for what is not right, not good or not just or lawful.

One's opinion, or the opinion of one's lawyer or one's counsel on morals or ethics, that what certain groups or nations are fighting for is not right or just has little or no likelihood of causing such groups or such nations to cease and desist from fighting for that to which, in one's opinion or in the opinion of one's lawyer, they have no right. They have a different opinion. And everybody with an interest in conflict with another interest can and usually does hire his own lawyer and consult his own expert or counselor on morals and ethics as well as on law, municipal or international. What is more, interest groups as large and powerful as organized labor or the National Association for the Advancement of Colored People in the United States can, and do, not only retain the best legal counsel to fight their battles before the courts against their opponents, but, and what is even more important, secure by political pressure the repeal or amendment of laws unfavorable to their cause and the enactment of laws favorable to their cause. That is more than the opponents of these pressure groups are able to do. Here numbers, operational thinking, smart strategy and ruthless cunning count.

But the fact that groups within nations, nations themselves or emergent nationalisms, all on the warpath, are growing rapidly

in numbers, by reason of the current rise in the rate of population increase, is operationally important. It means that they will probably, if not certainly, become more powerful and more aggressive, whereas one's opinion or that of one's legal, moral or other counselors that they are in the wrong, will not convert, restrain, deter, or defeat them in the class wars or in the international wars now being waged or prepared for.

The southerners opposed to desegregation in the schools can get all sorts of distinguished lawyers like the late John W. Davis, who argued and lost their case before the United States Supreme Court in 1954, and all sorts of distinguished publishers and commentators, like David Lawrence, owner and publisher of the *U.S. News and World Report*, to argue their case most ably against desegregation. But there is no likelihood that such arguments against desegregation, whether by Constitutional lawyers, big publishers or commentators, will change the opinion, attitudes and action of the National Association for the Advancement of Colored People and allied pressure groups or of any of their white supporters, whose number is legion.

Numerical superiority is a factor in connection with what Ortega y Gasset called in the title of his book *The Revolt of the Masses* and what Lothrop Stoddard called in the title of his book *The Rising Tide of Color*. It is a factor which most thinking and most writing or speaking over our communications media during the past fifty-odd years, or roughly since World War I, has largely ignored or played down. Other facts about and aspects of class war and international war have been emphasized and made to appear all important. But numbers have not been duly reckoned with as long run, controlling factors. The chief reason for this irrationality or error in thinking or calculation has been a preference for legalistic and moralistic thinking, combined with a studied aversion to operational thinking.

One does not have to say that only numbers count or are all that matter, or that numerical superiority always insures victory in any intergroup or international conflict, to sustain the position that numbers are most important and that, in time, numerical superiority may, and most often will, prove decisive. What is here indefensible and most unrealistic is a refusal or a failure

ever to think of interest conflicts, whether between or among nations or between groups within nations, in the frame of reference of the numbers in conflict on each side and of their fighting potential. Merely or solely to think of these conflicts in moralistic and legalistic terms is most irrational and unrealistic.

What also, in addition to the factor of numerical superiority, calls for special emphasis and consideration in connection with class war and international war is the factor of rational, operational thinking by the fighting leaders about the sheer mechanics of such conflicts. Here it is especially emphasized, not only in this chapter, but throughout this book, that the groups within nations, such as organized labor or the colored people in the United States, as well as the emergent nationalisms of Asia and Africa, have, by and large, over the period since World War I, and particularly since World War II, greatly surpassed their opponents in operational thinking, grand strategy and tactics most of the time. The colored lawyers of the National Association for the Advancement of Colored People out-argued before the Supreme Court John W. Davis, one of the nation's best Constitutional lawyers, on the issue of segregation in the southern public schools, and won a unanimous court decision over the lawyers for the white southern segregationists. This was not because they were better lawyers but because they had the numerical superiority of the colored world on their side. The gains and losses of the respective opponents since the end of World War II conclusively prove who have been the superior strategists, tacticians and fighters. The British Empire has dissolved. The old South today has its back to the wall as the Federal Government moves in to desegregate it just as American troops, in alliance with Russian communist troops, moved in on Germany to denazify it during and after World War II.

The defenders of the old order have generally proceeded on the assumption that they had right, justice, law, superior wealth, economic power and might of every sort as well as superior know-how on their side. And they have, accordingly, failed to think out or think through in an operational way the contest or fight they were being forced by the challengers of the status quo to fight. The latter, or their leaders, have been vastly superior to

their opponents in operational thinking or strategy and at getting results.

And here let it be stated and emphasized that this book has not been written solely or chiefly as a guide to fighters in interest conflicts, with the objective of showing them how better or how best to fight and win their battles or wars. This book has the more important objective of showing fighters in interest conflicts how to think out or think through to a correct conclusion and a wise decision or choice the most important question of all as to interest conflicts in the nuclear age. That question is whether the given battle or war should be fought out or should be ended in a quitter's peace like the Peace of Westphalia in 1648, ending the Thirty Years War of religion between the Catholics and Protestants of Germany, a war in which the German population was reduced by more than half. The Pope, on November 26, 1648, denounced that peace in his Bull of *Zelo Domus* as a wicked abandonment of a righteous cause by the fighting faithful, declared it to be "null and void, accursed and without any influence or result for the past, the present or the future." But, subsequently, neither the princes nor the peoples who were parties to that quitter's peace ever regretted it. The Peace of Westphalia, a quitter's peace, lasted and the papal bull denouncing it became a dead letter.

Operational Thinking About Interest Conflicts And War

In the western world, in the late decades of the 19th century, or right down to World War I, there was relatively little thinking about or discussion of either international or class war, in a strictly operational frame of reference. There was plenty thought, written and spoken, about war. And there was almost no mention of any such future challenge as that of the colored world against white supremacy or white imperialism over Asia and Africa. Other supposed challenges or threats were on the minds of the leaders and peoples of the western world during that time. Among them was the Kaiser's Germany as a challenge to the British and French and, in the United States, the growing trusts and financial magnates.

There was great concern felt and expressed in England and the British Empire over Germany, which was then building a navy and a merchant marine to compete with those of Great Britain and which was betraying manifest designs against Russia and eastern Europe as well as designs of a colonial or imperial nature in Africa and Asia. And in the United States there was more and more being written and spoken about and against the growth of trusts or big business as a new social menace.

In the United States, all through the last half of the 19th century, and right down to World War I, there was little concern felt about war or anything in the nature of either imperialist expansion by European powers like Britain, France, and Germany, or even, during and after the Russo-Japanese War, by Japan.

What, perhaps, a majority of the influential policy and opinion-shaping Americans were most concerned over was getting the United States into the world power, imperialist and expansionist game, as a winner, of course. It was such thinking and such ideas that caused America, without any real provocation and without any threat to its safety and interests, to get into, if not to start, the war with Spain in 1897.

Americans, around the turn of the century, were not afraid either of the great power imperialists such as Great Britain, France, and Germany, or of Japan as a newcomer in the empire building game which started with the discovery of America and, for all the great powers except communist Russia, ended with World War II some four and a half centuries later. Certainly no one in the wildest flight of the imagination, could have entertained for a moment the idea or fear at the time of the Spanish-American War that Spain could ever be either a threat to or a rival of the United States in the western hemisphere or in the Pacific. Had Germany, in 1897, held Cuba and the Philippines or bases either in the Far East or in the Western hemisphere, there might have been some plausibility to American fear of further German expansion over nearby areas. But Spain in 1897, or at any time over the preceding hundred years or more, was just not to be taken seriously as an imperialist, expansionist or an aggressive nation, or for that matter, as a great power.

And if Americans, at the turn of the century, had no reason to fear any of the expansionist and imperialist powers of that period, they had also no reason whatsoever to fear any conceivably probable war against or attack on the United States. They were then more inclined to want to imitate, rather than to fear, the imperialist great powers, the chief of which, of course, was Great Britain. Americans were then not afraid of war or of any future challenge by the colored world to white imperialism or by the white imperialist powers to the American hegemony over the Western Hemisphere. What the best people in America then shaping the policy and opinion of their countrymen, or the leaders, publicists and writers like President Theodore Roosevelt, Senators Lodge and Beveridge, newspaper tycoon William Randolph Hearst or the Navy's Captain Mahan, the historian and

authority on sea power, to cite only a few key figures of the greatest prestige and influence, most feared from the mid-nineties on, was that the United States would fail to get its share of the world wide spoils of empire, colonialism and trade, still, supposedly, but mistakenly, to be acquired by the shrewd and capable great powers such as Great Britain and Germany. In this frame of reference, Great Britain, Germany, France and, after the Japanese victory over Russia in 1904, Japan, more than Russia, were all seen by the best people or the influential leaders of America, not as possible rivals or enemies to be feared, as both England and France then were beginning to see the Kaiser's Germany, but as competitors, to be imitated, in a great world wide game of territorial and trade expansion, not to use the uglier word aggrandizement.

The best people or the influential people throughout the western world did not then see or think of war as something to be feared. They thought of war as a relatively minor and regrettable but always a noble means, to be avoided or to be used as little as possible. But, if war was deemed necessary as a means to national ends, then it had to be fought and won, as quickly and cheaply as possible, just as the United States, over the 19th century, had fought and won its wars with the native Indians, with Mexico, with Britain, with France and with Spain, and just as Great Britain and Germany had fought and won small or limited wars during the 19th century.

The 19th century, amusingly enough, had come to be known as the era of Pax Britannica, a most hypocritical and false phrase, which was an insult, not only to our Generals Grant and Lee and to Prussia's Bismarck, but also to Britain's Kitchener, who fought the Boer War, as well as to the gallant British soldiers who made the Charge of the Light Brigade in the Crimean War, or the brave British who died fighting the Chinese in the Opium War. Actually, of course, the American Civil War, fought by over three million men in arms and with far larger casualties in killed and wounded than those suffered by the American forces in World War I or World War II, was a war ten times bigger than any war the British had ever fought up to World War I. America mobilized more than ten times as many fighting men in uniform

for the Civil War as England had ever had under arms fighting Napoleon or in any other war during any four-year period up to the time of World War I.

If the era of Britain's Opium Wars in China and of the Crimean War against Russia, of the many wars in America south of the Rio Grande leading to independence from Spain, of America's war with Mexico to take over a million square miles of real estate from Mexico, of the American Civil War, by far the biggest war of the 19th century, of Prussia's war with France to take Alsace-Lorraine, the wars leading to Italian unification in 1870 and of many smaller and long-continued wars by the white conquerors of areas inhabited by the colored, that is to say, in Blumenbach's terms, the red, yellow, brown and black peoples, could be called by responsible British and American leaders the era of Pax Britannica, then, obviously, nothing was too crazy for such leaders to think or to do so far as war was concerned.

The orthodox view expressed by the phrase Pax Britannica is well stated by Albert H. Imlah in his *Economic Elements in the Pax Britannica* (Harvard University Press, 1958). This economic authority says:

The century after the defeat of Napoleon at Waterloo was remarkable for many things but not least for its relatively peaceful course and for its unparalleled economic and social progress. It was by far the longest period since the rise of the nation state that was free from general war. There were, to be sure, many local conflicts, and there were several wars involving major states, but each was brief and limited in scope.

And he speaks of "Britain's mediating role" during the century of Pax Britannica, the roughly one hundred year period from the Congress of Vienna in 1815 to the outbreak of World War I in 1914. The Congress of Vienna was interrupted by the return of Napoleon from Elba and the reopening of the war during the hundred days from Napoleon's landing in Cannes, France, on March 1, 1815 to his final defeat at Waterloo on June 18, 1815. For a conclusive and historically irrefutable proof that during the hundred years between the Congress of Vienna—September

1814—June 1815—followed by the Second Peace of Paris on November 20, 1815, and the opening of World War I, August 1, 1914, there was no such thing as a Pax Britannica, the reader is referred to the appendix for a seven-page listing of all the wars of the three major democracies—England, France, and the United States—over the nearly two centuries from around 1775 down to the present day.

The only plausible explanation or excuse for the rise and the subsequent currency of the absurdly unwarranted phrase Pax Britannica, towards the end of the 19th century, is probably to be found in certain fairly obvious facts about this period, a few of which are briefly mentioned or summarized hereafter in this paragraph. During this so-called Pax Britannica period there was nowhere in the world a political or military figure quite like Napoleon or quite like Lenin, Mussolini or Hitler in the post-World War I period. But, if America's Generals U. S. Grant and Robert E. Lee were in no sense similar to or comparable with Napoleon, Lenin, Mussolini or Hitler, that fact does not justify calling the four-year period in which the American Civil War was fought by nearly four million men in arms a period of Pax Britannica over the face of the earth. Nor does the history of the American Civil War warrant the passage above-quoted from Professor Imlah's book on the Pax Britannica to the effect that "There were, to be sure, many local conflicts, and there were several wars involving major states, but each was brief and limited in scope." The four-year American Civil War cannot fairly be called either brief or limited in scope.

As for what is called by this author "Britain's mediating role" in the wars of the 19th century, such a phrase can hardly be squared with the historical record about Great Britain's unneutral aid to the Southern cause in the American Civil War, for which Great Britain, shortly after the end of the Civil War, made recognition of responsibility and paid to the United States an indemnity of fifteen and a half million dollars in settlement of the *Alabama* claims. The *Alabama* case is history. It can hardly be called by anyone with a sense of either reality or of humor, an example of "Britain's mediating role." How right it all proves one of the most famous sayings (attributed erroneously

to Adolf Hitler), to the effect that, if a lie is big enough, it can be put over.

What can fairly be said about the American Civil War in relation to the validity of the phrase *Pax Britannica* as applied to the era in which it occurred may also be said with equal validity about the Franco-Prussian war of 1870, in which Prussia, under the political and military leadership of Bismarck, with the armed support of the South German states and the benevolent neutrality of Russia, crushingly defeated France. That war resulted in the annexation by Prussia of the French provinces of Alsace and Lorraine, in the capitulation and departure from France of its Emperor Napoleon and in the birth of a German empire.

What was more or less true and different about the Napoleonic wars and all the wars of the post-Napoleonic and pre-World War I period was that there were fewer of the ideological overtones of the Napoleonic regime and era to be found in the post-Napoleonic century. In the post-World War II era the world has got back to the pattern of the religious wars of the 16th and 17th centuries and developed a somewhat new pattern of ideological war such as was notably, generally and most happily absent from the nationalistic, colonial and loot or land grabbing wars of the 18th and 19th centuries. To make any valid and useful set of comparisons between the wars of the 18th and 19th centuries and the religious wars of the 16th and 17th centuries, the Napoleonic wars or the world wars of the 20th century, would be a big task for a historian and a political scientist, not to be endeavored here. This book merely undertakes the exposure and correction of popular or current thinking about world factors and events such as war, exemplified by the use of absurd phrases like *Pax Britannica*, as applied to the 19th century.

The results of World Wars I and II for the white West are conclusive proofs of the irrationality of western thinking and action before, during, and after those two wars. What chance had white supremacy or western civilization in the 20th century with leaders like William McKinley, Theodore Roosevelt, Woodrow Wilson, and Franklin D. Roosevelt or Lloyd George and Winston Churchill, all crusaders riding off on the white horse to fight for things "worth fighting for" but things not to be had, but

rather to be lost, by the fighting of imperialist wars by rival western powers such as Great Britain and Germany?

There was, to be sure, little war spirit or war mindedness in the American people between the Civil War and World War I, or, for that matter, throughout the entire 19th century, except for the Civil War. And there was even less fear of war or of any foreign devil. As for thinking about the revolt of the masses at home or elsewhere and a rising tide of color against white supremacy, why, such possibilities were just not taken seriously by most people in either the United States or western Europe in the 19th century. What most Americans thinking about the Far East feared was not a China modernized, industrialized and militarized which would seek to expel or to aid the expulsion by the natives of the white colonial powers holding ports like Shanghai or areas like Indo-China (Vietnam). What Americans feared, as concerned China and the Far East, especially the rubber and mineral rich islands, was that a European newcomer like Germany would beat the United States, Britain, France and Holland to the acquisition or control of additional markets or territory.

The thinking of leadership in the western world before World War I about war, about interest conflicts and about the peoples of the colored world was traditional, conventional, moralistic, legalistic, idealistic, and commercial or mercenary. But it was not operational or pragmatic as good business thinking, quite like scientific thinking, should always be. It was not enlightened and rational self-interest in action but, almost, the exact opposite.

Here a big point to be stressed in any discussion of operational or practical thinking about interest conflicts and war is that modern business over the hundred or more years prior to World War I was never a war game. It was a selling game. It was a competitive game, both in selling goods and services and in getting them produced or delivered for sale at a profit. Interest conflicts, both between or among competitors, and between capital (along with management) and labor are naturally inevitable in business and are bound to be as big as business. But, generally speaking, business competitors, up to the period opened by World War I and the beginning of the rise and power of

organized labor since World War I, did not think of their competition with each other, or of management-labor relations, as war.

Before World War I, ownership, that is to say the interests of investors, whether bondholders or stockholders, did not see ownership in a class war with management. Still less, before World War I, did either ownership or management, as a general rule, think of its bargaining deals and arrangements with labor, involving wage or salary payments and working hours, as being anything in the nature of a war between capital and labor. The socialists and communists, since the proclamation in 1848 by Marx and Engels of the Communist Manifesto, had preached a class war between the workers and the capitalists, or the owners of the means of production. But preaching such class war had not brought the communists or socialists to power in any big nation prior to World War I. And, amusingly enough, what most helped the communists to come to power in Russia in 1917 was the fact that operational thinkers and practical strategists like Lenin and Trotzky were smart enough to offer to take Russia out of World War I, which the regime then in power in Russia under Alexander Kerensky had not the operational expertise or the Machiavellian cunning to do by way of meeting and defeating the communist bid for power.

One of the many important changes in human relations over the past fifty years has been the transition of permanent interest conflicts into permanent war. The communists have contributed to this trend but they have not been the only contributors. Here leadership in making this transition has been mainly, if not almost entirely, with the masses and with their many and diverse leaders and their many different organizations such as political parties, labor unions and minority pressure groups. In the United States, since the beginning of World War I, the Democratic Party has effectively contributed immeasurably more to the creeping transition to socialism than the utterly insignificant and negligible Communist Party in the United States. And, similarly, in England, since World War II, not only the moderately socialist Labor Party but also the staunchly traditional Conservative Party, under the leadership of stalwarts like Winston Churchill,

have each, while in power, contributed far more to the transition of England to socialism, via the ways of the welfare state, than the propaganda and unimportant political action of the negligible Communist Party in England have or could possibly have contributed.

It is, of course, impossible to draw a sharp line between competition between classes or interests within nations or between nations, and war. The difference is largely a matter of degree. And it is also very difficult to draw a line between bargaining and war where the bargaining parties are as numerous and as well organized as the workers in big labor unions. Here it is to be emphasized that the bargainers on the side of labor have overwhelming numerical superiority over the bargainers on the side of capital or management. The bargainers having such numerical superiority have an obvious advantage in turning the bargaining process into a sort of permanent war in which labor, with more votes than owners and managers, can get laws passed and both judicial and administrative rulings of government made so as to stack the cards in favor of labor and against ownership and management. Thus, organized labor has succeeded in getting the anti-trust and anti-monopoly laws applicable to ownership or capital rendered completely inapplicable to labor monopoly or labor trusts. Capitalists cannot legally practice monopoly. But labor can.

From the nineties on down to World War I, one did not have to be able to foresee all the changes in world power that have taken place since 1914 in order to think rationally at that time about major interest conflicts, and the possible as well as the probable results of different policies and courses of action by government and of such wars as those policies or courses of action might and did produce.

The great weakness here of all or most western thinking at leadership levels was a complete failure to take into consideration the interests involved and what the service or pursuit of those interests by million of people might produce in the way of results and changes. Thinking in terms of interest conflicts involves recognition of two sets of facts and possibilities. The first is that of the actual or real interests involved, with their

respective ideas as implementations or weapons, and with their respective leaders, as grand strategists and operators, as an objective and rational mind must see and evaluate them. The second set of facts and possibilities is that of what the people, the group, or the nation having given interests and implementing ideas and leaders can do and are likely to do by way of trying to serve or advance their interest in the given situation or contest.

The western nations, or their leaders, in the 20th century have done relatively little operational or realistic thinking about the interests in conflict, either of nations and of the colored world, or of groups within nations, as of labor or minority groups. And there has been even less thinking of an operational nature about what nations or people in organized groups with conflicting interests can do to serve their respective interests in the event of a big world war and during its sequels. Applying one's own code of law, morals or ethics to an interest conflict is not thinking operationally or realistically about that conflict, where the numbers involved run into millions, each side having its own code, lawyers, moralists and propagandists.

A very good case in point is that of the southerners, deeply and emotionally committed to racial segregation, who, even more unanimously than the people of the United States as a whole outside the South, were ardently in favor of Woodrow Wilson's war to make the world safe for democracy and of Franklin D. Roosevelt's war for the four freedoms and, again, to make the world safe for democracy. Furthermore, the overwhelming majority of the southerners who believe in local sovereignty and racial segregation are and have been since the days of that great Virginian, Woodrow Wilson, ardent believers in internationalism and one worldism.

The following blinding flashes of the obvious never seem to have crossed the minds of southern believers in racial segregation who were all for two world wars to make the world safe for democracy, and to bring the entire world under the rule of one law:

- 1) Democracy, if it means anything, must mean majority rule, with everything such rule must imply;

- 2) The colored people are at least a two-thirds majority of the world's total population;
- 3) The colored world majority can not be expected to approve or accept a rule of law which does not enforce in every way complete equality of the majority with the minority;
- 4) An American government, together with a United States Supreme Court, committed to the principles for which the United States fought two world wars, can not consistently fail or refuse to take such action as is demanded by the colored minority in the United States and by the colored world majority to end racial segregation, discrimination and inequality in the United States.

But how many southerners who believed in local control and in racial segregation and also in a one world rule of democracy and of one law ever thought of World War I or World War II in an operational frame of reference? Had they done so they would have been bitter-end isolationists opposing American entry into both wars, whereas they were, in both wars, the most ardent internationalists and crusaders, eager to mount the crusader's white horse and ride off in all directions to make the world safe for democracy and to bring it under the rule of one law, which, under a world rule of democracy, would have to be a law approved of by the colored world majority, and not just by the white world minority.

Of course, the white southerners never for one moment thought of themselves or of the whites as a minority, which they were not and still are not in the United States, as the whites are in South Africa. But, in any one world or internationalist scheme of things, the whites, as already pointed out several times in the preceding pages, were and still are a minority. They are steadily becoming more of a minority in the total world population by reason of the more rapid rate of population increase in the colored world than in the white world.

The southerners were all against isolation for the United States and in favor of its integration into a one world order such as the UN organization was set up to initiate and render operative. They had not the rationality to see that white supremacy and

racial segregation could only be maintained in the United States if the United States remained in relative isolation, or that racial segregation in the United States or in any other nation would be incompatible and operationally impossible in an integrated world community based on democracy or majority rule. The southerners for racial segregation and one world internationalism were most irrationally opposed to one type of integration and in favor of another type. They are now getting what they asked for, without having been intelligent and rational enough to realize what they were asking for, when they climbed on the one-world band wagon.

Take another example of an egregious failure, in the time of approach to war, to think operationally about war. In World Wars I and II both the British and the French used colored troops from Asia and Africa to fight the white German troops. Then the French were surprised and indignant that so many of the colored peoples of Africa, having been given a taste of white German blood in two world wars, displayed a keen taste for white French blood, hence the continuation of the war against the French in North Africa. The British had a similar misfortune in struggles with Asian and African colonials seeking, and winning, independence from Britain. Everyone knows that a wild animal like a lion, a tiger, or a panther, if made a house pet in its infancy, must thereafter be handled with great care to make sure that it never gets into a physical encounter with a human being and thereby gets a taste of human blood. But the French and the British were not similarly rational in two world wars.

And how could the British in World War I, still deeply cherishing the ideals, objectives, and values of empire, have been irrational enough to adopt the ideals and objectives of a world-wide democracy and of self-determination for nations and peoples under or allied with the Kaiser's Germany? In World War I, the British thrilled with pride and satisfaction over the achievements of Lawrence of Arabia as he fanned the flames of Arab nationalism and incited and, even, led, the Arabs against their Turkish overlords. What could have been more logically predictable than that, among the results of such British sowing of the seeds of Arab nationalism in the Mid-East, a Nasser should

have subsequently arisen in Egypt to take the Suez Canal away from the British or that from the mid-20th century on, a wave of anti-foreign nationalisms should be sweeping out the white investors and interventionists in the Middle East?

Interest Conflicts Over Not Under Law

One of the reasons why the losers in so many of the interest conflicts of the 20th century have lost and are still losing is that, in their thinking about conflicts of interests and ideas, whether between nations or between groups within nations, in addition to failing to understand the exact nature of the interests and ideas in conflict, the losers have proceeded on the assumption that the given interest conflict in every case would be waged under certain laws or rules and not over what are or what should be the laws or rules. Thus, any conflict of interests and ideas between the United States and Soviet Russia is not under law or any set of rules but partly between and because of the conflicting laws and rules of these two world powers. Each of these rivals has its own law, code of ethics, conduct and rules, as is, also, more or less the case in interest conflicts between groups within a nation. Thus, the southern segregationists declare that the Constitution says one thing, while the United States Supreme Court and the National Association for the Advancement of Colored People assert that the Constitution says the opposite. What does the Constitution say? This writer has often had that question put to him and he has always replied that the Constitution does not say anything because it cannot talk. The judges must say what the Constitution says. Former Chief Justice of the U.S. Supreme Court Charles Evans Hughes once said as much in a judicial opinion to the effect that the Constitution says what the Court says the Constitution says. This prob-

lem or issue will receive more attention farther on in the discussion of the semantic problem.

Many if not most hotly disputed constitutional, legal and moral issues, just like theological or religious disagreements, are largely semantic. What do certain words in the Constitution, the law or the Bible mean? There is usually much understandable disagreement as to the meaning of given words in a given context.

Here the example of capital-labor relations in the United States, cited in the preceding chapter, is very much in point. Capital, or ownership and management, in its bargaining with labor, which was always really a conflict of interests and of ideas supporting the rival interests, up to the post-World War I new era, had proceeded usually, if not nearly always, on the assumption that such bargaining between employers and employees must be carried on under the law and under rules which had been long established and well understood as well as accepted by all parties concerned.

Capital, or ownership and management, in the mid-19th century or earlier, would never have entertained the idea that any contest or conflict it might have with labor over wages and hours could turn into a contest or a conflict over what the law governing the behavior of management and labor should be, or, more specifically, over just how far the union could go in harassing, picketing, blackmailing or otherwise intimidating and pressuring the employer.

And, of course, the southern segregationists never for a moment before 1954 entertained the thought that the United States Supreme Court might reverse its decision in the *Plessy v. Ferguson* case in 1896 holding that segregation in the public schools was constitutional if the separate facilities for white and colored children were equal. What "equal" means in this context was a semantic issue which never crossed their minds.

Back in the good old days (or the bad old days) before World War I a business man, whether a small storekeeper or a big industrialist, competing with one or more rivals in his line, always proceeded on the assumptions that both he and all of his competitors were competing under the same laws and rules and that no one of the competitors could get the law or its administration

changed, or the cards restacked, so as to disfavor him and favor his rival. Business competition, under free market capitalism, was not a contest over law but under law. Now all that has been changed insofar as relations and bargaining between capital and labor are concerned, and, also, insofar as many conflicts between groups in the nation, such as the southerners in favor of segregation and the colored people and their white supporters opposed to it, are concerned. The contest is now largely over what the law should be.

So far as law is concerned, the position of groups in conflict with each other or with the government is quite different from that of individuals in conflict with each other or with the state. An individual under investigation or indictment in connection with a crime has little or, usually, no chance of getting the law changed in his favor. And where two or more persons are fighting each other in civil litigation no one of them has much of a chance of getting the law changed in his favor, except in those few and special cases in which one litigant may succeed in getting a new and a final court ruling that a given law or provision of law is unconstitutional. But, with large, important, well-organized and well-financed groups in conflict, there is always a very real chance of one group getting the law changed, whether by legislative or judicial fiat, or even by a new executive ruling or course of administration.

It makes sense in a court action, whether civil or criminal, for each of the participants or litigants to invoke the law or to try to lay down the law to all parties concerned. There is always a court of last appeal to make a final and binding decision as to what is the law applicable to the given case. But in a major interest conflict, whether between two or more nations, or between powerful groups, there is no third party like a judge or an arbiter to lay down the law to all nations or to all groups concerned. In the cases of nations, each is a law unto itself. In the cases of large and powerful groups within nations, each group can fight to have the law changed and can quite often succeed in so doing.

Insofar as interest conflicts between nations or between large and powerful groups within nations involve issues or conflicts of

law, it may be said that such fights over the law or as to what law or rule should apply are not legal or moral issues or conflicts but are strictly and exclusively operational. It is a contest to determine who gets away with what, why and how. Whatever is got away with, whether by a nation or an alliance of nations through a war, hot or cold, or whatever is got away with by an organized group within a nation, is, per se, lawful and right. Getting away with it makes it right.

Where one nation says that such and such is the law and the opposing nation says that the opposite is the law, or where one nation says it is not right but wrong, the issue is not legal or moral. The issue is operational. It is one of what the respective nations can and will do and what they cannot and will not do by way of upholding their respective and contradictory claims as to law and ethics, of what will be the results of the actions taken, the course followed or the policy pursued by the respective nations.

These operational issues are often or largely issues of calculable probability. They are not, for the most part, issues of fact. There are no facts about the future. There are only possibilities and probabilities.

There is no better explanation of the mistakes in and the disastrous consequences of the last two world wars than that the responsible leaders thought too little, or in many cases hardly at all, of demonstrably possible and calculably probable results of given courses of action or policy. Thus, President Franklin D. Roosevelt never acknowledged during World War II the logically predictable or probable consequences of eliminating Germany and Japan as military powers and of greatly increasing the military power of communist Russia.

In the law there is always a cult of certainty. So too in religion, morals, ethics, and even aesthetics. But war, politics and economics are like most fields of science in that, unlike religion, law or values, they are areas in which there can be few certainties so far as the future is concerned. As to the future, for the scientist there are only logical or demonstrable possibilities and calculable probabilities.

One can be morally, legally and patriotically certain that, in

a given war, one's country is in the right or that its cause is just and that its enemy is in the wrong. But that is only a moral, a legal or a patriotic certainty. It has no operational connection with the cause-effect results or the outcome of the war.

Here it is to be emphasized that, as the 17th century philosopher, Spinoza, so well said, wars are not fought between right and wrong but between right and right. In all modern wars, it has always been and still is necessary for those fighting each other to believe that they are fighting for the right. The author of this book offers an amendment or rather a supplement to Spinoza's classic line about wars being fought, not between right and wrong but between right and right. The amendment or supplement is that wars are fought between wrong and wrong as well as between right and right.

In any present-day conflict of interest, either between nations or between powerful groups within a nation, it has to be recognized by operational thinking that there is right and wrong on both sides, even by the definitions of right and wrong respectively, of both parties. This was said in substance by a great religious prophet some two thousand years ago, as a Jerusalem Committee on Un-Judaic Activities brought to him a woman taken in adultery to ask his approval of stoning her to death, when that prophet said, he that is without sin, let him first cast a stone.

Obviously, any attempt to apply that sort of reasoning to the administration or enforcement of municipal law in any community would just about paralyze or terminate all attempts at law enforcement. But, where interest conflicts either between nations or large groups are involved, the "he that is without sin let him first cast a stone" approach is often, if not, nowadays, nearly always, the only approach for averting all-out war or for ending or limiting war.

Law As A Weapon

Everyone uses frequently phrases like "a legal battle" or "a legal fight." The more sophisticated, a small minority, understand that due process of law is essentially trial by battle in the courts of law. Law is a weapon both for the prosecution and the defense in a criminal trial, just as it always is for the opposing litigants in any sort of civil action. All this is pretty generally understood and recognized.

What, however, is not so widely understood and is generally ignored or disregarded by most Americans in connection with law and international conflicts of interest and war is the fact that the law of one nation preparing for or fighting a war against another nation cannot be of much use to that nation against the other nation. The law of the victor can be applied against the vanquished only because of and only after its total defeat or unconditional surrender, to which defeat the law of the victor will not have made anything in the nature of a decisive contribution.

What happened after World War II in the Nuremberg, Manila, Tokyo and other so-called war crimes trials was an orgy of law and vengeance. Actually, of course, those farcical trials were not conducted pursuant to laws already on the statute books of the victor nations, but only in accordance with *ex post facto* laws, drawn up by the victors after the war and miscalled by the victors "international law."

When the law of the victor can be and is applied to the van-

quished, it cannot be said that such law is a weapon by means of which the winner of the war defeated the loser; it had little or nothing to do with the winning of his military victory. Law was not a weapon which helped in any demonstrable way the victors of World War One or Two, to win the war, or for that matter, the victors of any other war in history.

Of course, the law of each nation at war, quite like government and all public utilities, is necessary and useful to each nation for the waging of the war. But, as a weapon, in wartime, law is used only against the people doing the fighting and not against those whom they are fighting. Law is useful as a means to making the people of the given nation put up money and fighting manpower for that nation's war. The point here to be emphasized is that the war is not between two sets of laws but between two nations and two peoples, each of which is ruled by its own and a different law. The people, not their laws, do the fighting. And they cannot use their laws as weapons against their enemy except in a negligible number of cases in which persons or property of the enemy nation may happen to be caught, on the outbreak of war, under the jurisdiction of the nation at war.

After World War II, law entered the war picture only because the war had been won by the victor and lost by the vanquished. Then law was invoked by the winner to rationalize or to justify an orgy of vengeance on the defeated enemy who had been forced to make an unconditional surrender. This new function of law is not that of a weapon or a means to victory, but that of a rationalizer of vengeance.

This is a new use or abuse of law. Its effects in future wars remain to be seen. Among them it would seem likely that there will be a tendency of future wars to be more ruthless and less easy to end in a negotiated peace. In the American Revolutionary War it probably would not have happened that the defeated British forces would have finally surrendered as they did if it had been the announced intention of the American Revolutionary leaders to put a number of the defeated British officers on trial as war criminals. Had there been any such intention on the part of Washington and his generals, the British home gov-

ernment would no doubt have diverted more arms, supplies, men and ships to carry on to the bitter end the fight against the American Revolutionists, as the British, being in undisturbed control of all Canada as well as the British West Indies, could so easily have done. Use of law after World War II seems likely to render any future war far worse and its termination more difficult than in the past.

In interest conflicts between persons, that is, legal persons who may be individuals or corporations, within a nation, law can and does function as a useful weapon for the winner of the lawsuit. In the preliminary legal bouts, law is a weapon which the opposing lawyers of the litigants in conflict use against each other until one or the other wins the final round in a jury or court verdict, decision or ruling, and is thereby put in a position to be able to exploit the law still further as a weapon against the partly disarmed loser of the lawsuit. But in interest conflicts between large and powerful groups within a nation, as between capital and organized labor or the southern segregationists and the colored and other anti-segregationists, the contest is not so simple as it is in the case of a normal or usual civil lawsuit between private parties.

Briefly stated, the international or the class war in a nation is waged, not with law as a principal weapon, but with all sorts of other weapons. The winner is able to use law as a means to vengeance or coercion against the loser only after the winner has won through the use of other weapons.

Among the more sinister or unfortunate functions of law in connection with war in the 20th century has been that of aiding or promoting the sale of war to the American people, of entry into war and of policies and moves likely, if not certain, to plunge their country into war. Once the American people have been thoroughly brainwashed over a period of years or even only of months with a highly legalistic and moralistic set of ideas about a given foreign nation, played up as a foreign devil, they are a push-over for the final plunge into war against that foreign devil. Here it is to be repeated that the legalistic and moralistic case played up to the American or any other people against a foreign devil never, in any way, deters and causes that foreign devil to

stop doing evil or misbehaving. Quite the contrary. The only function of such legalistic and moralistic propaganda is to whip up war sentiment among the American people to whom it is fed and who swallow it, hook, line and sinker. Thus, so far as war is concerned, the function of law in the American community over the first half of the 20th century has come to be about the same as the function of religion in connection with war, namely, that of making the fighters on both sides better fighters and killers of each other, a function now rendered obsolete by the nuclear weapons possessed by both sides.

Monodiabolism has been a key error in two 20th century World Wars. The Germans were the number one foreign devil in both, while the Japanese came in as a second devil in World War II. The leaders of Britain, the United States and France lacked the intelligence or did not display the ability to think operationally, which was needed in order to see that Russia, communism and large sectors of the colored world might prove bigger or worse devils than the Germans or the Japanese, once the latter were defeated and eliminated with the help of the communists and large sectors of the colored world, or the world of Asia and Africa. It should never be necessary to argue that any monodiabolism is always bound to be fallacious.

The psychological basis of monodiabolism in the thinking of most Americans when war is in the making may be found in the pre-conditioning of their minds with a legalistic approach to world problems and challenges. The law has always to process individual cases. If, as is always true, a large percentage of the total population of this or any other country are violating the law, the law cannot process the crimes or violations of the law by millions of people in groups of a few thousand lawbreakers put on trial together. It can only process a selected few thousand cases a year and each of those cases by itself. If a number of nations or peoples are creating problems and challenges for the United States, the American legalist has to pick out one of these nations or a coalition of some of these nations and make it America's one, big, world enemy. Then all the other nations, which are equally a menace or a potential threat, have to be considered innocent, righteous or peace-loving, in accordance

with the legal fiction that everyone is presumed innocent until proved guilty. Thus, while the United States was fighting Nazi Germany with Communist Russia as an ally, Russia had to be presumed innocent of anything like the crimes of Nazi Germany. That is the way of the law.

Any writer or speaker on the American communications media who started sustaining the thesis of the total depravity of man, that all have sinned, and that there is none good—no, not one—as concerned the nations of the world, would quickly find himself dropped and without an audience. The American people, when aroused by or concerned over foreign problems or challenges, want to have presented for consideration and action something in the nature of a grand jury indictment, naming one or just a few devils, all of whom must be linked in some one criminal world conspiracy like Nazism or Communism. That is the American way in the 20th century. That is the way of the law. And that is the way to get into one world war after another or to keep the world in a state of perpetual war. Use of this way has been the great 20th century achievement of peace-loving Americans.

It should be unnecessary to waste much time or space arguing or proving that almost any conceivable monism as regards evil or wrongdoing is bound to be fallacious. Any monodiabolism has to be a fiction. There is never just one devil nation or one devil coalition of nations. To arrive at this conclusion, it is only necessary to do a little operational thinking about the past and about the current history of nations.

The trouble here is that whenever a well-supported legal and moral case is made out against a foreign nation like Hitler's Germany or today's Russia or China or against a movement like Fascism, Nazism, or Communism, anyone who tries to meet it by making out a legal or moral case against all sorts of other nations or movements is instantly squelched before the bar of American public opinion. Would a trial judge allow for one minute the counsel for the defense in any criminal trial to start stating charges or allegations of guilt of the same crime or similar crimes against all sorts of other persons? Of course not.

When Americans accept an indictment against a foreign devil,

like Nazi Germany or Communist Russia and China, they want all discussion of evil or sin in the outside world limited to what pertains to that particular case. They do not want the case confused by assertions about or the introduction of evidence proving wrongdoing against other nations. Americans, duly brainwashed with legalism and moralism, are natural believers in monocholism. And nothing can more surely or more speedily land a country in a world war or keep it in a state of perpetual war than this monistic cult about evil, sin or wrong-doing. It is good municipal law. But it is not good world power politics, good international law, good diplomacy and foreign relations or good statesmanship.

The only monism about evil that makes sense is one that postulates the total depravity of man or that we have all sinned.

And just as any monism about evil is likely if not certain to be fallacious, so too is any monism about good, right or justice. Those terms have meaning and validity only in an operational frame of reference. As plain absolutes or abstractions in no operational frame of reference, they are almost meaningless when subjected to realistic analysis.

Fiat justitia pereat mundus is a classic piece of Latin and of both legalistic and moralistic corn. Up to the nuclear and space age it was little more than lofty hyperbole. When members of a jury in a murder trial, while completely convinced by the evidence that the accused is guilty of first degree murder, shrink from voting for such a verdict because of their feelings about the probable effects on the wife, children, or parents of the accused, it makes sense to say to such jurors, *fiat justitia pereat mundus*—let justice be done though the world perish. There never was a possibility of the world perishing, either as a result of a jury bringing in a verdict of guilty or of a nation fighting a bloody war.

But now that we have nuclear weapons with a resulting lethal radiation capable of wiping out most if not all of the world's population, does it any longer make sense to say *fiat justitia pereat mundus*? Up to now or to just recently, whenever this classic phrase was used or its logic was invoked, there was not the remotest danger or possibility of the world perishing as a

result of any contemplated action. Today there is such a possibility. That makes everything somewhat different.

For interest conflicts, appeal should be made to reason and self-interest, and not to law as a weapon. What is the self-interest of groups within a nation involved in long drawn-out conflicts with each other? Self-interest can be defined in moralistic and legalistic terms or it can be defined in operational terms. It is always easy to define self-interest in terms of legal or moral absolutes. Such definitions are based on varying premises, one of which is that it is always in the national, the group or the individual interest to fight and die for what is right or just. Here the definition of what is right or just or good and conversely of what is wrong, unjust or evil is the decisive factor. The idea, more than the interest it is supposed to serve, is the real master. And the idea or definition of moral absolutes always leads both to irreconcilable differences in opinion and value preferences as well as into a semantic bog or morass. Taking a moralistic or legalistic view of interest conflicts begs the big semantic issue raised whenever terms like right and wrong or good and evil are used. Those terms have different meanings for different people, nations and different interest groups.

Down through the ages people have committed suicide under the compulsion of ideas, usually of just one idea. But it has certainly happened less often that a person has killed himself as a service to his self-interest, or to what he considered his self-interest, than it has happened that a person has killed himself because of an idea or ideas wholly unrelated to his self-interest.

A big point here is that self-interest, whether of the nation in the society of nations, of the large racial, religious, economic or political group within the nation, or of the individual, is something that should be rationally and logically thought through within an operational frame of reference.

And another big point is that if self-interest is defined in operational terms, there is a far better chance of parties, groups, or nations coming to an understanding of and even an agreement about what is the self-interest of each in such terms than there is of reaching agreement about self-interest defined in moralistic or legalistic terms. Thus, it would be easy, if not inescapable,

for representatives of the United States and of Soviet Russia, or for that matter of any two or more nations, to agree that a nuclear war of co-annihilation could not possibly serve the interests of any party to such a war.

Taking an operational view of matters, who would say that it was compatible with a rational Russian view of Russian self-interest that a reunited Germany should be re-militarized and should become a member of a military alliance against Russia? How could anyone expect any Russian government to regard it as consistent with Russian self-interest to have Russia ringed around with military and air bases manned by the armed forces of a great power like the United States openly proclaiming opposition to communism and approval, if not support, of movements to overthrow the communist regimes of Russia and China?

Getting Or Averting Results Not Applying Laws

To summarize one, if not most, of the major theses of this book, one may say that the crying necessity for the survival and progress of the human race, is a shift in emphasis in thinking, policy and action from trying to discover and apply laws, of one kind or another, moral and economic as well as statutory, to trying to get desired results and to avoid undesired results. Saying this is not arguing for chaos and the abandonment of law and government. Nor is it saying that nothing is to be learned from history, or from compilations of facts and figures.

The trouble with so-called economic laws as with supposed laws of political or social behavior is that in the age of rapid and revolutionary change in which we have been living in the 20th century, many, if not most, supposed or so-called laws derived by scholars, students, economists, sociologists, historians and political scientists from behavior, events, facts and figures of the past, even of as recent periods as a hundred years ago, are no longer valid.

Thus, to take a rather simple and obvious analogy, it may be said without fear of contradiction that nowhere in the civilized world today could people in large numbers be treated as were the slaves who built the pyramids of Egypt almost 5000 years ago. Those slaves could easily have turned on their masters and on the chosen few slave drivers and slain both masters and slave drivers. This, the slaves could have done with their bare hands. And this the masters and the slave drivers, lacking fire arms and

other modern weapons, could not have prevented, had the slaves only been mentally, emotionally, ideologically and behavioristically conditioned thus to turn on their masters. But they were not. A ruling class, or a power elite, may, in today's world, be able to control the thinking, beliefs, attitudes, behavior and responses of most of the people in a society under a regime run by the given power elite. But this the power elite can do only with new techniques, and by observing new so-called laws or rules which would have had no validity or even meaning in the days of slavery in Egypt.

Any economic or political law worked out to explain the behavior of economic or political factors under today's over-all pattern in a given state or community can become in a comparatively short time invalid, inoperative or irrelevant by reason of a few revolutionary political or social changes.

Any law or rule as to the behavior of nations in international relations or world power politics which may have been valid a century or even a decade ago may now be completely invalid. Thus, what a Chinese government might have been expected to do by way of response to a given challenge, pressure or foreign ultimatum fifty or more years ago, no Chinese communist government could be expected to do today by way of response to a similar challenge, pressure or foreign ultimatum.

The big point to be grasped here is this: to make a decision or choice as to policy or action, political or economic by a government, a group or a person, what should be relied on is (1) rational evaluation of operative factors and possibilities; (2) rational calculation as to what is possible and what is more and what is less probable. What should not be relied on is so-called laws. After World War II most economists and market analysts expected and predicted a post-war deflation. Thirteen years after the end of World War II prices were 50% higher. Nothing like this had ever happened fifteen years after the end of any past war. Yet the author of this book predicted just this in writing before, during, and three years after the end of World War II, and he even stated this possibility in an article he wrote for *The Nation*, which it published back in January 1933, as is shown farther on in Chapter 21.

What is needed is more calculation as to possible and probable results of given policies, actions and decisions and less invocation of supposed or so-called economic or other laws. The idea that economics or power politics are controlled or governed by laws discovered or propounded decades or centuries ago is not only naïve and silly but downright dangerous, if followed or acted upon.

This is not a popular prescription. Most people dislike nothing more than thinking. What they want is a solution, a formula, a rule of thumb, a law or a code of laws to which they can turn for an answer to their question. It is easy to satisfy this demand.

The decline of the west in the 20th century can be attributed more to a lack of sound operational thinking than to any other factor, except perhaps that of a cult of solutions, formulas and laws to serve as substitutes for the requisite quality and quantity of thinking. Two world wars to end war have not ended war but made it permanent. The peace machinery of the League of Nations and the United Nations have, as was to be expected, proved sorry failures. No "ism" has been a success either. The successes and gains of the Communists have not been due to the superiority of communism but to a combination of the operational ineptitude and follies of the leaders of the west and the operational practicality of the red leaders.

It is easy to draft laws defining right and wrong or good and evil. It is easy to lay down in terms of law what must be done and what must not be done. It is easy to make a law enforcement example of one individual offender, but it is not possible thus to enforce a law which large numbers of people refuse to obey. Prohibition proved this. It is easy for any one nation to declare war on another nation, justifying such action as law enforcement or defense of high principles. But it has rarely happened, certainly not in the 20th century, that the victors in a war fought by them for law or high principles have, through victory, achieved more respect for or observance of such laws or such principles than prevailed before that war was fought and, supposedly, won.

It is easy to draft a set of rules supposedly governing the conduct of nations and to call it international law. It is easy to draw

up, on paper, a scheme of world government under which every nation and every individual within every nation would be held to keep the peace and to observe a given set of rules. In short, there is nothing easier than drafting Utopias on paper. And, indeed, quite often there is not, alas, much difficulty found by the promoters and preachers of a Utopian scheme in getting a war started and fought to try to realize their objective or to make their dream come true. But history, including particularly that of the past fifty years, is full of the failures of wars for the Millennium or Utopia to achieve the objective fought for. And it would be hard to find in all history the record of a single religious war or holy war, fought for the realization of a Utopian or Millenarian dream, that was won, in the sense of achieving the professed objective being fought for. During the Crusades, neither the Moslems nor the Christians, and during the 16th and 17th centuries neither the Catholics nor the Protestants won any of the many bloody wars they fought, each side for the true faith, in the sense of wiping out the religion of the opponent.

It made sense for the American Revolutionists to fight a war to end British rule over the American colonies, because it was possible to achieve by war that objective. And it made sense for the U.S. to fight the war of 1848 with Mexico, a war of criminal aggression if there ever was one, because it was possible for the U.S. to win that war and thereby to steal over a million square miles of good real estate from Mexico. The land grab could be and was got away with. Similarly, it made sense for the north to fight the Civil War to preserve the Union and to end slavery, converting the South into a virtual economic colony in the process. Those objectives were attainable by the victory of the North in that war.

It did not make sense, however, for the Germans to fight each other in the Thirty Years War, each side for the true faith. There was no chance in that war of either a Catholic victory stamping out Protestantism in Germany or of a Protestant victory stamping out Roman Catholicism. It had either to end in a draw, the Peace of Westphalia in 1648, or in the total annihilation of all the Protestants and all the Catholics in Germany. Actually, that

war did wipe out over half of the population in the German areas in which it was fought.

Here it is to be emphasized that talk about fighting for principles, or for the true faith or for God, for country and the things worth fighting for, must be evaluated in an operational frame of reference. Will the principles for which the war is allegedly to be fought be upheld or advanced by the fighting? Will those principles be scrapped or abandoned if the war is not fought?

Ending war, just like ending slavery, can easily be made into a matter of high principle. But Woodrow Wilson's war to end war and to set up a world Utopia did not make the sense that Abraham Lincoln's war to end slavery and to preserve the Union made. The difference between a world war to end war and to set up a League of Nations to enforce world peace, and a Civil War to preserve the Union and to end slavery is as simple as it is obvious. There was a chance of preserving the Union and of ending slavery by the victory of the North in the American Civil War. There was no chance of ending war or of setting up a League of Nations to enforce world peace as a result of victory in World War I. There was no chance of achieving an end of war and a world Utopia lapped in universal law as a result of a victory by the allies in World War II, one of the big four being then-communist Russia and another of the big four being soon-to-become-communist China.

General de Gaulle, in his memoirs, has told how he learned from the lips of President Roosevelt the latter's dream of a world ruled by the big four, consisting of the United States, Britain, Soviet Russia, and China. General de Gaulle wrote:

President Roosevelt's conceptions appeared to me grandiose, as disquieting for Europe as for France. It was true that the isolationism of the United States was, according to the President, a great error now ended. But passing from one extreme to another, it was a permanent system of intervention which he intended to institute by international law. In his mind, a four-power directory—America, Soviet Russia, Great Britain, and China—would rule upon the problems of the universe. A parliament of the United Nations would give a democratic appearance to the power of the 'Big Four.' But, unless they delivered to the discretion of

three of them the quasi-totality of the earth, such an organization, according to him, would have to involve the installation of American forces on bases in all the regions of the world, of which certain ones would be chosen on French territory.

Finally Roosevelt counted on luring Stalin into an ensemble which would contain their ambitions and where America will be able to muster good will. Among the 'Four,' he knew that the China of Chiang Kai-shek needed his agreement, and that the British, sure to lose their Dominions, must bend themselves to his policy. As for the throng of medium-sized and small states, he would be in a position to act on them through foreign aid. Finally, the right of peoples to decide for themselves, the support offered by Washington, the existence of American bases were going to give birth in Africa, Asia and Australia to new sovereignties which would increase the number of states under obligation to the United States. In a similar perspective, questions proper to Europe, notably the fate of Germany, the destiny of the countries along the Vistula, Danube, the Balkans, the future of Italy seemed to him merely subordinate. In order to find a happy solution for them, he would assuredly not sacrifice the monumental conceptions of his dreams.

I listened to Roosevelt describe his projects to me. How human it was for the desires of power to clothe themselves in idealism.

President Roosevelt, as he steered the United States into and through World War II, right up to the day of his death, failed consistently to think operationally or, as others might term it, pragmatically or empirically about the results of the policy and the course of action he was following or making the government and people of the United States follow. He thought and decided in the frame of reference of his own good intentions or ends and purposes and of his many fallacious assumptions about the future behavior of others like the Russians and the Chinese.

In the field of domestic politics, or in the matter of winning votes and popular approval for his administration, his policies and his war, President Roosevelt was far from being unrealistic or impractical. Quite the contrary. He was unrealistic or impractical only in the larger or the global field of policy, action and interest conflicts of nations and peoples. In the field of domestic policies President Roosevelt was capable of cold and gen-

erally sound and shrewd calculation as to what was possible and what was probable, under given and different decisions, policies and courses of action.

Why was President Roosevelt so realistic or so practical in domestic politics or as to winning votes and elections and so unrealistic or impractical in international relations and at playing the game of power politics with Stalin? No quick or simple explanation is likely to be adequate or even fairly accurate. The most important part of the explanation is probably somewhat as follows:

In domestic politics, President Roosevelt thought operationally. In international relations he thought idealistically and wishfully. In domestic politics, President Roosevelt often or usually diagnosed and prescribed like a medical man or a natural scientist. In international relations, he was more emotional and less rational or less objective and less calculating. In this field, he was guided by faith, hope and all sorts of supposed laws and conventional patterns of thought and ways of thinking.

Talking in terms of platitudes, it is most convincing to argue that to put survival ahead of principles, or to calculate about war and peace or power politics in ways that many people would brand as deterministic or mechanistic, is to show a lack of ethics or to be somewhat unmoral or amoral. According to this popular view, it is all right for a scientist or a doctor practicing medicine to work by tests and calculation but not for a statesman directing foreign policy. The latter, according to this view, must be guided by faith and high principles, which are spiritual rather than materialistic.

It is one of the major theses of this book that there is no conflict between morals, ethics or patriotism, on the one hand, and rational, scientific calculation or what is so often called determinism on the other hand. There is no incompatibility between what is called free will and what is so often branded as determinism. The Bible says, whatsoever a man soweth, that shall he also reap. That is not saying whatsoever a man wills, intends, or wants to reap, that shall he also reap. The Bible also says, judge the tree by the fruit it bears. What could be more de-

terministic, more mechanistic or more rationally scientific than these two well known quotations from the Holy Scriptures?

Whenever anyone takes the wheel of his automobile he can drive it in any direction or go anywhere his free will may dictate, provided he stays on highways or road ways on which the car can run, provided the car has the gas and lubrication oil necessary for the driving to be done, and provided also that all the machinery of the car is in good working condition, to make the operation of the car possible. And while the driver of the car well stocked with gas and oil and in good working condition has, as his free will may dictate, the choice of driving to Canada, Mexico, San Francisco or New York, he cannot drive the car five feet if he turns it off the highway on to a muddy ploughed field. To drive even a few feet over a ploughed field, one must have a tractor or a motor vehicle equipped to make traction over such terrain.

And so it is with just about everything. Man has all sorts of choice in the use of every instrument from a 50,000 ton battleship to a hand saw, a hammer, or a tooth pick. But man's free will is always limited as to its choices by what it is possible and what it is impossible to do with any given thing. To stop a child from swallowing some pills or a drug found in the bathroom, is not to curb unjustifiably the free will of the child. It may be just to save the child's life.

It is normally nothing short of sheer madness for anyone to sacrifice his life attempting to do what it is demonstrably impossible to do. There are, of course, innumerable situations, as in the waging of war, in which it is the duty of the individual to risk and even to sacrifice his life attempting to do something, whether possible or impossible, for his country, for one of his loved ones or even for a friend or a rank stranger. But in any and every such situation, there is never anything unmoral, amoral or unethical about the individual who risks or sacrifices his life for his country, his cause or his friend, recognizing the possibilities, probabilities, or in some cases, the certainties involved in whatever action he may take.

In land battles it has often happened that fighting men have been sacrificed attempting the impossible and that their unsuc-

cessful and costly attempt has made possible a victory or a big gain for the army in which these sacrificed men were fighting. That, however, is not the same thing as a nation fighting a feckless and unnecessary war to achieve by victory an objective impossible of achievement.

There has grown up in the western world, and more in the United States than in any other country, over the past fifty or a hundred years the idea that with man, as with God, all things are possible. The inventions and technological achievements since the discovery of the use of electricity have been largely responsible for the rise of this now very American idea of man's near omnipotence. Thousands of different things are being done daily by hundreds of millions of people all over the world, the doing of which would, and most correctly, have been considered utterly impossible fifty or a hundred years ago.

It would be most helpful if Americans thinking legalistically and moralistically about war would more often recall and ponder over that classical dilemma or paradox over which theologians for centuries spun out long theological essays. The dilemma or paradox is: If God were all-powerful, he could stop evil; if God were all good, he would have stopped evil; why has God not stopped evil? This writer does not know the answer. Nor did any of the theologians over the centuries this question was discussed.

Men still face innumerable impossibilities as they attempt to realize all their dreams or desires. There is nothing wrong about trying to think out ways and means of accomplishing what has hitherto been found impossible of achievement. But when and where this is the situation or problem, it should not be considered immoral or unmoral to be guided by reason, scientific tests and logical calculation instead of plunging into disaster in a burst of emotional optimism or blind faith.

The big point here is that there should not be assumed to exist a conflict between faith, morals, ethics or spiritual values and what is called determinism or scientific observation, tests, findings and conclusions as to what is possible, impossible, probable and improbable in a given case. To say, on the basis of today's knowledge, tests and deductions that something is impossible is

not to say that it will always be impossible. To say that it should be considered impossible today to achieve a one-world order under the rule of one law by having the United States and its allies fight and win a third world war and a nuclear war of co-annihilation, is not to say that such a world order will forever be impossible of achievement. The impossibility which, in today's world situation, can here be postulated by scientific and rational thinking is the impossibility of realizing such a dream world by the triumph of the force which America and its allies might exercise in a third world war.

Finding A Viable Alternative To War And Communism The Problem

What can be done about war and communism, and what should be attempted, are the two biggest questions or issues confronting the Western world in the middle of the twentieth century.

It is easy to make out a case against war and against communism in action, just as it was so easy a hundred years ago to make out a case against capitalism when the wages and living standards of the workers were so low in the leading industrial nations. Similarly, it was easy to make out a case against the drinking of alcoholic beverages and the consequences of drunkenness and alcoholism in order to put over prohibition through the adoption in 1919 of the 18th Amendment, which was repealed some fourteen years later. That period supplied abundant proofs that the evils resulting from an unenforceable prohibition were greater than those resulting from licensed production and sale of alcoholic beverages. Political policy and action choices are often choices, not between good and evil but between the greater and the lesser of two evils, one of which is the only or the inevitable alternative to the other.

The case against war can be based on the results of World War I and II and of many other wars. But the best case against a third world war of nuclear co-annihilation rests on the calculable or predictable results of such a war. The case against communism can be built on the communist record in Russia since 1917 and elsewhere since the end of World War II. From the cases against war and communism, it is easy to jump to the con-

clusions that (1) communism is something which must be fought and destroyed by those who do not want to be eventually conquered and enslaved by it, and (2) that war is something to be ended by a formula like Woodrow Wilson's "war to end war," the slickest and most crackpot phrase of the 20th century. This is the prohibition formula. The idea that communism will conquer the world unless defeated and wiped out the way Nazism in Germany and Fascism in Italy were by the victors of World War II is most plausible. But such thinking or reasoning about communism will be found grossly to oversimplify the problems and the challenges posed by communism, as well as the practical responses which can be made to these challenges.

Communism in action, since it came to power in Russia in 1917, should be recognized as a series of responses to many challenges of our 20th century economy and of power politics among nations resulting in two world wars in one lifetime and, during the second half of the 20th century, in a state of more or less permanent world war. If those challenges and problems had been met differently by the nations of the western world after the turn of the century, it is likely, if not certain, that communism would not have taken over in Russia during World War I and would not have enlarged its sphere of control as it has done since and as a result of World War II.

The communists of the world did not start or contribute as much as did Great Britain, France or the United States to the starting of World War I. If the great powers of Europe at war with each other in 1914-1918 had not started that war or if, after it had been going on for over two years, the British, the French, the Russians, and the Italians on one side and the Germans and the Austrians on the other side had made at any time in 1916 or in the first half of 1917 a negotiated peace, it would have been impossible for the communists to have come to power in Russia, as they did in the second half of 1917.

After all, as German Foreign Office records, seized at the end of World War II by the Americans and the British, now conclusively prove, the German Government in 1916 and 1917 gave the Russian communists some five million marks or nearly a million dollars and transported Lenin and other key communist

leaders from Switzerland, where they had long been in exile and politically most impotent, back to Russia where, with German money and aid, they were able to overturn the Kerensky Government and set up a communist regime which has been forging ahead for now over fifty years. This German contribution to the launching of communism in Russia in 1917, without which there is no reason to suppose the communists could or would have come to power in Russia in that decade, or ever for that matter, was not obtained by communist intrigue, subversion, or guile in Germany. No, this contribution by the Kaiser's German Government to the launching of the first modern communist regime was largely the work of the German Foreign Office and General Staff which, no doubt, had neither the remotest idea of the long range results of what they were doing in Russia through Lenin and the communists, nor the slightest intention of producing any such result as the communist regime they made it possible for the Russian communists led by Lenin and Trotzky to launch.

If the U.S. had stayed out of World War II, the probabilities are that neither Hitler nor Stalin would have won it but that both Nazism and Stalinist Communism would have been liquidated as a result of the war and its sequels. If the U.S. had not entered World War I in 1917 and if the British and French had made peace with the Kaiser's Germany before the autumn of 1917, it is practically certain that the Communists under Lenin and Trotzky would not have been able to come to power in Russia as they did, or in any other conceivable way.

Tolerance and neutrality must always be carefully evaluated as viable alternatives to intolerance and war. The issue in the given case is one of which is the greater and which is the lesser evil, tolerance or intolerance, war or neutrality. Tolerance and neutrality used to be respectable in the United States. Since the entry of the U.S. into World War I they have lost respectability as well as popular support and advocates. This has been a century of legalism, moralism, militarism, and return to the religious-wars patterns, the crowning achievements of which, by the middle of the century, have been the launching of communism as a new world force, the start of the rising tide of color and getting most of the world into a state of permanent war.

While the U.S. and its satellites are maintaining and trying to enlarge a world-wide military alliance against the communist world, quite naturally, nothing could seem to those in this war camp more intolerable than neutrality or tolerance on the part of nations and peoples not willing to side with the western crusaders for the world rule of their law through triumph over communist and other anti-West regimes and ideologies.

To think, talk or write usefully about the related attitudes and behavior patterns of tolerance and neutrality, it is necessary to recognize that they stem from the lessons of bitter experience in religious crusades and wars of the past and not from either law or what is generally considered morals or ethics.

It may be questioned whether there is or ever was a law, divine or human, which says or ever said that a nation or a group within a nation should always observe neutrality as to every conflict of national and group interests which may be going on anywhere on earth. And it may be questioned whether there is or ever was any law, divine or human, which imposes the obligation on nations or groups or individuals in a nation to tolerate any or everything said or done by other nations or groups which they may not approve of or dislike.

But if there is no law, divine or human, generally proclaimed or accepted before World War I, enjoining on nations, groups and individuals a specific pattern of neutrality or of tolerance, there was, up to World War I and the rise of the ideology or theory of collective security and one worldism, as set forth in the League of Nations and in the United Nations, no law forbidding either neutrality or tolerance. Not until World War I and thereafter was any serious attempt ever made in the western world, after the end of the acute phase of the religious wars in the last half of the 17th century, to outlaw neutrality and tolerance. Outlawing neutrality and tolerance went with the outlawing of war. The outlawing of war resulted in two world wars to end war and, in the second half of the 20th century, in a state of worldwide permanent war, called the Cold War.

Neutrality and tolerance never stemmed from ideas or techniques of law but rather from the lessons of experience and from

common sense reactions thereto. For one nation to be neutral as to a war between two or more other nations and not to take sides in that war was never proclaimed by any exponent or textbook of international law to be a duty or a legal or moral obligation of any nation. No, neutrality was considered and proclaimed to be the right, not the duty, or obligation, of every nation. Nations, before the rise of the new ideology which guided the U.S. into two world wars, had the right to choose between entering a war or being neutral and, if a nation chose to be neutral, it was to have certain rights of a neutral duly respected by both sides in the war.

Getting down to the hard realities of possible choices and probable consequences, one may say that observing neutrality or practicing tolerance is an exercise of a nation's sovereign right subject to nullification by the mandates of no higher law. Whether or not to be neutral as to a war or an interest conflict between nations is for each nation to decide for itself. Whether or not to tolerate anything, any movement or any pattern of behavior by any group, is also something for each nation to decide for itself. Whether to fight a given war or to be neutral and whether or not to tolerate a given evil poses an operational and not a legal or a moral issue. The decision or choice should be reached by operational thinking and not by the invocation of either legal or ethical absolutes.

Anyone who challenges the doctrine, whether stated as statutory or treaty law or as moral law, that a nation cannot or must not be neutral, does not thereby take the position that a nation may or must never intervene or take sides in any war. He merely asserts the right, the legality and the morality of any nation choosing to be neutral as to a given conflict. And he argues that the decision to be neutral should be based on operational thinking about the alternative results, possibilities and probabilities of going to war or not going to war.

Anyone who opposes intolerance and argues for tolerance, whether by a nation or a group, whether for another nation or another group, whether for a movement, a religion, a political party or a pattern of group behavior, whether for ideas or doc-

trines, always in a given or a specific situation, does not thereby hold that any and everything another nation, group, movement or religious sect may do must or should be tolerated.

The big point here is that what should be tolerated and what should not be tolerated or what war should be entered and what war should not be entered are questions or issues not to be resolved by appeal to or invocation of any higher law, rules or principles. Contrary to the views of so many legalists and moralists, it is practically, if not utterly, impossible to draft principles, i.e., abstract platitudes or laws or rules according to which the decision by a nation to enter a war or not to tolerate something can be determined.

In every case, involving a choice between neutrality or war or between tolerance and intolerance, the decision should be made on the basis of rational or operational thinking about the alternatives and their probable costs and results. Such thinking has to be largely speculative and somewhat imaginative. The idea that some expert like a professional economist or a professional soldier, by applying laws or rules which he has learned from books rather than from practical experience and experiments, can predict the consequences of following different courses just as a medical doctor can usually predict the reactions of a given patient to given drugs, treatment or surgery, is wholly unwarranted.

The issues, so far as neutrality, non-intervention or tolerance are involved, must always be matters which should be decided by rational calculation as to operational probabilities and never matters which can be resolved by reference to a set of laws.

Summing up, one may say, on the basis of both ancient and modern history, that neutrality and tolerance are not attitudes or policies about which we can derive imperatives from law or morals. They are rather matters about which we must or should be guided by the operational imperatives to be worked out by rational and scientific thinking about the known facts and the calculable possibilities and probabilities of the given situation. No law could have told anyone the results of World Wars I or II. Still less, today, can any law tell one what would be the results of a third world war, this time of world wide co-annihilation with nuclear weapons.

Non-intervention in a war or an interest conflict and tolerance are not and never were legal or moral imperatives. They were always and still are operational imperatives to be deduced by logical thinking or rational calculation from known facts about what is possible and what may be probable. It may be said that neutrality is a practical alternative to war, non-intervention to intervention, tolerance to intolerance, and all sorts of public spending projects for welfare and full employment to communism.

So far as the alternatives or choices of war or neutrality and of tolerance or intolerance are concerned, two points which should always be duly considered, but which were not in the western world before and during the two world wars of the 20th century, are the following: war can be much worse than neutrality, and intolerance than tolerance. The simple fact of the matter was and continues to be that most Americans and most people in the western world have not thought of war operationally as a medical doctor thinks of a major surgical operation. They understand and recognize that war may be very terrible and costly in every way. But, when they think of war as a must for national interest or national honor, they take it for granted that victory for their side is a moral certainty and that the fruits of victory will be worth the costs of war, however great the latter may be.

Before and during both of the first two world wars of the 20th century, the American people just did not balance the possible and probable results of the alternatives of entering the war and remaining neutral. They took it for granted that if America did not enter the war, among the results would be world conquest and domination by Germany, something the American people just could not tolerate, and that if America entered the war, the major result would be an American victory which would insure the realization of all sorts of American ideals and dreams.

Tolerance For Survival

One of the most essential features of any alternative to war in any recent or current crisis or situation likely to produce all-out war is that of tolerance, a practice which, by the mid-20th century, had fallen into such disrepute in the western world that the word tolerance was rarely being used. One tolerates only what or whom one disapproves of or dislikes. In French or Code Napoleon Law tolerance is given a legal or technical recognition and, incidentally, a clarification or definition such as it does not receive in English or American law. In French or Code law there are really three sectors of acts or activities: (1) those which are legally allowed or not legally disapproved; (2) those which are forbidden by law under legal penalty; and (3) those which are neither approved nor expressly prohibited but, while viewed by the law with disapproval, are tolerated. In English and American law everything has to be either lawful or unlawful. Sin is not supposed to be tolerated. But sin goes right on without being stopped, prevented or suppressed by the law.

For generations, the official as well as the colloquial French words to characterize what in English is called a house of prostitution have been *maison de tolerance*. Literally translated into English, those French words mean a house of tolerance. By those words the French State or French law proclaimed its disapproval of prostitution, which, however, French law tolerated as it did other acts or practices which it did not approve of but did not penalize *per se*, except when and as committed in public or under circumstances creating a public nuisance.

The words tolerance and intolerance are much less often heard or seen in print today in English speaking countries than they were fifty, a hundred or even two hundred years ago. Yet there is certainly more intolerance all over the world today than there was before World War II and much more than before World War I. Only, the intolerance now rampant all over the world, more, of course, on the communist side of the Iron Curtain than on our side, is almost never called by that name. Intolerance on our side is not called intolerance but is white-washed with words like defense and security measures. Intolerance on the communist side is never or rarely described on our side of the Iron Curtain by that word but by other terms far less mild and far more damning, such as tyranny or oppression. If we do it, it is a security measure. If the Russians do it, it is tyranny. What we teach is education, what the communists teach is propaganda.

Tolerance has almost ceased to be considered a virtue. Intolerance, if and when practiced on our side, is no longer considered an evil or something to be branded with that term of a historically well established ill repute. And intolerance is not a harsh enough word to apply to anything of that nature done by the communists.

The reasons for the rise of intolerance and the decline of tolerance in the 20th century are not hard to find in the historical record. World War I could not have been fought on the scale it was had there been as much tolerance in the western world in 1914-1918 as there was during most of the 19th century. The British fought or check-mated Napoleon off and on for over a decade but at no time during the rise or fall of Napoleon was he or his regime the object of as much intolerance as was the Kaiser's regime just before and all through the course of World War I. And, as for Hitler, intolerance for him and his Nazi regime throughout the western world rose before and all through World War II to an intensity not known in western Europe since the days of the religious wars of the early 17th century. Intolerance went out with the end of the religious wars in the 17th century and came back in the 20th century with the return of religious wars. As a result, we are now doomed to live in a state of global and permanent cold war.

Intolerance began to decline in western Europe after the mid-

dle of the 17th century with the end of the Thirty Years war in Germany and with the Restoration of the Monarchy in England after the end of the Cromwell regime. Relatively few Americans, even among college graduates, today, know that over several decades of the late 16th and early 17th centuries in England, Roman Catholic priests were tried, sentenced to death and hanged by the neck until dead for the crime of saying mass. During that period of attempted legal suppression of the Catholic faith, British law branded the Roman Catholic Church as a criminal foreign conspiracy against the Crown of England, somewhat as American law, though with milder penalties, under the Smith Act of 1940 and pursuant convictions of communists, has branded the Communist Party as a criminal world conspiracy against the American government and people.

It was only as late as April 13, 1829, that the British Parliament passed the Catholic Emancipation Act:

Whereas by various acts of parliament certain restraints and disabilities are imposed on the Roman Catholic subjects of His Majesty, to which other subjects of His Majesty are not liable; and whereas it is expedient that such restraints and disabilities shall be from henceforth discontinued; and whereas by various acts certain oaths and certain declarations . . . are or may be required to be taken . . . as qualifications for sitting and voting in parliament, and for the enjoyment of certain offices, franchises, and civil rights: be it enacted by the King's most Excellent Majesty, by and with the advice and consent of the lords spiritual and temporal, and commons, in this present parliament assembled, and by the authority of the same, that from and after the commencement of this act all such parts of the said acts as require the said declarations, or either of them, to be made or subscribed by any of His Majesty's subjects, as a qualification for sitting and voting in parliament, or for the exercise or enjoyment of any office, franchise, or civil right, be and the same are . . . hereby repealed.

The Catholic Emancipation Act abolished the Protestant Oath for members of Parliament and thus made it possible for Catholic members to sit in either House. Freedom of religion was further extended in 1858 when the words "on the true faith of a Christian" were no longer required of a member professing the Jewish

religion, and, finally, after 1866 members of any faith could sit in Parliament.

Basically, legal intolerance or the outlawing of Fascism, Nazism and Communism by the American Government has been almost identical with the outlawing by the British Government of the Roman Catholic Church and its members in England over a long period of years. But this is a blinding flash of the obvious not to be encountered in the American communications media in the nineteen sixties.

The case for intolerance is always pretty much the same. The outlawed world movement, whether the Roman Catholic Church in 17th century England, or the Communist Party in 20th century America, is branded by the state practicing intolerance as an enemy out to conquer, and subjugate the people of the state which adopts these protective or defensive measures against the allegedly criminal world conspiracy. It is always easy to support such a case for intolerance, suppression and outlawing of a religion or a political movement, by citing passages from its official literature, utterances by its leaders or exponents, and examples of the growth or expansion of the religious or political movement branded as a criminal conspiracy.

The logic of intolerance for a crusading religion or political movement, especially during a period in which it has fought or is fighting wars, either of defense or expansion, is terribly simple and obvious. If the fighting and expanding religious cult is not curbed or even if it is not wiped out by its opponents, it will go on with its expansion until it has conquered and subjugated the entire world.

Such logic and the policies and action it dictates must be thought through or thought out in a coldly scientific or operational frame of reference. It cannot be refuted by showing all or most of the factual statements on which it is based to be false. Most of them are correct. All sorts of irrefutable facts can always be mustered to show that a religion or a political movement in an expansionist phase is out to conquer the world—its own apostolic pronouncements proclaim such to be among its objectives.

And it can never be proved that an expanding religion or political movement will not go on expanding until it has con-

quered the world. No negative about the future can ever be proved. It cannot even be proved that the world will not come to an end tomorrow.

The case for tolerance and peaceful, though competitive, co-existence has to be developed with the techniques of logic and probability calculation. What will be the probable results of following each of the two alternative hypotheses? To proceed on the working hypothesis that peaceful coexistence is impossible and that the alternatives are either to conquer or be conquered, is to render inevitable a fight to the bitter end. To proceed on the opposite working hypothesis is not to insure the certainty but only the possibility or the probability of survival and even successful growth, expansion and progress in an indefinitely prolonged competitive but peaceful coexistence phase.

What has contributed most to the 20th century return to the thinking, attitudes and action of the religious wars of the 16th and 17th centuries has been the mechanics of appeal to the masses for support and approval. The advocates or champions of tolerance are always or normally at a great disadvantage in public debate with the champions of intolerance. The champions of intolerance can always say, and most convincingly, that they are against evil while their opponents, the advocates of tolerance, are *ipso facto*, by reason of their willingness to tolerate evil, the champions or defenders of evil. Thus, those so-called isolationists and America Firsters in the United States who, right up to the Pearl Harbor attack by the Japanese, opposed the entry of their country into the war, were smeared by the extremists of the war party as being pro-Nazi or the agents or stooges of the Nazi conspiracy to conquer and Nazify the whole world. And in the late nineteen sixties any American who publicly favored peaceful coexistence and competition with communist Russia and China as the only practical alternative to a third world war of nuclear co-annihilation was exposed to smears as being pro-communist, a fellow traveler or even something worse.

It always or normally has more popular appeal to the masses and it is certainly much safer to say that one is for stamping out a given evil, like Fascism, Nazism, or Communism, than to say that one is for tolerating or co-existing with that evil. And it is

precisely for these reasons, explained in this chapter, that the major thesis of this book is of such crucial importance in the age of nuclear war and the possible extermination of the human race. This major thesis is that the challenge can only be met in a way to insure the survival of the human race by appeals to reason and enlightened self-interest supported by the right kind of thinking, which is operational thinking.

Only rational, scientific or operational thinking about the possibilities and the probabilities can possibly save the human race from being led by the holy war crusaders into a war of total annihilation. If the crusades, which went on from the First Crusade (1095-99) through the Ninth Crusade (1271-72) prove anything, it is that crusaders are more successful at selling their crusades to the masses from whom fighting crusaders are drawn than they are at winning their crusade or achieving its objective. The Ninth and last Crusade led by Prince Edward (later King Edward I of England) ended in a truce. In 1289 Tripoli fell to the Moslems and in 1291 Acre, the last Christian stronghold, followed.

The historical record of the three centuries during which the nine Crusades were fought and of the three or four centuries after the fighting of the last Crusade is conclusive that the Islamic world or the Moslems won more as a result of the Crusades than did the Christians who started each of the nine Crusades. The Byzantine Empire founded in 330 as the successor of the Roman Empire, with its capital at Constantinople, fell to the Moslem Turks in 1453. Constantinople had first been sacked during the Crusades in 1204. The collapse of the Byzantine Empire opened the way for the expansion of the Ottoman Empire to the gates of Vienna.

The best case against crusading in the lands of the infidels for the true faith of the crusaders is to be found in historical record of the Nine Christian Crusades and of their results for Christendom and Islam respectively over the seven centuries from 1204 when Constantinople was pillaged (by the crusaders, ironically) right down to and through the first half of the 20th century.

In the continuing or constant conflict of ideas and interests in the United States over civil rights and civil liberties or over the

issue of tolerance versus intolerance, there should always be equally recognized two interests. One is the public interest in all that is to be derived from freedom of the press and freedom of speech. This interest has had far too little consideration or mention in the United States of the last forty years. The other interest, of course, is that of the individual or minority group, having its exercise of the right to freedom of the press and freedom of speech restricted or denied by the state for alleged reasons of national security.

It is so easy and plausible to state and to put into criminal law and police action the general principle that no one has the right to use words to endanger national security. And in this connection it is such a simple matter, as happened in the many Smith Act cases of conviction and imprisonment of Communists since the end of World War II for teaching or advocating the overthrow of the government by force and violence, to disregard the clear and present danger test laid down in World War I in a dissenting opinion of Justice Holmes. Why, asks the average citizen, should a Communist, a pro-Communist or any other type of security risk or subversive be allowed to exercise the right to jeopardize the security of this country by the use of words?

The best answer to such a question is not, as it is easy to do, to go into a long-winded exposition of the rights of the individual, but rather to set forth the larger interest, the public interest, in having the fullest and freest discussion of every idea and issue as a means to arriving at the most enlightened and beneficial choices and decisions, both by the government and by individuals. To understand any idea or so-called ideology, whether of a political cause or movement like communism or whether of a religion or a cult, it is necessary to hear or to read the case for that idea, ideology, cause, movement, religion or cult freely stated and argued by its adherents and by important spokesmen acting somewhat as did the devil's advocate in the great heresy trials of the middle ages.

If no one in the United States can write or talk about a legally proscribed political cult or "ism" like communism without exposing himself to being linked with those imprisoned under the Smith Act, unless he writes or talks against it, how can the peo-

ple of the United States, especially those of the younger generation just reaching maturity, ever arrive at an intelligent understanding of the proscribed cult or "ism"? To say that there is no need for anyone, whether a member of a state or the federal legislature or any citizen to hear, read or learn anything about the proscribed "ism" other than what can be found in utterances or writings against it, is most unrealistic. It is contrary to the whole theory of law which requires that in every court trial, criminal or civil, a case for both sides be freely and fully stated and argued. And what makes the taking of such a position, as is implicit in the spirit and letter of the Smith Act and pursuant prosecutions, convictions and imprisonment of Communists, the more unrealistic and unoperational is the big and basic fact that the United States has to and does maintain diplomatic and cultural relations with Communist Russia as well as Communist Poland and Yugoslavia. How wise and in the American national interest it would be for the United States to exchange with Soviet Russia, professors, teachers and students. The chances would be far greater that more Russian teachers and students, spending a few years teaching or studying in this country, would be converted to our ideas and ways, than American teachers and students spending some time in Russia, teaching or studying, would be converted to communism.

The logic or the operational imperatives of it all would seem to any realist extremely simple and obvious. If the American government and people have to coexist with communism and Communist governments, then there should be in the United States complete freedom of the press and of speech, such as can enable anyone in this country to learn what communism is or means by hearing both, or all, sides of the case for and against communism. The idea that a true understanding of any idea, "ism" or movement can be had by reading and hearing only denunciation of it or a case against it is too silly or too absurd to merit any elaborate or labored refutation.

Viewed in a strictly operational frame of reference, what could be more irrational than the jailing of a hundred-odd Communists under the Smith Act since the end of World War II for terms up to five years, while several thousand other Communist

Party members are left at liberty to go on committing the crime of teaching communism for which the convicted few of the Communist leaders were imprisoned? What could be more absurd than jailing a Communist for a few years for teaching communism only to release him at the end of his short, or less than five year, prison term to resume the daily commission of the crime for which he was convicted and imprisoned? And what, further, could be more idiotic than, while a few Communists are being made to serve prison sentences for teaching communism, to allow the Communist Party and other unimprisoned Communists to go on putting out daily or weekly a paper like the *Communist Worker*, thereby committing regularly and continuously the same crime for which the selected handful of Communists were or are being kept in prison? Smith Act enforcement against only a few selected Communists makes just as little sense as the jailing of a few violators of laws against sex offenses, duly proscribed by law, makes in the light of the Kinsey findings and the generally known fact that a large percentage of the total adult population has been guilty of repeated commissions of the same crimes and goes on repeating from time to time such violations of laws against prostitution, fornication, adultery and other sex crimes.

Operational thinking about and practically always favorable to tolerance does not usually or normally lead to either conversion or surrender and submission to what was disapproved of but tolerated. Christianity and Mohammedanism survived equally the transition from religious wars to mutual tolerance. So, also, did Roman Catholicism and Protestantism. Tolerance is a working hypothesis or formula not only for peaceful co-existence but also for survival. Intolerance, as regards great religions and political movements, just is not a working hypothesis or an operationally practical formula for peace, conversion of the infidels or survival.

A somewhat complex and subtle result of political intolerance as exemplified by Smith Act prosecutions and related judicial and administrative action against subversives and security risks is that of inhibiting the sort of analysis and discussion by relatively impartial and objective thinkers, writers and public speak-

ers so essential for the formation and guidance of intelligent public opinion. If it becomes unsafe for the career, livelihood and status of anyone writing or speaking to talk or write about an "ism" like the Fascism of the twenties and thirties or like the communism of today and the past fifty years, the community and the public interest must suffer an incalculable lack of bases for the formation of enlightened public opinion and the making of wise decisions and choices.

It is most important and necessary to tolerate not only the devil's spokesmen or propagandists but also those, not in the devil's camp, who serve as the devil's advocates before the bar of public opinion. The major interest served by the devil's advocate is not that of the devil but that of the community which the devil's advocate tries to enlighten as to the issues at stake.

Summing up this argument, one may say that tolerance should be thought of as being in the public interest or indispensable for the public interest and not just as being an indulgence of those who are tolerated or of that which is tolerated.

Collective Security And Interdependence Versus Independence

The general theory of collective security and interdependence as among nations has been basic in the ideas and actions of the United States Government in the two world wars of the first half of the 20th century and in the permanent cold war sequel of World War II. It is easy to state and to rationalize collective security and the interdependence of nations. It is easy to do so as long as one talks or writes in the frame of reference of lofty platitudes and abstract or general principles, and as long as one keeps the exposition or discussion outside of an operational frame of reference.

The general theory of collective security and interdependence, as among nations, cannot be refuted by any simple, dogmatic statements. It cannot be sustained in argument that two or more nations can never act together as allies in peace or in war effectively and successfully for their security or to serve their interests. In other words, it cannot be proved that military or other alliances between nations never work. And, as for the interdependence of nations, no one in his right mind would say that any nation is never in any way dependent on other nations for anything, as, for example, products such as oil, rubber, tin or various and sundry foods, of which the exporting nation has an abundance or a big surplus over and above its own needs and of which the importing nation has a deficiency or even a total lack.

The big fact or point which operational thinking must recog-

nize and be governed by, so far as such terms or ideas as collective security and interdependence are concerned, is that of relativism or relativity. Collective security and interdependence are always relative. Little countries like Switzerland, the Netherlands, those of Scandinavia or even the British Isles, are incomparably more dependent on the continuous inflow of imports from countries all over the world than are great power nations controlling several million square miles of the earth's surface such as the U.S., the U.S.S.R. and China. But even each of these big three needs to import some products, not to be found or produced at home, either at all or in required amount. Still, it is safe to say that any one of the big three could, if compelled to, get on entirely without any imports for an indefinite period of time, while the relatively small-in-area countries like those named above, simply could not carry on with their present population and requirements for more than a few months or even weeks if all their imports were stopped.

Just as dependence on the outside world for imports is relative, so it is with dependence on exports, especially for certain countries. Thus, any one of the small area countries named in the preceding paragraph as being dependent on the continuous inflow of imports, can also be said to be equally, though in varying degrees, dependent on the continuous outflow of exports in order to have the means of paying for needed imports. But any one of the territorially big three, the U.S., the U.S.S.R. and China, could, no doubt, get along indefinitely without making any exports just as they could without receiving any imports. The British, the Germans, the Swiss, the Scandinavians, the Belgians, the Dutch, the Italians, and, especially, the Japanese, on the other hand, must export to live or to pay for needed food they cannot produce in sufficient quantity for their minimum requirements. That all nations are equally dependent on foreign trade is simply not true. So sweeping, dogmatic or doctrinal statements about economic interdependence are wholly unrealistic and subject to easy refutation.

And so, with collective security or dependence by one nation on other nations for security against foreign invasion and conquest, it is true that everything is relative as with economic or

foreign trade interdependence. Small countries, such as Belgium, Holland and Denmark (thought not Switzerland, also a small country but one with an exceptional natural defense situation by reason of the Alps) are more dependent on other big nations for defense against invasion than are larger countries like France or the United Kingdom or than are countries geographically favored for defense against land invasion such as Spain or Sweden and Norway. Yet, of course, as two wars conclusively proved, France, with Great Britain and Russia as allies, was not secure against invasion by Germany; Germany had overwhelming numerical manpower and industrial superiority over France. British partnership could not secure France against German invasion in either of the two world wars of the 20th century. To beat a Germany which had overrun France in both wars, France needed the United States and Russia as allies.

It all adds up to the rule of thumb that any nation, to win a war, needs superiority in many ways over the enemy and that the quantity and quality of superiority must be determined in each case by the nature of the strength of the enemy and by geographic and economic factors.

The terms collective security and interdependence have, since the outbreak of World War I, come to be greatly abused or misused to justify and rationalize all sorts of interventions by given nations in wars or interest conflicts between other nations. So far has this misuse of words and failure to apply operational standards been carried that, by now, the American people are prepared to believe that the defense of the United States requires the defense by the United States of Korea, Taiwan and Vietnam against the neighboring colossus of China. What is not generally recognized, because of a lack of operational thinking, is that the terms collective security and interdependence can only be usefully or safely employed in an operational frame of reference or comparison. It made sense to say in 1914 that the defense of France against invasion by the German army required, also, the defense of Belgium against that army. But it made no sense to say that the defense of the United States or of Canada or Argentina against Germany required the defense of France against Germany. In the Franco-Prussian War of 1870, France was

successfully invaded and defeated by a Prussian army which did not need to overrun Belgium or Holland in order to reach Paris. But that Prussian victory over France did not result in or even remotely threaten a Prussian victory over Great Britain, the United States, or Russia.

How absurd was it for France and England in 1914 and for the United States later in 1917 to proceed on the theory that the defense of Russia against Germany and Austria-Hungary was essential for the defense and security of France, England and the United States. It made no more sense than it would have made in 1848 for Great Britain to have taken the position that the defense of Mexico against invasion, conquest and the annexation of over a million square miles by the U.S. was necessary to the defense of Canada against similar invasion, conquest and annexation by the United States.

The doctrine or proposition that security or peace is indivisible, as communist Russia's Litvinov so cleverly phrased it, is most plausible and beguiling but quite irrational if evaluated in an operational frame of reference. Operationally considered, the following of this doctrine by a great power like the United States amounts to turning any small war that may break out anywhere in the world into a world war, and possibly dooming the world and all mankind to a world war of nuclear co-annihilation.

Limiting, Not Preventing, War The Problem

For over 300 years after Hugo Grotius really launched international law by publishing *De Jure Belli et Pacis* (Concerning the Law of War and Peace) in 1625, usually considered the first definitive textbook on the subject, the big idea or objective of the international lawyers, so far as war is concerned, was not the prevention but the limitation of war. Grotius did not condemn war as an instrument of national policy but only maintained that it was criminal to wage war except for certain causes. In brief, limiting war and rendering it more humane for private persons and property were from the time of Grotius to that of Woodrow Wilson among the major preoccupations of international lawyers so far as war was concerned.

The case against mechanisms like the League of Nations or the United Nations, attempts, plans, laws, institutions, policies and wars to end war is not, primarily, a legal, a moral or an ethical case but strictly, if not exclusively, an operational—call it practical, pragmatic or empirical if you will—case. Briefly stated, the case is that, as a practical matter, it is usually, if not always, possible for nations other than the belligerent ones to limit or to keep limited any war that starts, but that it is usually not possible for other nations to prevent a war, or, after it has started, to end it by any sort of intervention except that of taking sides and thereby helping one side to end the war in a total victory.

Intervention, by a third nation, without resort to force, to limit a war either in the making or already in progress, may not always

succeed. But it can usually make some contribution to doing so. The best possible proof that intervention by a third nation with force to end a war can only make the war bigger and more disastrous than it otherwise would have been may be found in the record of the Korean War in which the United States, and other nations under the shield of the U.N., intervened in 1950. This intervention did not limit but rather greatly enlarged the war between the two sectors of and political factions in Korea. Because of this very turn of events in the Korean War the Washington administration felt itself obliged to restrain the American commander-in-chief in the Korean War, General MacArthur, and not allow him to make an all-out drive for the Yalu River in a quest after victory, which, in General MacArthur's way of thinking, was always the only rational objective in fighting a war. Washington, because of its desire to keep that war limited and not to let it turn into a world war involving Russia and China, then allied, forced General MacArthur to keep the war limited and would not allow him to make a bid for victory.

If operational thinking about present day war leads to any one big sweeping generalization, it is that the bigger the war, the more unlikely is a victory yielding results satisfactory to or desired by the victors. A big war, like the two world wars of the first half of the 20th century, may end in a big victory, but neither of these world wars resulted in a victory the sequels or fruits of which were at all satisfactory to three of the four principal victors, namely, the United States, Great Britain and France. Only one of the four principal victors, namely, Soviet Russia, can fairly be said to have won World War II.

The idea that a third party nation or that two or more third party nations can win more by getting into a war between two or more other nations, thereby making that war bigger, than the third party nation or nations could win by successfully keeping such a war limited, is a great fallacy. It is now almost axiomatic to say, the bigger the war becomes, the worse for all concerned, including both the victors and for third party nations affected by the war.

The trouble since the time of Woodrow Wilson, when international law theory and doctrine was reoriented away from the

nearly three hundred year old limitation of war idea, to the war-to-end-war and international law enforcement to prevent war idea, is a result which rational, operational thinking all along from 1914 to the nineteen sixties should have anticipated. This result is a bigger and more permanent state of war than ever existed before in all human history. In fiscal 1959 the U.S. federal government was running a budget of over \$80 billions with a deficit expected to reach \$15 billion. Over half, or around \$50 billions, of this expenditure went for preparations for war and nearly a half of the remainder of this budget, or nearly \$15 billion, went for outlays because of past wars such as interest on past war debt and aid to veterans. Compare such a budget with the peak budget of only \$21 billion in World War I, hardly one sixth of the 1967 peacetime, or rather cold war time, budget.

The big idea or achievement of President Wilson in World War I and of President Roosevelt in World War II was, not to limit the war in progress, but to extend it, by bringing America in, thereby expecting, of course, to win a victory which would result in an end of war and the world-wide reign of peace through the world rule of law, one law, that of the victors. The results of these two wars are today just what should have been expected. Making two world wars bigger than they need have been has made as a sequel of the second war a state of nearly world-wide cold war permanent, greater and more costly than any governmental enterprise in all history ever was before. America's two 20th century wars to end wars have not ended war; they have made war permanent.

Would it now be possible to limit war as an alternative to ending or preventing war? Operational thinking and calculation strongly support an affirmative answer to this hypothetical question. The fact of the matter is that the outlook for any attempt by either side in the cold war of the late 1960's to end war in the Woodrow Wilson way or the Franklin D. Roosevelt way never was darker. After all, either before and during World War I or World War II, the array of economic and military might, or the war potential on the side of the American, British, French and Russian alliance was overwhelmingly superior to the war potential on the German side. For a third world war, there is no

such superiority on the side of America and its allies over the communist side. And this time there is, in the so-called neutralist world, a powerful and unpredictable force which seems far more likely, as a whole or by and large, to strike against the American-led western alliance and for complete expulsion of the white western colonial powers from Asia and Africa than either to support the West against the communist world or to remain passive as the American-led and financed forces engage those of the communist world.

Change By Limited Or
Unlimited War

Since time immemorial, a strong point in the pragmatic or Operational case against attempts to prevent instead of to limit war has been the facts (1) that change in the status quo from time to time all over the world is inevitable and (2) that resort to war or the use of force is often the only practical way to effect needed or inevitable changes. This is a point which the crusaders for a war to end war and for the world rule of one law over the past fifty-odd years have generally and most persistently ignored or disregarded.

South Africa offers a perfect testing case for the champions of world peace through the world rule of one law, as well as of the ideas of preventing or outlawing war. If and when the colored and native majority, some 80% of the total population of South Africa, resorts to war, or force and violence, to end *apartheid* and to set up in South Africa a democratic regime, in which the majority will determine what shall be the law and always have the last word, will the U.N. be able to offer and work out a peaceful formula to prevent or to end such a war? Specifically, will the U.N. offer to throw whatever weight or might it may command behind the white minority of twenty per cent of the population or behind the colored or native majority of eighty per cent? The answer, obviously, is that the U.N. must wsh on any issue involving a conflict of interests and ideas between the white minorities still in control and the colored majorities challenging by force and violence or by war white supremacy

or white minority rule. Those Afro-Asian wars already in progress or in the making will completely prove the case against the U.N. and the world rule of one law idea or ideal.

The trouble with the so-called peace machinery, whether the League of Nations, the Briand-Kellogg Pact of 1927 outlawing war, the United Nations, or the International Court has been that these various organizations, instrumentalities, agencies or international pacts make little or no provision for carrying out changes in the status quo such as ordinarily and throughout history have been accomplished mainly by force. These 20th century crusaders for wars to end war merely would forbid or outlaw resort to war or use of force but offer no substitute way of effectively bringing about needed or inevitable changes.

In effect, the theory and international law of the U.N. say that any resort to war or force must be stopped by the superior force of the nations belonging to and supporting U.N. But this theory and law make no provision for carrying out peacefully or without the use of force the changes which nations or groups resorting to force demand and undertake by means of force to realize. If, when, and as nations or movements, as in colonial Asia or Africa, seek change by resort to force, all that the peace machinery of the U.N. or the international lawyers can do is to try to turn a small war or conflict into a world war by applying force against the disturbers of the peace, who will always and everywhere be the colored world majority under the rule of a white colonial minority. Here a big point to be stressed is that if the U.N. or the United States should attempt to use force to stop or to end a small war, such as the revolt of the colored world against white supremacy will be putting on in many areas, the Communist nations are likely, if not certain, to respond to a resort to force against the United States or the U.N. by giving support to the nation or movement being intervened against by the United States or the U.N.

American and much western opinion, thinking, theory and policy proceed on the assumption that if and when a coalition of powers like NATO or SEATO or an international organization like the U.N. or just one great power like the United States intervenes in a small war or conflict in the name of international

law, as, for example, in a civil war between Red China and the Chiang regime on Taiwan, over a situation like Quemoy, such intervention will go unchallenged and unopposed by either Russia or any other nation such as, for example, Egypt or the United Arab Republic. If the United States started bombing Red China by way of trying to make Red China stop bombing Quemoy or using force against the Chiang occupation of that island, it is entirely possible that President Nasser of the United Arab Republic might decide to make a gesture of retaliation against those responsible for causing death and property loss to thousands of Chinese. Any such Arab counter-action against American intervention would not mean that the Moslem Arabs retaliating against the U.S. were going over to communism or were under Communist control. It would only mean that the Moslem Arabs retaliating against American armed intervention in China were making a gesture of sympathy with the Chinese Reds and of disapproval of America's intervention with force in Asia.

If the United States chose to enlarge the small and limited war going on between the Chiang regime and the communist government in *de facto* control of Mainland China, why not expect nationalist leaders of Africa and Asia, seething with anti-western or anti-colonial xenophobia, to decide to make their own contribution, like that of the U.S., to the further enlargement of the civil war in China? It is hard for conventional minds to entertain the idea that any political leader in power in Asia and Africa may reason that if the United States has a right to intervene in Afro-Asian wars to enlarge them, he, also, has the same right. The logic of sauce for the goose, sauce for the gander should need no exposition or supporting argument. It is as old as the human race.

It is time for Americans and for the peoples of western Europe, with a long record of colonial and imperial rule, to recognize that the age of special privilege and power for the white man in Africa and Asia is now about over. The nationalists of Asia and Africa may still be far from the equals in military and economic power of the white western peoples. But they may not be far from equal in the matter of nerve. And, for the long pull, they have

the now not unimportant advantages of growing numerical superiority and of space so vast that no European or American expeditionary force could ever effectively control or police it.

No Mid-East state could today put in the field an army that could match in a limited combat an expeditionary military and air force the United States could land in a few days. But any group of fanatical nationalists in the Mid-East, with strong local support, could, even with large American expeditionary forces in occupation, blow up the oil pipe lines in any number of places along the hundreds of miles they cross the desert or unpopulated land. No American or foreign occupation force could keep the oil flowing from the Mid-East to western Europe against the will of a powerful native minority group of anti-West fighters. If the New York police cannot make Central Park safe to walk in after dark, no foreign armed forces can make any area of Asia or Africa safe for the white man or his investments against a rabidly anti-western native movement.

Limitation of war is so obviously the only rational objective of American or western intervention in Asia and Africa that it should not need much defense or exposition. Nothing could be more irrational or insane than a policy or action by the U.S. or western Europe to enlarge any local or civil war or conflict in Africa or Asia by way of trying to end such war and restore peace and to enforce the rule of our law, which is not the law of the native majority in the given area. War, these days, cannot be ended or won by western powers by their making the war bigger and bigger. The bigger the war the worse for the West and the better for communism and the colored world of Africa and Asia.

The Vietnam War marks the beginning of the end of American interventionism and overseas imperialism. It was a most ill-advised decision of President Johnson in 1966 to undertake the conquest and control by American armed force of the Vietnam area. American imperialism and interventionism had a long and brilliant record of success over the hundred and sixty odd years from the time of the American Revolution down to the end of World War II. The settlement of the American continent by the defeat of the Indian and the Mexican and Latin American native inhabitants, and of the British, French and Spanish colonizers, is

now only a part of American history. Not once in that long period did the Americans suffer a major defeat or failure.

The United States, western Europe, U.N. and international law have no practical formula for carrying out change in the present status quo. They offer only formulas for trying to prevent or stop the use of force. That commitment or policy is utterly unrealistic, impractical and doomed to failure. Change has to go on. And in many situations change can only be effected by resort to or use of force, as in South Africa where, as already pointed out, less than two million whites maintain a despotic rule over some eight or nine million native black and colored people.

Nothing in the overall world situation in the late nineteen sixties made the prevention of war with no viable alternative formula for effecting inevitable changes in the status quo seem more unrealistic than the population explosion and the outlook for far greater population increase over Asia than in western Europe and the United States over the next forty years. In 1959 the United States had only about 6% and Russia only about 7% of the world's total population, while Asia had about half. According to the estimates of the experts in this field, by the year 2000, Asia will have nearly two-thirds of the world's total population.

In 1959 the combined populations of the United States, Canada and the Soviet Union constituted only 14.11% of the world's total population, while that of Europe made up another 14.52%. But, by the year 2000 it is expected that the population of the United States, Canada and the Soviet Union will have dropped from 14.11% to 11% and the population of Europe from 14.52% to only 9.06%. By the year 2000 it is expected or estimated that the population of Asia will have risen from 55.43% in 1959 to 61.63%; that of Latin America from 7.05% in 1959 to 9.43% and that of Africa from 8.12% to 8.23%.

Roughly speaking, the population of the backward areas or of what is mostly the non-white world of Asia, Africa and Latin America will have risen from around 70% of the world's total population in 1959 to around 80% in the year 2000. Is it reasonable to suppose or to proceed on the theory that peoples of the

United States, Canada and western Europe, only some 20% of the world's total population in 1959 and likely to be under 15% in the year 2000, will be able to enforce peace by the world rule of their law and the maintenance of the status quo over the world existing since around the middle of the 20th century?

And this brings up another operational point to be recognized and thought out about foreign intervention with force in today's world. That point is the limitless and unending tasks of intervention once it has been embarked upon by a great power like the United States in vast and densely populated areas of the world.

One of the most obvious but least recognized facts of historical record about foreign interventions with force is that the situation, status quo and balance of power in a nation created by foreign intervention with force in that nation can usually be maintained only just so long as the foreign intervention is continued. The general theory on which the United States entered the two world wars of the 20th century and on which the U.N. was set up and is supposed to operate proceeds on a contrary assumption or premise. Briefly and roughly stated, it is (1) that the United States or U.N. can intervene in a foreign war or conflict of national interests to impose by the use of force superior to that of either side in that war a situation or a balance of power different from that which would have eventually emerged had there been no such intervention; and (2) that after the new situation or balance of power has been created by the intervention with force either of the United States and its allies, or of U.N., the resulting new situation or balance of power will continue after the foreign intervention which created it has been terminated. What could be more contrary to the logic of recent and current history or to just plain common sense than the second or last of these two assumptions or premises?

The trouble here is that recent and current thinking about American or U.N. interventions with force in foreign wars or situations assumes that such interventions are like interventions by force made by the police in any fight or conflict of interests involving private persons or small groups in any community. Obviously, if a policeman stops a fist fight by running in both com-

batants, the law or the police will not have to control forever after those two persons in order to keep them from resuming or continuing their fight. Sometimes one of the fighters is tried, convicted and sentenced to jail or to pay a fine, but such punitive action in no way commits the law enforcement agencies to police that individual for the rest of his life. The point here is that, as in so many other situations or problems, a nation is different from an individual within a nation. Law or armed force used in the name of law cannot process nations or the behavior of nations in the way it can handle individuals and their conduct or acts in violation of the law.

The difference here is basically operational and quantitative. It is not one of law, principles, ethics or morals. It is one of action and getting results. It is easy and plausible to say that a nation is or should be just as much subject to the rule of law as an individual within a nation. And that, of course, only raises issues of quantitative differences, operational imperatives, possibilities and probabilities already discussed.

Intervention by the police in any conflict of interests or disturbance of the peace by individuals seldom, if ever, poses any serious operational issue. It only poses factual, legal and moral issues. Was the individual in the wrong or violating the law? If he was, then the law enforcement agent has the right and the duty to intervene appropriately, and with force, if necessary, to arrest or to serve with a summons the law violator. The police officer making an arrest, i.e., intervening with force in the name of the law, does not plunge his government into a state of war with millions of other individuals as does any intervention with force by one national government in a war or a conflict of interests being waged by one or more nations against one or more other nations. The difference is quantitative and operational.

If, as happens hundreds of times every week or month in any large country, the State intervenes with force to carry out a dispossess order of a court, an evacuation order or to transfer property from a debtor to a creditor or from a mortgagor to a mortgagee, there is no ensuing war by the loser of the property against the winner such as requires the armed intervention of the State in perpetuity to insure the peaceful possession of the property

by the winner. But with nations it is different. To maintain any transfer of territory by one State to another or to enforce any continued series of punitive payments by one State to another, it is necessary, as a rule, to keep indefinitely the loser State under the guns or other means of physical pressure of the winner State or of the enforcers of the rights of the winner State. That is no simple or easy matter like due process of law in connection with a mortgage foreclosure or a repossess court order as to a piece of property.

Supposing the United States intervened with armed force in a Latin American or a Mid-East nation either to help the government in power put down a rebellion or to help the rebels take over the government, could the United States thereafter withdraw its forces and end its armed intervention, confident that the government it had kept or had put in power would remain in power without further or continued American armed intervention? Of course not, that is, not in most cases or situations. If it takes foreign intervention to stop a revolt, it will probably take a continuance of such intervention to keep that revolt suppressed. If it takes foreign intervention to win a revolution, it will probably take indefinitely continued foreign intervention to keep the winners in power.

And this line of reasoning leads up to the conclusion that it will normally or usually be found better for all concerned, including the nation that is a potential interventionist, to let a situation, a war or an interest conflict run its course or work itself out without intervention by one or more outside nations than to have intervention create a situation or a status quo which can only be maintained by an indefinite continuance of such intervention.

The tragedy or dilemma of the world situation and the permanent cold war going on for over two decades after the end of World War II is that the U.S. has either to go on perpetually intervening with armed force all over the world and in all sorts of incipient small wars, or else pull out or disengage everywhere and allow a new and different balance of power to arise as a result of new wars in which the United States will not take part.

The big question to be faced, in connection with any armed

intervention in a foreign war or situation under consideration, is not whether that against which the intervention would be directed is wrong or evil or whether that for which the intervention would be undertaken is good. No, the big question posed by any contemplated intervention in a foreign war or situation is whether it will have to go on indefinitely or, sooner or later, to be abandoned, leaving matters worse than they would have been had there been no intervention.

A simple and excellent example of an American intervention which, for six decades, has worked fairly well, both proves and illustrates the big point about foreign intervention being made in this chapter. That example is Panama. From around 1888, when the French canal-builder de Lesseps failed to repeat in Panama his achievement in Suez, the United States was trying to work out a treaty with Colombia for the building and operation of a Panama Canal. Colombia refused to ratify. By November of 1903 a revolt against Colombia was engineered by Panamanians who wanted to do business with Washington. As soon as the revolutionists took over, the United States Navy, with plenty of Marines, appeared to prevent Colombian forces from landing to suppress the rebellion. Since then, the Panamanians have enjoyed, under treaty rights, complete autonomy over Panama outside of the Canal Zone, with American armed forces in control of the Canal Zone. In 1936, by treaty, the United States gave up the right of intervention in Panama. But it goes without saying that, but for a perpetual American armed force in the Canal Zone, the Panamanian Government, set up by rebels in 1903 and the successors of that government, would not have been able to prevent a successful take-over by the big neighbor, Colombia, always able to overwhelm by armed force the diminutive little republic of Panama.

The big point about foreign intervention brought out in this chapter is that it tends to involve the intervening foreign state either in a perpetual armed occupation like that going on for over a half century in Panama, or else in unlimited and perpetual war, the situation into which the American people had got themselves by the end of the nineteen sixties as a result of fighting and winning for communism two world wars in one short life-

time. In other words, foreign intervention is likely in most cases to amount to change by unlimited rather than by limited war. Need it be argued that, as a general rule, or in the vast majority of cases, if not always, limited war is preferable to unlimited war?

A further and final point about foreign interventions with force to be brought out in this chapter is that one intervention breeds or leads to another.

Broadly speaking, there are two important types of government intervention in today's world. One, already discussed above, is the intervention with force or great economic or other pressure by one state in a war between other states, in a conflict of interests between other states, in a civil war or revolution in another state, or just in a critical foreign situation. Another is that of government or of the state in the affairs and activities, especially those of an economic nature, of private individuals within the given state.

Obviously, every government has to do some intervening in the private lives and affairs of the people under what is called capitalism. But, under capitalism there is more state intervention today than there was before World War II and more just before World War II than there was or ever had been before World War I.

The big operational point to be noted about state intervention in foreign wars or situations and state intervention in the private lives and affairs of the people under its rule is that the first type of intervention must always give rise to or cause more of the second type. This cause-effect connection between state intervention abroad and state intervention at home was almost never or very little considered or discussed before American entry into either of the last two world wars. Nor is this connection between the two types of intervention often or much discussed when American foreign policy and action abroad are being considered.

The cause-effect connection between the two is too self evident and obvious to need any proof or much explanation. Conscription of manpower for fighting abroad, taxation to raise the money for foreign interventions and all sorts of new or additional state regulations and controls required for the waging of a World War

I, with a federal budget of \$21 billion a year, or the cold war in fiscal 1969 requiring a federal budget of over \$186 billion a year, all involve the most obvious types of increased state intervention in and controls over the private lives and affairs of the people whose government has taken upon itself a global crusade in quest of the Millennium.

The more the American state intervenes in foreign lands and in foreign wars, the more it must intervene in the private lives and affairs of its own people, who must provide the fighters and the money for the foreign interventions. Here it is worthy of mention, in passing, that a great many, probably most, of the nice people and of the conservatives who are continuously wringing their hands over the increase in taxation and government intervention in the private lives and affairs of the people at home, are the most ardent champions of more and bigger foreign interventions and crusades. They apparently cannot or will not see the connection between the two types of intervention.

In concluding this chapter it may be helpful to quote the French saying, *Il faut vouloir les consequences de ce que l'on veut*, or, roughly translated into English, one should always will or want the consequences of whatever one wills or wants. The trouble here is that so often people do not foresee the consequences of what they will or what they want. The explanation is that people so seldom think operationally about such consequences or cause-effect probabilities. Thus, millions of Americans in our Southland who were all for fighting World War II to de-Nazify Germany never for a moment foresaw that one of the consequences would be intervention by the federal government to desegregate the South.

Modern War Must Be Socialistic

A conventional mind, thinking about war in a 19th century or pre-World War I frame of reference, may be shocked or confused by the statement that modern war must be operationally socialistic in character. Thinking about war and professional fighting men as he does, the conventionally-minded person is likely to dismiss as utterly absurd the idea that there is or can be a connection between the armed forces, patriotically preparing for or fighting a big war, and socialism. The conventional conservative thinks of a socialist as a crackpot or an extremist trying to harangue a mob from a soap box with a view to setting up a most impractical and chaotic social order. A fighting man in uniform, from a general or an admiral down to a private or a sailor, is, in this pattern of outmoded thinking, just the opposite of a socialist or a communist, either of whom is considered by most conservatives to be a wild, undisciplined nut.

Back in the good old days (or the bad old days) before the French Revolution and before states had started resorting to the highly socialistic method of drafting or conscripting men for military service, wars were generally prepared for and fought by troops hired on a mercenary or a strictly capitalistic basis. The British, at times, in emergencies or moments of great urgency, did impress some men into naval service. But such impressment was not carried out on a universal basis like the imposition of a head tax, an income tax or conscription.

It took the radical equalitarianism of the French Revolution to launch conscription in Europe. By the middle of the 19th

century the most royalist and conservative governments of continental Europe had adopted and were using conscription. The United States first used it in a very limited manner in the Civil War and Great Britain in World War I. In 1948 the United States, for the first time in its history, passed a law setting up *permanent* peacetime conscription. The case always made out for conscription, whether by a reactionary monarchy or a radical, populist government, like that of France during the French Revolution, was essentially socialistic—or, from each according to his ability to fight for his king and country. It rested on about the same propositions as the case for a socialistic distribution of production, or for the Marxist dogma of from each according to his ability and to each according to his needs.

Nothing has more completely and conclusively demonstrated the inherently socialistic character of conscription and modern war than the communist experiment in Russia over the past fifty or more years. Or, just switching the terms, one can say that nothing has demonstrated better the militaristic character of communism or socialism in action than the Russian Communist experiment.

The operational imperatives of sustained, large-scale war, such as conscription, high taxation and extreme state controls of all sorts, amounting to a drastic conscription of private wealth, capital or income, as well as of men to fight and die for the State, are socialistic in character and tend to bring on or force a steady transition or trend towards socialism.

In this country, another popular and still current fallacy of unscientific or unrealistic thinking about socialism or communism has been that socialism (or communism) is inherently chaotic or lawless. The cliché here is that the rule of law is the opposite of or the bulwark against socialism, which is considered the rule of the mob. Obviously, socialism requires for its operation far more discipline and authoritarian rule, or, briefly stated, far more law enforcement or policing than capitalism or free private enterprise.

Under socialism or the public ownership of the means of production, every working person is a civil servant working for the government. The most drastic or authoritarian type of service

of the state is that of the men in the armed forces. All government or civil service has to be somewhat or relatively socialistic. That in the armed forces is the most extreme or authentic type of socialism. Communism in action is simply a state in which everyone is a regimented officer or private in the state army.

Here it may be observed somewhat parenthetically that when, back in the eighteen forties, the English were beginning to get public schools, many conservatives and liberals, such as the editor and founder of the London *Economist*, denounced the setting up of free public schools by the State as socialism or, at least, a big step towards a socialistic society. Many of those mid-nineteenth century believers in free private enterprise even went so far as to denounce public water systems, a public sewage system, and garbage removal as socialism. Well, they were right. All government public services or utilities are socialistic. The issue is one of degree or relativity. Just how much should the State do or how far should it go? The problem for those who dislike or oppose socialism should be one of limiting, not stopping or ending, socialism, exactly as with war.

War forces an extreme enlargement of the socialized sector of any nation's economy. The longer and bigger the war, the more socialistic or the more socialized most people, institutions and folk ways have to become. And here it is to be stressed that the socialism brought on and put into business by the operational imperatives of waging a modern and big war cannot be ended or discontinued just as soon as the war is over. Millions of conscripted men can be mustered out of the service after the end of the war. But even they will continue to be an ever growing burden or charge on the State, as the annual appropriation of some five billion dollars a year in the federal budget fifteen years after the end of World War II and fifty years after the end of World War I [\$7,342,000,000 in fiscal 1969], for various types of veteran aid, conclusively proves. And the not small matter of war debt, to be discussed separately in succeeding chapters, is an economic, social and political factor that goes on operating for decades, or indefinitely after the end of the war, in ways to continue or rather to perpetuate the increased socialization of the state brought on by the war. One great weakness or irra-

tional of conventional conservative thinking about war nowadays is that of not recognizing that what modern, big war requires, in the way of economic and social change for its effective waging, has to go on or to be perpetuated indefinitely after the end of the war.

The rise and spread of communism, as a movement in power and control over large areas of the world since 1917, the third year of World War I, must be attributed mainly to the operational imperatives and the results of modern big war and very little, if at all, to Communist propaganda or propagandists. These are conclusions overwhelmingly supported by facts of record. But they are still not being generally recognized even in the late nineteen sixties.

It is so easy, so plausible and so convincing to blame the rise and spread of communism on Communist propaganda and propagandists, and on Communist conspiracy and conspirators. It is equally easy to get laws like the Smith Act of 1940, enacted to make it a crime to teach or to advocate communism, or, rather, what, for legalistic and technical reasons, has to be described or defined, not as communism, but as teaching or advocating the overthrow of the government by force and violence, and the incitement of members of the armed forces to mutiny and insubordination or undermining their morale.

To say, as is done in this chapter, or as will be said by any rational person who studies the record since 1917, that what communism needed to come to power and to extend its control over a third of the world's population was just two big modern world wars, both fought and won by the United States and its allies, not Communist propaganda or propagandists and not Communist conspiracy or conspirators, is to say what will offend or annoy most Americans. It will shock and displease them because they still feel very strongly against communism and they also feel with equal intensity that World Wars I and II, won by the United States and its allies, were glorious crusades in which the good Americans and their good allies won such a gallant triumph over the wicked, sinful Germans.

The idea that communism is an evil system which is not put

over or set up as a result of the evil scheming, propagandizing and subversive activities of conspiratorial Communists but only as a result of glorious world wars fought by the peace and freedom-loving good nations, can only be bitter pills for most Americans to swallow. But, if they really want to respond rationally and effectively to the Communist challenge, they must face these facts. Passing or trying to enforce laws against the dissemination of Communist ideas, propaganda or doctrines is too silly, naïve and futile for words. For over a half century before the outbreak of World War I a negligible number of dedicated Communists all over western Europe and in the large cities of the United States had propagandized and done missionary work for communism but with no apparent success or progress anywhere.

The evils, failures, abuses and grievances complained of under capitalism before World War I could never have enabled the Communists to win or to seize power. But the results and sequels of two big world wars supposedly won by the major capitalist nations of the world, the United States and Great Britain, did, as a matter of historical record, enable the Communists to seize power in Russia in 1917 and greatly to enlarge their sphere of control over eastern Europe and China from 1945 onward. Surely the lesson to be learned from this historical record is both obvious and irrefutable. Big modern war, and neither the words nor the deeds of conspiring or crusading Communists, is what has to be averted by those who fear and would curb or stop the spread of communism.

To be put over, communism does not have to be rendered attractive or seductive by the words of its propagandists; it is rendered operationally inevitable by the mechanics of big war fought by capitalists, conservatives and anti-communists who just will not think operationally about modern war.

There is no contradiction of what has been set forth in the foregoing paragraphs to be found in the facts that Lenin, Trotzky and the Russian Communists came to power and launched a Communist state in Russia by denouncing Kerensky, who headed the Russian Government in 1917, and by promising to end Russia's participation in the war and to bring the boys home.

Lenin and Trotzky did not commit the Russian people never to fight another war or not to maintain an army. They just promised to stop fighting the war which the Czar had been making Russia fight, and which his successor Kerensky wanted to have Russia go on fighting. That was neither pacifism nor a real anti-militarism on the part of the Communists but just plain common sense in the situation in which Russia was enmeshed in 1917.

To perceive or understand the socialistic nature of modern war one must think realistically and operationally about both socialism or communism and modern war. One will not read any statement in official Communist literature to the effect that communism or socialism is militaristic and that socialism both grows out of war and prospers on or through war. Nor will one read in the books or articles of the great military writers any statements that modern big war and the militarization of a nation or a people necessarily force a transition to or in the direction of socialism or, in an extreme phase, amount to totalitarian and authoritarian socialism. The Communists of Europe did not propagandize to promote the outbreak of the war they needed in order to come to power as they did in Russia in 1917. On the contrary, they propagandized against the wars of the capitalists without which the Communists would never have had a chance of coming to power.

Socialism or communism in books, or in the writing of its supporters, is not the same thing as socialism or communism in action. In conservative literature on the subject, preparing for and waging war, professionally and expertly, is conservative and conventional as well as patriotic. In fact, in reality or in action, preparing for and waging modern war must be radical and socialistic if these operations by the state are to be realistic and effective.

A professional fighting man does not have to preach or practice Marxist socialization of the means of production. Quite the contrary. But, when confronted by the requirements for waging modern war, the civil and armed forces officials in charge must demand and apply as much conscription of men to fight, and of money and material for them to fight with, as the require-

ments of the war may indicate. Briefly or summarily it may be said, the bigger and costlier the war or the preparations for war, the more socialistic the war or the preparations for war must be. This is not a must of faith and doctrine. Nor is it a dogma of military men, patriots or conservatives any more than it is of the Communist doctrinaires. This is strictly and exclusively an operational must.

American defense, or security, officially so-called, in the late nineteen sixties had become a specialized industry and a permanent business, largely by reason of the major technological changes required by the revolution in the nature of war developing from the nuclear arms and space race. The quickest, simplest and easiest way to point up with facts and figures the socialistic nature of this transition is to show that in World War I, 80% of all military requirements were filled by standard peace-time goods, while in World War II only 50% of these requirements were so filled and in 1967, only 10% were being so filled.

In World War I, the uniforms and clothing worn by soldiers, the motor trucks and cars used for transportation, and most of the goods used by the armed forces, except guns, ammunition and a very few special articles, could all be turned out by peace-time manufacturing plants. In World War II, the arms and means of transport required by the armed forces had risen to a far larger percentage of the total war outlay. And most of these military weapons and means of transport were of such a nature that peace-time plants, with the machines and tools with which they were equipped, just could not turn out this new war material. So, new plants had to be built and new machines and tools to be manufactured and put into operation, which were only useful for producing the new specialized weapons and means of movement such as planes and tanks. Now nearly everything the armed forces need or use in combat has to be specially manufactured in plants the machinery and tooling of which cannot produce civilian goods.

Another revolutionary factor in present-day preparations for nuclear war, or so-called defense or security, is that of increasingly rapid and planned obsolescence. As the well-known man-

agement consultant Dr. Peter F. Drucker said in the article he wrote for *The General Electric Defense Quarterly* of January-March, 1959, entitled "New Realities and Old Concepts":

Today we obsolete before we produce. And a long-serving soldier is almost certain to have to learn to use practically new weapons every year during his enlistment. In other words, planned deliberate and speedy obsolescence is the foundation of defense strength today. It is not the capacity to produce weapons that already exist, but the capacity to make us capable of producing weapons that do not yet exist, which is crucial.

Defense production has long become more dependent on innovating genius than on productive genius.

Then there are the revolutionary facts that so-called defense business has become permanent and is no longer temporary. The war state and the war business have now become normal. War is no longer an emergency. Like communism in Russia, the permanent state of war has become conventional in the United States and for the American people. War or war preparation is now America's biggest and most stable business. In brief, war is for Americans what communism is for the Russians and Chinese.

One of the simplest and most irrefutable ways to prove that big wars are now socialistic in their results and that socialism, in action, is relative or a matter of degree, is to take a glance at the statistical records of the United States Department of Commerce or of the Federal Reserve Board of Governors estimating yearly since 1929 the total gross national product, and the three major sectors of the allocation and disposal of the gross national product: (1) government purchases of goods and services; (2) consumer expenditure on goods; and (3) private investment in the United States. Naturally, the largest of these sectors is that of private consumption. The other two, total government spending, federal, state, and local, and total private investment or formation of capital, provide a fairly sound basis for evaluating or calculating the extent to which the American national economy has been socialized. Let the following selected figures tell the story:

Modern War Must be Socialistic

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| | 1965 | 1966 | 1967 | 1968 |
|--|---------|---------|---------|---------|
| Gross National Product (Billions) | \$683.9 | \$743.3 | \$785.0 | \$850.0 |
| Personal Income (Billions) | 537.8 | 584.0 | 626.5 | 680.0 |
| Disposable Personal Income (Billions) | 472.2 | 508.8 | 544.0 | 587.0 |
| Personal Consumption (Billions) | 533.1 | 465.9 | 493.0 | 532.0 |
| Government Purchases (Billions) | 136.4 | 154.3 | 176.3 | 190.5 |
| Federal | 66.8 | 77.0 | 89.8 | 95.5 |
| Defense | 50.1 | 60.5 | 72.6 | 78.0 |
| Other | 16.7 | 16.5 | 17.2 | 17.5 |
| State and Local | 69.6 | 77.2 | 86.5 | 95.0 |
| Federal Reserve Board Index of Industrial Production (1957-1959 = 100) | 143.4 | 156.3 | 157.0 | 185.0 |

In 1919 the total private investment or private capital formation, which includes the private building of houses as well as factories, was \$16.2 billion or just about double the total of \$8.4 billion spent by or on all government operations. At the depth of the depression in 1932-1933 the gross national product had been cut about in half or from \$104 billion in 1929 to \$58 billion in 1932 and \$55 billion in 1933. And private investment had dropped in 1932-1933 from over \$16 billion in 1929 to only \$1 billion. But total government spending in 1932-1933 remained as high as it had been in 1929. As a percentage of total national output, government's spending had risen from around 8% in 1929 to around 15% in 1932-1933. By 1958 the private investment sector was still running at around 12% of the gross national product as against 16% in 1929. But government spending in 1968 was running at the rate of 23% of the gross national product as against only around 8% back in 1929. In other words, between the years 1929 and 1958, private investment as a percentage of

total national output had been cut from about 16% to 12%, but by this time government spending as a percentage of gross national output had almost tripled, rising from 8% to 23%.

If in another twenty years or so in the United States the percentage of the gross national product going into private investment were to drop from 12% to 1% or 2% and if concurrently the percentage of the gross national product being spent by government were to rise from 23% where it was in the late 1960's to 30% or 35%, then it certainly would have to be recognized that the United States had just about gone socialist. Operationally considered, about all there would be to a nation like the United States going socialist would be a shift from private to public ownership of the means of production, or from private to public spending on the creation of capital goods.

Before 1929 and the Great Depression from 1929 to 1939, over the hundred and fifty-odd years of modern private capitalism, it had always been private investment in building and creating capital goods for production that had been the dynamic and the most controlling economic factor. When private investment increased there was a boom. When it decreased to any considerable extent and for any length of time, as of for more than a few weeks, there was a depression; not so any longer or since World War II.

Defense or war spending in the United States in the late nineteen sixties had replaced private investment as the major economic control and dynamic. But, unlike private investment in the good old days, defense or war spending in the United States, just like communism in Russia, was not subject to the ups and downs of the business cycle. There was a business cycle in the past. In the state of permanent cold war, there is no defense or war spending cycle any more than there is a communist spending and investing cycle in Soviet Russia or Communist China.

A mild upsurge in private investment followed the closing and subsequent reopening of all the banks in 1933 under government guarantee of deposits up to \$10,000. For the Federal Government to guarantee bank deposits, of course, was a big step in the direction of socialism. But the recovery from 1933 through 1936 was never enough of a recovery to reduce the

number of the unemployed below nine million. By 1939 unemployment was back up to over ten million, near where it had been at the bottom of the depression in 1932 and 1933. It took World War II to reduce unemployment to a tolerable total of two million and, since the end of World War II, it has taken a permanent state of cold war to keep unemployment down to near where it was before 1929. The key to this full employment achievement since the end of World War II has been government spending on war, that is, on preparation for the next year. Such government spending of over \$40 billion on war preparation in 1958, for instance, just about equalled the total of new private capital formation in the same year.

America's biggest business in the late nineteen sixties, a period of nominal peace or of no state of declared war, was war, just war. In the quest after the millennium of perpetual global peace, war was effectively carrying on the transition of the American economy from capitalism to socialism.

The simplest and most conclusive proof of the propositions that only World War II took the United States out of the Great Depression and only permanent cold war for perpetual peace has kept the United States out of another depression is to be found in the following official Government figures on unemployment:

| Year | Unemployed per cent of labor force |
|------|---------------------------------------|
| 1929 | 3.2 |
| 1933 | 24.9 |
| 1934 | 21.7 |
| 1935 | 20.1 |
| 1936 | 16.9 |
| 1937 | 14.3 |
| 1938 | 19.0 |
| 1939 | 17.2 |
| 1940 | 14.6 |
| 1941 | 9.9 |
| 1946 | 3.9 |
| 1947 | 3.6 |
| 1948 | 3.4 |
| 1949 | 5.5 |
| 1950 | 5. |

| | |
|------|-----|
| 1953 | 2.5 |
| 1954 | 5. |
| 1955 | 4. |
| 1956 | 3.8 |
| 1957 | 4. |
| 1958 | 7.7 |
| 1959 | 5.5 |
| 1960 | 5.6 |
| 1961 | 7.9 |
| 1962 | 5.5 |
| 1963 | 5.7 |
| 1964 | 5.2 |
| 1965 | 4.5 |
| 1966 | 3.8 |
| 1967 | 3.8 |
| 1968 | 3.8 |

Summarizing, one may say that it took Hitler and the Japanese to get the United States out of the 1929-1939 depression—through war—and that after World War II it has taken Khrushchev, Kosygin, Mao and Ho Chi Minh to keep the United States out of another depression.

Anyone who does not like war as the solution for a depression like that of 1929-1939 should come forward with an alternative and not just denounce war. Hitler came to power in 1933 solely because he had a solution for unemployment and because his predecessors in control of the Weimar Republic had not. Franklin D. Roosevelt and the New Deal came in about the same time, in 1933, as Hitler and for much the same reasons. Only, as already pointed out at some length in Chapter 5, Hitler had the war solution for the depression when he took over in 1933 whereas Roosevelt had neither that nor any real solution for the depression. He only had the New Deal. It was only after Roosevelt had climbed on the war band wagon, starting late in 1937, as the American economy was headed downward into another depression, that the United States really got on the road to permanent war prosperity. Roosevelt's predecessor, Herbert Hoover, and his administration had, over a period of more than three years after the 1929 crash, found no solution for the depression. Actually, Franklin D. Roosevelt had no solution either, but he

promised to find one. He did not find one. But Hitler, with war, found one for the United States and the western world. And since Hitler's defeat and elimination, the Communists in the Kremlin and in Peking have kept the U.S. and the western world well provided with a solution for or a preventive of unemployment and depression. As already observed, those who do not like it should offer an alternative or a substitute.

Operational Thinking About Big War Debt

The operational imperatives and results of war debt, the size of that created by World War II, some \$260 billion, and even of that created by World War I, only \$25 billion, are obvious and well established by the record of the fifty years since the end of World War I. But, because of a general and almost total lack of operational thinking about such matters as war and money, the results and operational imperatives of big war debt are simply not being recognized, discussed or even understood by most Americans, nor even by their political and business leaders.

War and government bonds are sacred cows. One is not supposed to talk or write critically about the war one's country is fighting or has fought, or about the bonds it sells to finance the fighting of that war. It just is "not done."

Conventional thinking about war, and whatever financing by means of an increase in the public debt the war may require, assumes that war is always a temporary emergency, and that after the temporary war emergency is over, the debt incurred by the state to fight the war will be paid off out of taxes over a reasonable period of years. Obviously, these assumptions are now completely outmoded and contrary to current realities. War is now as permanent and/or controlling for the American economy as communism is for the Russian or Chinese economy. This fact calls for a new look at the permanent cold war and the inflation it renders inevitable.

The thinking conventionally done about war or about government bonds is now completely outmoded and fallacious. Such thinking is done in a frame of reference in which no consideration whatsoever of such current facts of life as permanent and creeping war inflation is included. The latter is obviously preferred and carried on as the only alternative to an utterly intolerable deflation with a major depression and mass unemployment such as went on for the dozen years from the Crash of 1929 until World War II bailed us out (between eight and nine million were unemployed when Japan attacked Pearl Harbor on December 7, 1941).

Most of the conventional assumptions about any war one's country fights and about any debt, however large, which it may incur to fight that war, are today completely unrealistic. It is assumed that any war one's country fights is worth whatever it may cost. In the frame of reference of conventional thinking it makes no difference that a successful small war like our war back in 1848 with Mexico to steal nearly a million square miles of valuable real estate leaves us with vastly increased assets, while holy wars to end war and to make the world safe for democracy like our last two world wars leave us with greatly increased and continuing liabilities which are offset by no countervailing assets acquired as a result of these two wars.

And it is also assumed by conventional thinking that there is no better investment or no better store of value for the conservation of one's savings or capital than a government bond. Common stocks, real estate and commodities or investments in business ventures are speculative. Government bonds are not. What investment can be better, sounder or more secure than the promise of one's government to pay a fixed rate of interest and to repay a fixed sum of money lent to it?

All such assumptions have been shattered by the experience of buyers and holders of government bonds since World War II. If one had invested in December, 1941, right after the United States entered World War II, the sum of \$75 in a ten-year series E bond, one got back for it in 1951 the sum of \$100. No one who bought and held a United States Government bond until maturity ever failed to collect interest and the full amount of the

principal when the bond came due. But how much in terms of 1941 purchasing power was the sum of \$100 worth in 1951? The answer is, about \$60. So, the good American who, in 1941, took the advice of good patriots, good conservative lawyers, bankers, economists and investment counselors and invested \$75 in a government bond on the promise of his government that he would get \$100 back, actually got only \$60 back; he got rooked out of 20% of his investment in terms of purchasing power.

Nothing could be more fraudulent than the representations or promises used to sell government bonds in a period of permanent and inevitable inflation due to a state of permanent war. But who would dare charge the government with fraud for selling people its war or other government bonds on the representation that such bonds were a safe and sound store of value for the savings put into them? Who would dare impute malpractice or maladministration to bankers or lawyers who, as trustees or administrators of the estate of a deceased person, sold all the common stocks in the estate and converted the proceeds into good sound bonds? Since the end of World War II there have been thousands of cases of estate management in which good conservative trustees and administrators sold out common stocks of the deceased which have since doubled, trebled and quadrupled in value, in order to convert the proceeds into good sound bonds, the dollar value of which has been maintained, but the purchasing power value of which has dropped from twenty to forty per cent according to the length of time involved.

Since the end of World War II the market value of most stocks has risen enormously while the purchasing power value of all bonds has declined with the rise in prices or living costs at a rate averaging around 3% a year for the entire period.

Here again the semantic issue is confronted. What is a conservative investment? In the thinking of any conventionally minded lawyer, banker, economist, investment counselor, business man or investor, a conservative investment is one that conserves the dollar amount invested while earning a modest return. In the thinking of anyone who thinks operationally, any investment, to be conservative, must conserve the purchasing power of the dollar amount invested. Thinking in this frame of reference,

a part of which is recognition of the permanency and inevitability of inflation, given the present war debt and foreign commitments of the United States, an operational thinker must rule out all bonds as not being conservative, and instead regard as conservative only common stocks, real estate and commodities which have a chance of rising in price with the rise in the cost of living. The buyer and holder of bonds just can't avoid being fleeced by continuing inflation. The buyer and holder of stocks may or may not have his purchasing power increased by or in spite of inflation. But he has a chance to beat inflation. The buyer and holder of bonds, for the long pull, has now no chance whatsoever to beat inflation.

One does not have to prove that inflation goes with war. Inflation has gone with most, if not all, of the wars of the past. But, in the past, after the war was over, inflation usually was stopped, deflation set in and ten or fifteen years after every war the United States ever fought, up to World War II, prices were considerably lower than they were at the end of the war. For the first time in American history, prices ten to thirteen years after the end of World War II were over 50% higher than they were at the end of World War II. This statement of fact needs no argument or factual proof beyond the experience of literally everyone. But to have foreseen by ten or fifteen years this inflationary price rise, and today to understand or explain it, calls for a quality of operational thinking, the main subject of this book, such as few people are willing or prepared to do.

The popular line to take talking or writing about inflation is to hold that inflation is an evil and that, for this reason, it has to be, and will be, stopped. Americans just cannot live with sin. That is why they passed the Prohibition amendment after World War I, and that is why they fought two world wars in one lifetime. Those who take this line do not face up to the question why we have had, since the end of World War II, such inflation as never followed any previous war for over a twenty-three year period. Nor do they face up to the following six questions: (1) Did we or did we not get out of the 1929-1941 depression solely as a result of World War II and the inflation that went with its antecedents, its duration and its sequels? (2) Have we or have

we not had since the end of World War II a state of perpetual cold war for perpetual peace? (3) Can a cold war such as we have been waging since the end of World War II be carried on without inflation and with stable prices? (4) To avert another 1929-1941 depression, with mass unemployment, have we any alternative formula to that of creeping inflation? (5) If we have a substitute for permanent war inflation for full employment, what is it? (6) When and where has the proposed substitute for permanent inflation been tested and proved a success since 1929?

Those who say that inflation and war are now not necessary for full employment, or that price stability, with the war debt we have to carry, is quite compatible with economic expansion, have the burden of proof, not those who challenge or contradict them. During 1929-1933, the administration of President Herbert Hoover, with Andrew Mellon as Secretary of the Treasury, found no way to end the depression or to reduce unemployment below ten millions. During 1933-1941 the administration of President Franklin Roosevelt found no way to achieve full employment until, by the end of 1937, the build-up for World War II was beginning to prime the American economic pump. These are facts. Those who say that the Hoover and Roosevelt administrations could have taken and kept the United States out of the depression without World War II cannot possibly prove a case, based on the relevant facts of record or on recent history. They could prove a case in the nineteen seventies only if and after they had got a substitute for permanent cold war inflation into operation with ensuing economic expansion, full employment, and price stability.

The statement that inflation is not inevitable is question-begging, irrelevant and beside the point. Of course, inflation might not have been inevitable if the United States had kept out of World Wars I and II. The commercial banks had to expand the total money supply, or the total of money in circulation and all bank deposits, from \$63.3 billion in 1939 to \$150.8 billion in 1945 at the end of the war. They had to raise the money supply from 30.3% of the gross national product in 1939 to 42.6% in 1945. The gross national product was raised about 75% between 1939 and 1945. To get this increase, the banks had to inflate the

money supply by 125%. War makes inflation inevitable. In 1941, of \$64 billion of United States Government bonds outstanding, only \$2.3 billion were held by the Federal Reserve Banks, which by 1945 had increased this holding to \$25 billion. Similarly, in 1941, only \$21.4 billion of U.S. Government bonds were held by the commercial banks, which by 1945 had increased this holding to \$90 billion. Thus over \$90 billion of bank-made new money was added to the money stream by the purchase of war bonds by the Federal Reserve Banks and the commercial banks.

Inflation is now inevitable because of the war debt created by two world wars and their sequels and because of the permanent state of cold war and the arms race preliminary to a third world war into which the second world war has landed us.

Talk of stopping inflation without stopping the permanent war and arms race to which the United States is committed is as silly as would be talk of stopping weight increase in a person who eats too much, without putting him on a diet.

Operational Thinking About Big Deflationary Debt Retirement

If one thinks legalistically, moralistically, or in an economic frame of reference, normatively, about war debt, even as large as the one World War II left, one considers it obvious that, after the war the big debt has to be gradually paid off or reduced over the years. And so, indeed, it happened after all the wars the United States fought up to World War II. But if one thinks operationally about war debt in connection with our 20th century wars, one must conclude that war debts as large as those of World Wars I and II cannot be reduced without bringing on the disastrous accompaniments and consequences of a big deflation.

The war debts left by the five major wars fought by the United States before World War I could be and were reduced over the years after each of those wars without any such serious results or sequels as went with the 1929-1941 Great Depression. Why the difference between our war debts in the 20th century and our war debts in the 19th century? Well, most of the explanation answering this question can be summed up by saying that those past war debts were nowhere near so big as the World War I debt, which, while ten times the size of our Civil War debt, was only about one tenth as large as our World War II debt. Then too, the war debts left by 19th century wars were not only much smaller than those left by World Wars I and II, but the deflationary effects of paying them off were offset by the dynamic

and expansive forces of the frontier era and the opening up and settlement of this continent west of the Alleghenies.

To use a rather simple, even if a little crude, analogy, one can usually jump or fall from the second story of a house without fatal consequences, or even, as a rule, without serious bodily injury. But a fall from the fifth story or any higher level is most likely to prove fatal. The greater the distance of the perpendicular fall above, say thirty or forty feet, the greater the certainty of it proving fatal. A small fall may not prove fatal or a small deflation may not prove disastrous. A big enough fall or deflation is sure to prove fatal or disastrous. Our last two world war debts have been too big to be paid off or reduced without disastrous results of deflation.

In the theorizing of the classical economists of the 18th and 19th centuries there should be no serious or lasting trouble due to any amount of public debt reduction over a period of years. According to their unoperational thinking, the money taken from taxpayers to pay off or to reduce the public debt is promptly and automatically reinvested or spent on consumption by the recipients or the holders of the government bonds or notes paid off. So, there is no net reduction in total spending or in total effective demand. This is just another application of Say's Law, one of the most influential economic fallacies of the 19th century. According to this absurdly unrealistic and operationally fallacious so-called law, there can never be, over any length of time, either overproduction or underconsumption. All the money spent on production must be promptly spent by the recipients on either more consumer goods and services or else on the creation of more capital to produce more goods and services. But, operationally, it does not always or necessarily work out that way.

One of the most important contributions of John Maynard Keynes (Lord Keynes) to economic thinking in the nineteen thirties was that of developing and pointing up the significance and possible results of the fact that savings need not or do not always equal investment. According to Say's Law and classical economics, investment must always equal savings, or savings must be invested as they are made or piled up. It was not an original discovery by Keynes that savings do not have to be

equalled by investment, but it was a point of fact being largely ignored by most economists and even dogmatically denied by many of them.

Money can be hoarded. The quantity of money in the form of currency in circulation and in demand deposits in banks subject to check payments is elastic, or subject to either expansion or contraction. So too is the velocity of circulation of the money outstanding. Money can circulate more or less rapidly according to the operation of innumerable pressure factors. A big increase in the quantity of money and/or in its velocity of circulation will cause a rise in prices and in total output. Conversely, a big decrease in the quantity of money and/or in the velocity of its circulation will produce a drop in prices. And, as so many outmoded economists refuse to admit, but as was proved during the 1929-1933 stage of the depression, a drop in prices will also cause a drop in production or output, and total employment.

The quantity of money can, over any period of time, be greatly expanded or greatly contracted by the commercial banks increasing or contracting their loans or their holdings of government or other bonds. Bank deposits created by bank loans can be either greatly expanded or contracted, by the stroke of the banker's pen. The banks, after all, make loans or buy bonds, thereby increasing the total amount of their deposits against only a small percentage of money in currency or Federal Reserve Bank credit, averaging only between ten and twenty per cent, held by the banks as a reserve against bank-made deposit money, lent by the banks to borrowers.

How and why in the 20th century does the retirement of a big war debt cause, eventually, a contraction of the money supply in the form of demand deposits and also a slowing down in the velocity of circulation of money? The reasons or the explanations are largely operational. Here it is most important to grasp the significance, for the long run, of the difference between unproductive debt, such as modern big war debt must be, and productive debt, such as is being incurred all the time for the purchase or creation of things having a long-lasting utility, such as buildings, public or private, roads or public works. An increase on account of World War II in the federal debt of over

\$200 billion dollars added to the wealth of the United States no productive capital but only a lot of continuing liabilities, such as steadily bigger defense and foreign aid spending since the end of World War II. During the war period, of course, an increase in private debt and various types of investment did add to the productive capital of the nation.

The increase (around 100%) in American production during and since the end of World War II has required a great deal of financing for new capital investment by means of the utilization of current savings and for an expansion of credit in addition to that required to finance the waging of the war. Suppose the United States Government had started right after the end of the war in 1945 a federal debt retirement program to pay off, say, \$200 billion in forty years, or at the rate of \$5 billion a year, to be taken out of taxes. What would have happened? Would the \$5 billion a year received by holders of government obligations have been promptly reinvested by them in bonds, mortgages and stocks to finance economic growth and expansion which should be at the rate of at least 3% a year? The best answer is to be found in a glance at the ten-year record of federal debt reduction at the average rate of only about \$1 billion a year between 1919 and 1929.

Here it is necessary to think hard about the reactions of mass psychology, business psychology and investor psychology. Prolonged and large scale public debt retirement, unless or except as offset by private debt increase, tends to cause prices to fall. Commodity prices fell around 25% during the ten years between 1919 and 1929. During this period, especially the last two or three years of it, debt increase, notably in the fields of foreign loans, most of which were doomed to go into default, and of expansion of brokers' loans to enable speculators to buy more stocks on small margin accounts, at every rising prices, than they had the cash to pay for, tended to counteract temporarily the effects of the deflationary, commodity price decline, that normally goes with continued and large-scale public debt retirement. But, sooner or later, an increase in unsound debt has to end, if the currency is to be kept on the gold standard and if permanent creeping inflation is to be avoided.

The retirement of some \$10 billion of World War I debt, over the 1919-1929 decade, had to be offset by an unsound credit or debt expansion which, in turn, had to end in collapse. Between 1919 and 1929 American investment abroad increased by some \$10 billion. During the period July 1, 1945 to June 30, 1958, the United States Government spent, lent or gave away abroad a total of \$73.8 billion, \$54 billion of this total consisting of grants or gifts and \$16 billion of it representing long-term loans. No such inflationary giving away of billions occurred in the nineteen twenties after the end of World War I to keep up prosperity and to prevent the crash of 1929 and the ensuing Great Depression. Why could not the retirement of World War I debt have gone with sound credit expansion, economic growth and price stability? The record since the end of World War II, compared with the 1919-1929 record, provides the answers.

The answer to the question, why big debt reduction is not possible without an intolerable crash and depression, may be found in certain operational imperatives. Economic expansion, full employment and a high level of new capital investment cannot go on while commodity prices are falling, especially if a large amount of cash is being paid to holders of government bonds by way of reducing the public debt. Holders of surplus money receiving repayment of their government bonds will not rush to invest such money in new capital goods while prices and consumer demand are falling. They will rather tend to hoard more and more money, or to keep it in idle bank deposits waiting for an upturn in consumer demand.

People do not invest money in construction, in creating new capital goods or in stock inventories for future sale because prices are low and falling. On the contrary, in periods of falling prices, new investment usually drops sharply as people with money to invest wait for a price upturn. It is not the buying price that most interests investors and businessmen. It is the selling price that matters. If the selling price is rising, they will increase investment and inventories at rising costs.

When big reduction of the public debt by taxation, which cuts consumption, causes a drop in prices, it also produces a drop in new investment spending as well as the taxation-caused drop in

consumption. This is why prolonged and big public debt reduction by way of taxation, causing a cut in consumption, is utterly intolerable nowadays. It is nonsense to suppose that after prices have had a big and prolonged drop they will turn up again due to the play of economic factors, about which so many conservatives and economists are still inclined to talk mystically and irrationally, in disregard of the lessons of the 1929-1941 depression. Then, farm prices fell so low that a big farm surplus just could not be sold.

The idea that a sufficient price decline will *always* clear the market is now too absurd to need refutation. The history of farm prices and output over the past forty years proves this conclusively. The Hoover-Mellon Depression economics were completely refuted by the facts and events of that period. The prosperity, which Mr. Hoover and his spokesmen kept asserting for over three years after the Crash of 1929 was just around the corner, never materialized until after Hitler and Japan, through war, had taken the American and western world out of the depression.

Here, and somewhat parenthetically, a few brief observations may be made about the cliché that the United States was pricing itself out of the world market, so frequently heard in 1958 and 1959, as a sharp drop in American exports coincided with an increase in American imports and with an overflow of \$2 billion, \$300 million of gold in 1958. Operational thinking will lead anyone well versed in the economic history, or the economic facts and figures of the forty-odd years since the 1928-1929 bull market in the United States, to the following conclusions: (1) The causes of increased imports, diminished exports and a big loss of gold by the United States from the late nineteen fifties to the late nuclear nineteen sixties were far more complex than the one simple factor of rising prices of American exports, and (2) A big increase in American exports could not be brought about by a sweeping cut in American export prices.

One of the continuing and growing causes of a cut in American exports is, and for over a decade has been, the steadily increasing industrialization of the so-called backward countries, and of countries like Argentina, which can hardly be called backward.

Argentina formerly concentrated on the export of grain and meat or meat cattle, from the sale of which it derived money to buy abroad industrial products it is now manufacturing more and more of at home.

Backward and other countries formerly not highly industrialized but now in process of rapid increase in industrialization would protect with higher tariffs and import quota limitations their new and growing home industries against any keen competition by lower priced imports from countries like the United States. One even sees a highly industrialized and low industrial production cost country like West Germany in the late nineteen fifties, protecting its coal mining industry against the competition of lower priced imports of American coal, much to the distress of American coal mining interests.

The sensationally large loss of gold in 1958 and thereafter to foreigners who could exercise the right to convert their dollar balances in the United States into gold for withdrawal from the United States, a right American holders of paper dollars do not have and cannot exercise, may be attributed mainly to the well founded calculation by foreigners, withdrawing gold from the United States, that sooner or later, and probably sooner rather than later, the present American gold price of \$35 an ounce will have to be raised to keep pace with the falling value of the dollar or the rising price in dollars of all other commodities. Many mines that could profitably turn out gold at \$35 an ounce before World War I when a dollar was worth twice as much as it is worth today cannot profitably mine gold at this price today.

The important fact, however, to keep in mind about an inflationary price rise said, but not accurately, to be pricing American exports out of world markets, is that permanent war spending by government is now the controlling economic factor in American life. The United States has been, for over two decades, giving away to foreigners in the name of "security" from a fourth to a half of the yearly total value of American exports. This fact makes it possible for foreigners to take a part of American foreign aid in larger withdrawals of gold from the United States instead of in exports from the United States. Let the United States stop giving away several billions a year in foreign aid and the outflow

of American gold would swiftly come to an end and probably be followed by some return of gold to this country, to pay for American exports now being paid for by American handouts to foreigners in the name of that sacred cow, defense or security.

And here it is also *a propos* to remark that exports are not so important for the United States as for any other western world country. Let the following figures for 1955 tell this story:

| | Total gross national product | Per capita gross national product | Percentage of the gross national product going into exports |
|----------------|------------------------------------|---|---|
| United States | \$380 billion | \$2,310 | 6.7% |
| United Kingdom | \$ 74 " | \$1,152 | 23.6% |
| Norway | \$ 4.8 " | \$1,061 | 42.0% |
| Germany (West) | \$ 66.6 " | \$ 975 | 21.3% |
| France | \$ 55.7 " | \$ 969 | 15.8% |
| Italy | \$ 37.7 " | \$ 464 | 12.7% |

For most nations other than the United States the function of exports is to provide purchasing power abroad to pay for needed imports which could not otherwise be paid for over any considerable period of time. Not so, however, for the United States. For this country, since the beginning of the Great Depression in 1929, the major function of exports has been to help correct the chronic depressant of underconsumption in the United States. Underconsumption in the United States, of course, could have been corrected or ended just as well by having the government create and give away to native Americans billions of dollars a year for additional consumption. But, of course, that would have been considered terribly wrong.

For the government to be able to create and give away billions of dollars a year of additional money for consumption, a proper moral and legal justification is needed. War or defense provides it. The welfare of the American people does not provide it. War or defense spending is patriotic. Welfare spending is socialistic and evil. For the creation and giving away of billions of addi-

tional dollars to foreigners instead of to native Americans, and for war spending, which, unlike welfare spending is moral, sacred and unassailable, there must be a corresponding increase in the public debt. That, too, is a moral must. The government cannot just print or have the banks create additional bank-made money to be spent on war or defense and foreign aid without setting up additional public debt against the additional money so created and spent on war or given away to foreigners. The government must have increased public debt against the increased expenditures for war and foreign aid. And this brings us back to the subject under analysis in this chapter, namely, the problem and the operational consequences of big public debt increase to finance unproductive use of such additional money for war, defense and foreign aid. The big point here is that additional and unproductive public debt, thus created, can never be paid off or reduced without bringing on a big depression, the essence of which is a cut in consumption, production and new investment, all brought on or intensified by the attempt to reduce the outstanding volume of unproductive public debt.

The ten billions paid in redemption of government war bonds or in reduction of the public debt back in the twenties, prior to the 1929 crash and the 1929-1941 depression, were dollars taken in taxes. They were dollars taken out of consumer purchasing power and made available for investment purchasing power. To make those tax dollars available by paying taxes for public debt reduction, the consumers had to consume less. Well, if, when and as consumers cut their consumption, to make hundreds of millions of dollars available for investors, the latter, are likely, if not certain, sooner or later, to cut or postpone current investment until the drop in consumption is reversed. For a time, but only for a limited ten-year period which ended in 1929, the reduction of federal war debt by cutting consumer spending through taxation was offset by an increase in private debt to finance more effective demand for capital and consumer goods. But this offset could not continue. Obviously, the government can never be reducing the public debt left by the last war and, at the same time, creating additional new debt fighting or preparing to fight the next war. Public debt has to be one and in-

divisible. It has to be in process of increase, decrease or being kept unchanged.

Here it may be asked, by way of disagreement with this line of operational thinking, just why such public debt retirement is any different from all sorts of private debt retirement or repayment, as on mortgages or installment credit, such as goes on all the time. The answer or explanation has to pivot around the point already made that big war debt, being unproductive debt, is different from most types of private debt.

If a man buys a house on a mortgage, as the vast majority of homeowners do, the few hundred dollars a year he pays on the principal or to reduce the mortgage is for him and the economy no different from the money he would be paying as rent, if he were not buying a house.

Money paid on mortgages and consumer credit loans is a form of consumer spending. It makes no difference whether the head of a family spends one, two or three thousand dollars a year buying and keeping up a house to live in, or the same amount on rent for a similar housing accommodation whether in a city apartment or a privately owned house in the suburbs. But if this head of a family has a few hundred dollars a year taken out of his income by all sorts of government taxes to reduce the public debt, he has to cut his consumption or new investment of savings by that much. For what he pays to reduce his mortgage, the homeowner gets something—housing. For what he pays in taxes to reduce the public debt he gets nothing and never did get anything of economic utility. For the money borrowed by the State to fight World Wars I and II neither the government nor the general populace of the United States got anything of value. What they got was the rise and spread of communism over the world and a state of permanent war after World War II. World War I helped create by the war debt it left an economic situation for the United States and other victors of that war in which it was necessary to start a second World War to end the depression and in which, after the end of World War II, it has been necessary to carry on a permanent war inflation to maintain full employment and economic expansion.

It all turns largely on what the recipients of the money taken from taxpayers to reduce the public debt do with that money. Here it may be said by old-time economists that the recipients of money paying off government bonds should not be expected to treat public debt reduction money they receive any differently from the way the suppliers of mortgage credit or consumer credit apply money they receive in repayment. But there is an operational difference. The financing of construction or home ownership through mortgages and of consumer credit is a self-perpetuating business and it involves no cut in total consumption. It is all a part and parcel of total consumption. As money is received by lenders in repayment of loans it is re-lent to new borrowers on similar loans. But, when, as happened in the nineteen twenties, the federal government goes in for public debt reduction to the tune of a billion or so dollars a year, the recipients of that money do not have other public or state borrowers bidding with additional issues of bonds for all of that money.

To have offset in the twenties the deflationary effects of federal debt reduction, it might have helped to have had increased sound state and local borrowing for public works each year by as much as the federal debt was being reduced. That did not happen. The sale of bad foreign bonds, which soon went into default, did for a brief spell in the twenties help offset the deflationary effects of federal debt reduction, as did the expansion of brokers' loans for stock market speculation.

When anyone bought stock, putting down only 20% of the market price, the seller got paid in full in cash. The increase in the total of brokers' loans or debt incurred by brokers to enable them to buy and hold stocks for which their customer buyer had only put up twenty cents on the dollar added to the total of purchasing power or money in circulation. All of the money paid to the seller was not obtained from the buyer. Of course, brokers did not always or usually have to borrow from the banks the entire difference between the total amounts they paid for the purchase of stocks and the total amounts they received on account from buyers on margin. The brokers were able to use considerable balances of idle cash they held in the accounts of many customers.

By the middle of 1928 it was becoming apparent that the racket of selling foreign bonds had soon to end and also the heavy buying of stocks on a small margin, at times as little as 10%. The gathering clouds of defaults on billions of dollars of recently made foreign loans and of the collapse of the stock market boom, long before the first crash on the stock market in 1929, started the hoarding of money by those receiving repayments on loans as well as by all sorts of other holders of considerable amounts of cash or demand deposits. The inherent or built-in tendency of modern capitalistic economies to underconsumption, already discussed in Chapter 4, was, of course, a constant factor making for underinvestment as consumption was being further cut by taxes to the tune of a billion dollars a year by way of reducing the federal debt. The key factor of a causative nature in the prolonged and large-scale reduction of public debt is that of creating pressure to cut total consumption, which has been chronically insufficient for full employment and prosperity since before World War I.

A point to be clearly grasped here is that, to have full employment in a healthy and expanding economy, we must never have any net over-all contraction or reduction of total debt, public and private. As the loan to build one house or factory is paid off, the money received by lenders must be reinvested to build another house or factory or to create more capital goods. This chain is broken when there is big war debt reduction effected by taxes cutting consumption. The crucial factor is that of enlarging through war the total debt of the nation by a third or more. Such a large sector of the total debt cannot be reduced without a tax-caused cut in consumption such as will discourage investment and result in a failure of new investment of savings and of credit expansion for growth and production to keep pace with needs for full employment and expansion. In 1967 about one third of the total debt, public and private, of the American people, of over \$986 billion, was unproductive war debt. To start reducing that public debt by one third of the total of \$986 billion would start a chain reaction of other debt reduction by mortgage foreclosures, bankruptcies and a lack of enough new lending to keep the total debt structure from shrinking or from

failing to expand at the requisite rate of two or three per cent a year.

The key fact about big war debt is that, being unproductive, or no different from billions borrowed and spent by the State to dig holes in the ground and fill them up again, it must prove a sort of millstone around the neck of any economy. That is why our big war debt is not going to be allowed to take us down into another 1929-1941 depression. It is not being paid off in stable sound money, and it is going to be wiped out or scaled down slowly over the years ahead by a creeping inflation, steadily reducing the purchasing power of the dollar and the real burden of all debt. Briefly, our public debt is not going to be paid off in dollars of present purchasing power but is going to be inflated away. Inflation is a lesser evil than a deflation which would plunge us into another 1929-1941 depression. Those who do not like this outlook apparently cannot do anything to change it. All they can do is to go on chanting, "Ain't it awful!" It is awful, all right, but so, too, were the two world wars that caused this pattern of now permanent war inflation as well as the rise and spread of communism over a third of the world's population.

Much of the reasoning about unproductive debt and the operational impossibility or impracticality of any large-scale and prolonged paying off of such debt can be found to have a parallel in the reasoning of St. Thomas Aquinas in *Summa Theologica* and in the writings of his theological predecessors and successors, denouncing the sin of usury. Up to the middle of the 19th century the Roman Catholic Church held to its medieval ban on usury. What, undoubtedly, caused the church to modify its original position against usury was the growing use of credit or loans to create productive goods which made possible and even easy the payment of the interest on the loan and the repayment of the loan.

Broadly generalizing, one may say that the case of the medieval theologians like St. Thomas against usury is still valid against public debt incurred to fight unproductive wars. What almost no one in today's United States or western Europe cares to hear or read is a blunt statement of the obvious fact that neither of the last two world wars was productive for the so-

called winners, as so many previous small and predatory wars to acquire territory, markets, slaves or foreign trading posts, had been for the winners of those easy-to-win loot wars. In general, it may be said that, while some criminal wars of aggression or loot, like our war with Mexico in 1848, have paid off, no religious or holy war just for the things supposed to be "worth fighting for" has ever paid off, or ever will.

In summary, money paid as interest and amortization on sound mortgages is no different from money paid as rent for the use of property. But money paid by taxpayers for interest on and the retirement of war bonds is quite different. It is money being paid in return for nothing of current value or use. It does not mean that much less money is available to pay for the creation or current use of things of value and for current consumption, but it does mean less incentive to invest while consumption is being cut by taxpayers to enable government to reduce the public debt.

If an economy is to be sound, or to operate without inflation, the total amount of money spent on payments for things of no value or utility whatsoever must be kept down. This does not rule out expenditures for pleasure, amusement or luxuries. They may be definitely values or satisfactions quite as much as food, shelter or clothing. But payments of interest and principal on colossally big unproductive war debts satisfy no current or past needs, longings or desires, except for vengeance or indulgence in orgies of moral indignation against foreign devils like the Nazis and the Fascists of yesterday or the Communists of today.

If the money paid as interest and principal on big war debts is not offset by goods, services or satisfactions still in use, why should that matter to the recipients of the money? Must they not spend or invest the money as fast as they receive it? According to Say's Law and most 19th century classical economists, they must do just that. But, actually, as has been explained above, they do not have to do that at all. The record after World War I has conclusively proved this. If, as a result of the big debt reduction, prices are falling and if consumer demand is shrinking, even only a very little, people receiving or holding surplus money, as from interest on or for the retirement of government

bonds, have a real incentive to postpone buying capital or durable goods and to defer investment until prices are lower. This sort of postponing or deferring of investment or purchases can be cumulative. It can snowball into a big depression, exactly as started happening in 1929 and went on until the flight to money was reversed in 1933 by the closing of all the nation's banks, to be re-opened only after the federal government had undertaken the guarantee of deposits under \$10,000 and had ended for good the convertibility of the dollar into gold.

If one thinks legalistically or moralistically about debt, in other than a medieval church frame of reference, one attaches no importance whatsoever to the question whether the debt is productive or unproductive or whether it was incurred to create something of utility and value lasting as long as the debt. The legalist is only concerned with the legal enforceability of the claim and with the ability of the debtor to pay. Well, the legalists got theirs in this matter when the United States government in 1933 repudiated its pledged word of honor promise to redeem its money and pay off its bonds in gold at the old parity of \$20.86 for an ounce of gold. If one thinks operationally about debt, that is, debt of sufficient magnitude to be a major social problem, one is forced to recognize the difference between debt incurred to create things of utility and value lasting as long as the debt, and debt incurred for a war which won nothing to lasting economic value. Here one has to think relatively as well as operationally. A small or a limited amount of unproductive consumer debt can easily be carried and paid off by a person of wealth or by anyone with an income in excess of his minimum needs for current living. A relatively small war debt could be indefinitely carried or gradually paid off by a nation, without causing any serious trouble. Productive debt to create capital goods, assets or public utilities of enduring value can never become too big. It creates the utilities or the goods and services to match its costs in interest and amortization. But unproductive debt definitely has limitations as to how much can be carried, and eventually paid off in hard money.

Here, in closing this chapter, it is important to stress the big point about the inflation going on for over two decades after the

end of World War II, the point that one of the functions of this inflation is progressively to wipe out, over the years, debt that can never be reduced or carried while necessary new financing goes on, as the latter must for continued economic growth or expansion. And this raises a question to be discussed in the next chapter as to whether, if inflation is now inevitable in order to wipe out a volume of unproductive war debt too big ever to be paid off, such inflation will not have to end sooner or later in a total economic, financial and monetary collapse. Operational thinking supports the view that an eventual collapse is neither inevitable nor likely if inflation goes on and that a gradual transition to other patterns of ownership and investment, as in real estate, common stocks and durable goods, is both possible and probable.

Briefly put, inflation today works as inflation in past periods did not and could not work. The explanation is to be found in a careful analysis of changed conditions and in the operation of many new and all important economic factors such as: (1) a steady rise in production due to technological advance, (2) the new machinery for creating money by a stroke of the banker's pen, particularly the bank check payment system which is now taking care of between eighty and ninety per cent of all transfers of money of more than one or two dollars, and (3) the end of the gold standard.

Inflation has got like the weather; everybody talks about it but who says what to do about it? What needs to be said, written and discussed is the removal or ending of the chief cause of inflation. This is precisely what we have long been doing or trying to do. The chief causative factor can be summarized in the words, "National Defense." On the Vietnam War we are spending over \$30 billion a year, and on the race to the moon another \$10 billion. Here are some indicative figures:

| | Figures in millions of dollars | | |
|-------------------|--------------------------------|---------------|---------------|
| | 1968 actual | 1969 estimate | 1970 estimate |
| National Defense | \$80,516 | \$80,999 | \$81,542 |
| Veterans Benefits | 6,882 | 7,692 | 7,724 |
| Total Outlays | \$178,862 | \$183,701 | \$195,272 |

Most of this defense spending buys no return, as in Vietnam or the

moon. Most of our defense spending before World War I bought immediate returns. This is a point we are almost alone in making about our current defense spending, the point that we are getting nothing and can expect to get nothing by way of compensation for our spending on the Vietnam War. And the same point is to be made about our spending on the moon race.

All of our small wars, mostly in Latin America, before World War I paid off in territorial gains. The long drawn out war our soldiers fought against the Indians in this hemisphere during the 19th Century paid off richly in territory settled by our ancestors.

No such compensation is in prospect for our fighting in Vietnam or for the billions we are spending on quests to the moon.

Another factor is the cost of foreign aid which buys nothing of value to the U.S. For 22 years foreign aid has averaged a cost of \$7.78 billion per year. According to a list just issued by Congressman Otto E. Patman, Chairman of the Foreign Operations Subcommittee on Appropriations, aid amounting to a total of \$118,432,000,000 was extended to 120 nations and 6 territories during the fiscal years 1946 through 1968. On the money we borrowed to give away, we have paid interest during these years amounting to \$52,803,000,000. The total cost of foreign aid during these years totaled \$171,235,000,000.

The country receiving the least amount of aid was Swaziland in Africa which got only \$100,000. At the head of the list was Britain which got \$7,394,000,000, followed closely by France which got \$7,021,000,000. Next in order were Korea, \$6,986,800,000; India, \$6,585,200,000; Italy, \$5,329,100,000; Turkey, 5,126,400,000; Vietnam, \$5,042,800,000; Republic of China, 4,873,500,000. In the more than \$3 billion class come China, West Germany, Berlin, Greece, Pakistan and Japan.

Dividing the above total aid figure of \$171,235,000,000 by 22, we find that the average cost of foreign aid during the past 22 years has been \$7,878 billion per year.

As late as 1953 our gold stock amounted to \$23 billion. Now it is down to less than \$10.5 billion. The chief causative factor has been foreign aid and defense spending.

As of December 31, 1967 the public debt of the U.S. Government was \$345,947,345,000. On the same date the debt of all other nations in the world was \$302,128,345,000. Thus, our country owes \$43,819,000,000 more than the rest of the world combined. The total public and private debt of the U.S. exceeds our total wealth by about one third.

Must The Post-World War II Inflation End In A Collapse?

Few hypothetical questions about the near future have been heard more often during the post-World War II inflation, which had been going on for over two decades when the first part of this book was being written in 1967, than that as to how long this inflation could go on or when and how it must come to an end. Those asking such questions were usually quite certain that this inflation or boom, sooner or later, had to come to an end and that the longer it was staved off the more bitter would be the end. The need here is not for new or more facts and figures about inflation but for more up-to-date and operational thinking about recent and current facts which are matters of common knowledge. If one prefaces an answer to the question about what is ahead for inflation with the statement that this inflation or this boom is not like those of the past and that this time almost everything is different, one usually provokes, especially from those old enough to remember the events of 1929 and its immediate antecedents, a sardonic rejoinder that they heard just that new era line of optimistic reassurance about the boom in 1928 and 1929 right up to the Crash. And if one observes that in Soviet Russia inflation has gone on for over fifty years, or since the Communists took over in 1917, with steadily expanding output and never a collapse or recession, one is likely to provoke dark looks or harsh words. One is reminded that the United States is not communist Russia, from which the inference is to be drawn that what the Russian communists can do with perma-

ment inflation can not be got away with in a free, capitalistic country. Well, that inference is not so logical or unanswerable as it may appear to be to many conventional minds.

At the outset of this chapter let it be emphatically stated and clearly understood that whatever this writer may have to say about inflation in the near future should not be taken as advocacy of inflation but only as analysis, diagnosis, prognosis and logical speculation or calculation as to what is possible and what seems probable in the near future. A physician making a diagnosis and a prediction as to what appears probable in a bad case of cancer does not, thereby, necessarily or always express what he would like to see happen.

The oft-repeated cliché of those who sought to rationalize and perpetuate the bull market which ended with the Crash of 1929, that we were then living in a new era in which booms no longer had to end eventually in a bust, as they had done previously, did not then have the bases in fact that a similar statement today has about the inflationary era following the end of World War II. There are to be noted and carefully evaluated several important differences between the ten year era following the end of World War I in 1919, culminating in the Crash of 1929, and the twenty-three year era following the end of World War II in 1945. The following five differences should suffice to support the assertion that this boom is different from that of 1929 and from all other previous booms:

First in importance, perhaps, is the fact that during the entire ten years before the Crash of 1929 commodity prices had been falling, slowly but steadily, because there was, during that period, no such inflationary government spending to support the bull market in stock prices as there has been continuously since the end of World War II. The rise in stock prices in 1929, as commodity prices were falling and after they had been falling since 1920, was most irrational. The bull market since 1948 has been most logical as it has been supported by a creeping inflation and a rise in all commodity prices.

Second, over the decade after the end of World War I there was neither in progress nor even remotely in prospect anything like the cold war or the state of permanent war that has gone

on since the end of World War II, such a situation being a causative factor which renders a commodity price rise operationally inevitable. In other words, the bulls of 1929 did not have the support of a current and continuing price inflation which the bulls of 1968 have and will continue to have as long as the cold war or colossal defense spending of the nuclear nineteen sixties goes on. Briefly stated, there was no inflation to support the bull market of 1928-1929; there has been the biggest inflationary rise of all time both in output as well as prices to support the post World War II bull market.

Third, over the decade from the signing of the Versailles Treaty in 1919 down to the crash in October 1929 and even thereafter, on through the ensuing three depression years up to the closing of all the banks in the United States in 1933, this country was on the gold standard, with its currency convertible into gold, which has not been so since 1934. An inflationary price rise, whether in commodities and real estate or just in equities traded in on the stock market has, sooner or later, to stop and to go into reverse if the currency is redeemable in gold.

Four, the post-World War II permanent war and welfare government spending inflation has, at no time, demanded more of any type of output than the productive capacity of the United States and of other western nations has been able readily to turn out. And there is no likelihood that those in charge, running this inflation, will allow it to cause effective demand for more than a steadily expanding economy can produce, a fact or series of facts making this inflation different from those of the past in which too much money always ended up chasing too few goods. The increase in the supply of goods has been keeping up with the increase in the supply of money and the rise in prices. It is not likely that the bureaucracies of big government, big business and big labor will cause or allow more effective demand, by increasing the supply of money and the velocity of its circulation, than the productive capacity of the nation can meet. We have administered prices, administered wages, an administered supply of money and administered government spending for full employment, with neither a peace nor a free market cloud on the permanent inflation and war boom sky.

Five, the post-World War II permanent war and welfare government spending inflation has been supported and intensified by the policies and action of big business and big labor, as in the collaboration of big business to administer prices so as to keep them rising rather than to allow the play of a competitive free market to counter the price rise, or as in the exercise by organized labor of both political and strike bargaining and pressure power to keep wages ever on the rise. (In 1958 the price of steel was raised 3% while the steel industry was producing only 60% of what it could produce. That was administered price or big business managed price inflation.)

Here it is relevant to add that big business and big labor have a common interest in ever forcing prices, wages, costs and output to rise. They have an equally common interest in averting another 1929-1941 depression. They have no common interest in a price stability which goes with lower consumption, lower output and over ten million unemployed, as happened over 1929-1939, instead of ever rising consumption, wages, prices and only five million or less unemployed as were being enjoyed in the inflationary nuclear nineteen fifties and sixties.

Each of the above five points could be supported by an endless stream of documentation, any presentation of which would seem superfluous in a book having the major objective only of serving as a guide to useful thinking about the near future. It is unlikely that any reader of this book will be ignorant of the five points of fact stated above or will challenge or question them with a demand for elaborate and detailed documentary evidence to prove each or any one of them. So, for the sake of brevity, a compendious, supporting presentation of statistical data is omitted.

To understand why this inflation and boom, sustained mainly by the permanent state of cold war, is so different from inflationary booms and states of war in the past, requires penetrating and logical thought about a whole series of facts, most of which are matters of common knowledge and do not need to be proved to the average person, rather than just the conduct of research into or the reviewing of a mass of relevant facts of history or of economics.

Any number of comparisons, made at random, between condi-

tions in the nineteen sixties and those in the preceding century, will suffice to show why what used to be considered economic laws rendering an indefinitely prolonged inflation impossible are no longer to be considered operative. Here are two sets of figures showing the growing urbanization of the American population and the decline in the agricultural sector of American workers which, when operationally evaluated, show why old and so-called economic laws are no longer valid:

Percentage of population of continental United States
which was urban or lived in towns or cities

| | |
|------|-------|
| 1790 | 5.1% |
| 1850 | 15.3% |
| 1890 | 35.1% |
| 1910 | 45.7% |
| 1940 | 56.5% |
| 1950 | 59.0% |
| 1967 | 69.0% |

Ratio of agricultural workers to the
total number of workers

| | |
|------|-------|
| 1870 | 51.5% |
| 1890 | 40.6% |
| 1910 | 32.5% |
| 1930 | 21.4% |
| 1940 | 17.5% |
| 1950 | 11.6% |
| 1967 | 5.0% |

What is to be deduced from the above figures so far as inflation or monetary law is concerned? Well, for one thing, when, as in 1890, two-thirds of the American population lived in the country and 40% of all workers worked on farms, it was quite possible to have over a long period a much bigger drop in the consumption of manufactured goods and of services daily required by urban residents than would be tolerable today. Then, it was much easier for people working on farms to refuse to take a depreciating currency and to live largely on what they could grow than it is today. Then, the farm workers did not have to buy fuel

for motor vehicles or electric power. Then, they had to buy from the towns much less than they have to buy today.

Most, if not all, of the great inflations of the past, ended in a collapse when and because the over-expanded quantity of money or velocity of its circulation caused it to become worthless or nearly worthless. In those periods, a number of conditions of key importance prevailed, all of which are now absent. One was the circulation and obtainability of gold and of foreign currencies redeemable in gold and not involved in a wild inflation or decline in purchasing power. Thus, in Germany, during the post-World War I inflation in which the German mark in a very short time declined in domestic purchasing power and foreign exchange value to the point of becoming worthless, it was always possible and, as a practical matter, relatively easy, for people in Germany to convert German marks, in small amounts, into all sorts of foreign currencies, the American dollar and the Swiss franc being among the most highly valued.

The inflationary price rise or decline in purchasing power of the local currency, as of the dollar in the United States, the pound sterling in England or the franc in France, in the post-World War II twenty-three years of inflation has not been anything like as rapid as that of the German mark and of many other currencies following World War I. And there has been almost nowhere, certainly less in the United States than anywhere, a tendency to convert units of the local money into units of a foreign money for purposes of hoarding.

In France and even in relatively stable Switzerland, there has been considerable hoarding of small amounts of gold by individuals. But here in the United States it has to be recognized that gold no longer plays the role for hoarding that it played in the 19th century and earlier, simply because the amount of purchasing power held in money by millions of people in the post-World War II period and down to the present is so much greater relatively to the amount of gold bullion or gold coins available than it was from fifty to five hundred years ago. Today there are just too many people holding too much money in currency and bank deposits to make any large-scale flight to gold possible, even if the gold reserves of the different state banks or govern-

ments were made freely available for purchase by anyone offering paper money. America, with the largest gold reserve in the world (around \$20 billion in 1959), and nearly half of the world's total gold reserves, could not redeem much more than 10 per cent of all the money in currency and all demand deposits and savings deposits outstanding.

And, today, the world's best currencies, with the possible exception of a few like that of Switzerland, are all about equally on the inflationary skids. Why should an American, apprehensive of the future purchasing power of the dollar, want to turn his dollars into pounds sterling, French francs or almost any other foreign currency, likewise on the inflationary skids?

Gold used to be a practical store of value for most people with a small amount of money purchasing power and a mistrust of a paper currency in circulation. It is no longer. People with savings or capital can and must now and from now on seek and find a store of value in things, real estate and common stocks, not in gold and not entirely in ever-depreciating paper money or promises to pay a fixed amount in the same paper money.

The logic of this situation for anyone fearing inflation and the decline of future purchasing power of his money in local currency is not to try to convert it into another equally bad currency but to convert as much of his money as he can into things, or into paper giving a right or claim to things, all of which will rise in dollar value as the dollar declines in purchasing power.

The backbone of the post-World War II bull market on the stock exchange which got going in 1948 has been a rising tide of sophistication or operational thinking about economic, monetary and price trends. In a word, people who make the stock market or determine its trends have been getting wise to what is going on. They are learning how to think about money with a view to beating inflation or hedging against it by putting their wealth or savings into things that are rising in dollar value and not into dollars which are doomed to go on declining in purchasing power.

The creeping inflation going on for over two decades after World War II was being rationalized and rendered inevitable by permanent, cold war but war really being continued because

of hidden and not frankly admitted persuaders, which were the motivations of maintaining full employment and steady economic expansion with no relapse into another 1929-1941 depression. It is a new and world-wide social and economic pattern. As to the future of this pattern one must think operationally or speculate and calculate. For accurate predictions as to what will happen one cannot turn to and rely on experts, natural laws or historical precedents. One must try to think out and through the behavior of the now controlling or guiding factors.

This line of reasoning leads to the calculation that the creeping inflation rationalized and imposed by permanent war can go on indefinitely or as long as the permanent cold war can go on. Well, there have been a Thirty Years War and a Hundred Years War in the past. There is no good reason why the present cold war cannot go on for decades and decades. In ten, twenty or thirty years, when the fifty cents dollar of 1967, in terms of 1939 purchasing power, will be a ten cents or a five cents dollar in the same terms, what will be simpler or easier than to issue a new dollar worth ten of the old dollars? In Russia there has been continuous inflation since the Communists came to power in 1917 and it has worked. There has been no collapse as a result of inflation. There has only been a revaluation of the currency or a conversion of so many old rubles into one new ruble. And in 1959, Allen W. Dulles, then chief of the American Central Intelligence Agency, stated that Russian economic expansion or increase in gross national product was proceeding about three times as fast percentage-wise as such expansion or increase was proceeding in the United States.

What the Communist bureaucrats have been able to do so successfully with or through continuous inflation over a fifty-year period, the American bureaucrats of big government, big business and big labor should be able to do indefinitely, using the same formula. We Americans are having great success in the late nuclear nineteen sixties at imitating both the Nazis of yesterday and the Communists of today as well as yesterday. We are following Hitler in the use of war for economic recovery and full employment. We are following the Communists of Russia in the use of inflationary government spending for full employment.

The economists who met in early May of 1959 at Columbia University's fifteenth American Assembly at Arden House in Harriman, New York agreed that what some called the devil or villain theory of inflation was untenable. They found that in the post-World War II period the American people had been pursuing four economic goals which they had assumed to be compatible one with the other but which many economists and most of those at this Arden House meeting were coming to recognize as being incompatible. Those four goals were price stability, full employment, economic growth and free collective bargaining with industrial peace. The author of this book in a weekly newsletter, *The Appeal to Reason*, which he has been putting out since 1946, has consistently maintained that full employment with steady economic expansion was not to be attained with price stability, given the many controlling factors such as big war debt and a permanent state of war, now being called defense, which have been continuously operative since the end of World War II.

The most embarrassing questions posed by those who say that the post-World War II inflation cannot go on indefinitely, any more than could any of the great inflations of the past, revolve around the baneful effects of big and prolonged inflation on people living on fixed incomes, and particularly those whose life savings or inherited estates have been put into bonds, mortgages and life insurance or fixed annuities. The answer to this line of questions or argument against the possibility of the present and recent inflation being indefinitely continued has to make the following points:

First, as already stated more than once above, it is now possible and easy to shift savings and capital from fixed investments into real estate, stocks, mutual funds and commodities or into things that will rise in dollar value as the purchasing power of the dollar falls. Some of the life insurance companies are already working out variable annuities to be sold instead of fixed annuities, the variable annuities being based on common stocks and real estate instead of bonds. It is quite possible for the savings banks to work out deposit arrangements whereby a depositor of savings can acquire a claim to a share of the value of investments

in stocks and real estate instead, as at present and in the past, of a claim to the exact amount of dollars he may deposit.

Second, the hardest hit victims of inflation, whose savings or estates will be cut down in purchasing power value by reason of inflation, are and will be mostly people not capable of exercising as much political or economic pressure and power as are the large and powerful interest groups whose wages, selling prices and profits will rise on the inflation escalator. In other words, the aged living on fixed incomes from insurance annuities or estates, invested in bonds, will not be able to come anywhere near matching the power of organized labor or big business management.

Third, there is and will be nothing new about economic, political and social trends shifting so as to favor one class or several classes while greatly disfavoring another class or other classes, which formerly had been favored. Any idea that those who are now marked as the future victims of inflation will at some point rise up and do something to end inflation or to cause it to be stopped seems to anyone who thinks operationally about the matter to be most unrealistic and naïve. No doubt, war veterans and workers belonging to big unions, living on fixed pension incomes, will be able to exert pressure to get their fixed pension incomes raised as the cost of living goes up. But what these groups, highly organized and politically potent, will be able to do to get their fixed incomes raised, cannot or will not be done by the many millions of unorganized and politically impotent people living on fixed incomes from investments in bonds, whether made by themselves or made for them by trustees or administrators of estates or by life insurance companies, banks or investment counselors. This is why all prospective victims of inflation should start right away trying to hedge against inflation, as, at present, it seems so easy for anyone with capital or savings to be able to do.

The sensational rise in the amount of mutual fund securities sold over the past twenty years and still being sold is just another straw in the wind or another piece of evidence that more and more people are catching on or getting wise to inflation. What is happening to government bonds also proves the same trend.

Here it is to be emphasized that no collapse of inflation through the failure of government, whether federal, state or local, or of big utilities and corporations, to find takers for their bonds is at all likely even if there is a continued and increasing shift by private investors or savers of money from bonds and fixed investments to equities. The reasons are as simple as they are obvious. The banks and life insurance companies have to go on buying and holding bonds against their liabilities. The banks cannot, by law, hold common stocks as assets against their deposit liabilities. Nor can the life insurance companies hold assets of variable value like stocks against their fixed obligations to the beneficiaries of life insurance.

And it should not be necessary to argue the point that inflation has no chance of putting either the banks and life insurance companies, the big market for bonds, out of business. Even the most sophisticated investors, shifting from bonds to common stocks and real estate for the long pull, will keep about as much money as ever in the bank if only for taking care of current payments made by check. And they will also carry some life insurance while accumulating an estate in common stocks and real estate. They will carry some life insurance in the future in spite of inflation, though not so much as in the past, as a matter of protection for their dependents or the beneficiaries of their insurance policies against the always possible eventuality of an early death, or of not living as long as life expectancy tables and physical examinations would indicate they should live. Life insurance is a good gamble. If you die before you should, you win. If you live as long as you should, you lose a little but not a lot, except as inflation makes dollars worth less and less.

Briefly, in the current and coming inflation there is no danger that the bond market will collapse. The reason is that there is no danger that the banks and life insurance companies will either collapse or suffer any contraction. Here it is to be kept in mind that inflation is no threat or problem for the banks. Their fixed liabilities to depositors in banks or to the life-insured do not become more difficult to meet or to carry as their purchasing power goes down. The banks are debtors to their depositors. Debtors have little or nothing to fear from inflation. Inflation makes

debts easier to pay and more certain of payment. The debt burden grows lighter as prices rise. Inflation will also reduce defaults on bonds and mortgages because inflation will raise the value in paper dollars of the collateral or of the property behind the bonds and the mortgages. Depositors in the banks will suffer from inflation but not the banks or those who have issued bonds bought by the banks or those who have borrowed from the banks. Inflation will make it easier for all debtors to pay their debts and interest on them when and as due. In a word, inflation is nothing for banks or bankers to worry about. It is only something for their depositors to worry about.

Collapses of inflationary booms—and here it is to be repeated that the stock market boom of 1927-1929 was not inflationary insofar as any prices except those of stocks traded on the Stock Exchange were concerned—have been brought on usually when the point was reached beyond which people would not take the inflated currency but demanded other money, or gold, or other goods in barter. As already explained, no such point is likely ever to be reached in the current inflation even if the purchasing power of the dollar in time falls to ten cents, five cents or as little as one cent in terms of its 1939 purchasing power. At some point in the price rise, a new dollar would be issued for five, ten, twenty or more of the old dollars. But, while the inflation was going on, the American people, or any other people whose money was going down in value, would have no alternative but to go on using their money as a means of exchange. They would, however, use it less and less as a store of value. That would only mean a flight from the dollar such as would keep production, consumption, sales, employment and the creation of new capital goods continuously soaring to new all-time highs.

In most past inflations people could and did make a flight from their own, a bad money, to another, a better money or to gold. But, as previously explained, no such flight is any longer probable or even operationally practical on a large scale. The flight from the dollar under the current and coming inflation will take the form of a flight to goods, services or things and claims thereto. That flight from money or from the dollar will never be a problem but will rather be a boon, as long as the output or supply of

things to be bought with money continues to rise along with prices and the quantity of money outstanding. And just that seems sure to happen as the flight from the dollar goes on.

The more deeply one thinks about this inflation, the more one becomes convinced that it can go on indefinitely if, as seems nearly certain, the money managers only turn on the money enough to keep unemployment down and the gross national product steadily rising. It is unrealistic to suppose that the money managers would at any moment flood the country with additional money to cover additional government spending when the economy was producing at its maximum, unless, of course, the country were in a state of all-out war.

To say that inflation cannot be kept under control may sound plausible to those who have in mind certain past inflations, stock market booms, like that of 1927-1929, which was not supported by the monetary inflation it needed, and most other previous attempts at price control. Inflation control is not the same thing as price control. Price control is always up against black market operators and operations. Inflation control is never up against private counterfeiters of money. Inflation control in America in the coming years should be just about as easy and practical as it has been in Communist Russia over the past fifty-odd years. And the results of the new American inflation should be quite similar to the results of permanent inflation in Communist Russia, namely, a steadily expanding economy and gross national product.

If the post-World War II inflation or permanent war boom had been the result of large-scale extensions of credit by others than the banks and had not been implemented by large-scale bank monetization of government debt to increase the supply of money, the situation and future outlook would have been different in the sixties. In the past, many booms or business cycle upturns were due mainly to a large-scale increase in private credit by merchants and others, rather than to a corresponding increase in the supply of money by bank purchases of bonds and bank loans or bank monetization of debt.

In the past, when a large percentage of the private business creditors or sellers on credit found it impossible to collect a lot

of payments when due, there was a crisis which the banks did not usually relieve by monetizing a large volume of bad debt. Today, the biggest borrower, buyer and spender is the federal government and, no matter how much it spends beyond income, the banks have to monetize its debt by buying all the government bonds or short-term paper that cannot be sold to private investors or buyers.

Answering the question posed in the title of this chapter, the operational thinker about permanent war inflation in America to maintain full employment and a steadily expanding economy can only say that the probabilities he sees ahead are that this inflation will work smoothly and go on indefinitely unless or until the outbreak of a third world war of nuclear co-annihilation ends just about everything and everybody on this earth. The cold war has to be kept up for full employment and steady economic expansion. But it has to be kept phony for the survival of the human race. That it can be kept up indefinitely seems far more likely than that it can be kept phony indefinitely. That the permanent cold war to maintain inflationary government spending for full employment cannot be kept phony indefinitely, and not that inflation will collapse or that it cannot be kept up indefinitely, is what the realist, thinking operationally, finds most reason to dread. In other words, briefly stated, it is a nuclear armageddon and not another 1929 crash and another 1929-1941 depression that the realist most fears in the future.

Outmoded thinking about money as about so many other economic factors is one of the many signs of the times and just a part of a cultural lag which is nothing new. What is not generally or widely being recognized in a period of so much emotional anti-communism is the fact that the United States, like all the other countries of the western world, is operating on a system of socialized money. The Federal Reserve Act of 1913, setting up the Federal Reserve Bank system, was nothing more or less than an epoch-making step in the direction of socialization. This step was not conceived, planned or taken under the direction or at the instigation of socialists but by arch-conservatives like the late Senators Carter Glass and Nelson Aldrich, and

like Wall Street big banker Paul Warburg of the immense investment banking house of Kuhn, Loeb & Co.

The dynamic motivation was to protect the banks of the country rather than to make money available in practically limitless supply for the social welfare or the service of all public interests. It was the banking crisis of a recent past, notably that of 1907, which had convinced arch-conservatives like Senators Glass and Aldrich and bankers like Warburg that the banks and, incidentally, the country had to be protected against large-scale bank closings in periods of crises when runs were made on the banks. Only a socialized money, such as the Federal Reserve System was set up to create and operate, could do this job.

It is significant and somewhat amusing here to note that the most fanatical believers in a free market system of private ownership, production and trade, generally agree that privately owned and managed banks should not be left to the fate of other private enterprises in hard times or moments of crisis but should be protected by the money creating power which legally can only be exercised by the State. The harshest critics of socialism are all for a socialized money system to protect the banks and their depositors as well as to enable the government to fight big wars, but they are not in favor of large-scale social welfare spending by the State.

The first test of the new socialized money system came in World War I. It was met most successfully. The next test came in the Great Depression after the crash of 1929. That test was not met so well or, for that matter, met at all. The reason was not that the Federal Reserve System of socialized money could not have met the depression test as it met the World War I test, but that welfare did not in 1929-1933 and does not in the period since 1939 rank with war in the thinking and attitudes of the ruling elite and of their conforming underlings or the masses of America.

The Federal Reserve System of socialized money could and did make the financing by the Federal Government of World War I both easy and successful. But, from 1929 to 1941, having no war to rationalize an adequate use of the socialized money system, the United States Government, and its socialized money

system under the management of the Federal Reserve Board, just could not achieve and maintain full employment and economic expansion.

As there are any number of competent and authoritative text books setting forth in full detail all the mechanics of the Federal Reserve System of socialized money, it would seem superfluous in this book to present even the most condensed and elementary digest of the contents of any one of these text books or to offer a review of the vast literature on the subject. All that is undertaken in this book is the making of a few obvious points not being generally recognized, discussed or even mentioned in regard to our socialized money system and what has been, what is being, and what could have been done with it.

The best brief or summary statement of the money function in the present day world that the author of this book can think of is a phrase he coined, asking a question early in 1933, during the bank crisis which was closing all the banks of the nation and forcing the abandonment of the traditional gold standard. That phrase was, "Money—Master or Means?"

If the Hoover Administration had used the spending power of government and the money creating power of the Federal Reserve System to end the depression on the scale of adequacy those powers were used to fight each of two world wars, the depression could and would have been ended in as brief a period as it was ended during the first few months of World War II, and World War II might even have been averted. Had the American depression been ended in 1930 it is fairly certain that Hitler would not have come to power in Germany in 1933. Not only the Hoover Administration but also its successor, the Roosevelt Administration, refused or failed to use the socialized money machinery for full employment and economic expansion adequately, as that machinery has been used, since America's permanent commitment to a state of "perpetual war for perpetual peace," to quote the phrase coined by the distinguished historian, economist and revisionist, the late Dr. Charles A. Beard, and subsequently elaborated upon and disseminated around the world by the equally distinguished historian, economist and revisionist, the late Dr. Harry Elmer Barnes.

“Money—Master Or Means?”

Back in February 1933, the author of this book was asked to write two articles on the banking crisis for *The Nation* by its editor-in-chief, Dr. Ernest Gruening, later to become the territorial governor of Alaska under the Franklin D. Roosevelt administration, and in 1959 to become one of the first two United States Senators from Alaska, the new 49th state of the Union. The crisis was then racing to the climax in which all the banks of the nation had to be closed as the Hoover Administration went out and the Roosevelt Administration came in on March 4, 1933. As a preliminary to his writing of those two articles, the first of which appeared in *The Nation* of March 15, under the title, “Can the Banks be Made Safe?” and the second being published in the issue of March 22, under the title, “Money—Master or Means?” the author had lunch with three staff editors of *The Nation*, Dr. Gruening, Freda Kirchwey, and Henry Hazlitt, and attorney Morris Ernst, to discuss the bank crisis and the money problem as well, of course, as the crucial issue of that moment, and what might be done about these and other related problems.

At that lunch a sharp and a fundamental difference of opinion developed between this writer and the four others present, mentioned above. The three editors of *The Nation* and Mr. Ernst agreed that the devaluation of the dollar in terms of gold or the raising of the gold price from the then legally established parity of \$20.86 an ounce to some much higher price was the obvious

solution of the money and banking problem of the hour. Indeed, in their considered judgment, largely influenced by the monetary theorizing of Cornell Professors George F. Warren and Frank A. Pearson in their books, *The Interrelation of Supply and Prices* (1928) and *Prices* (1933), raising the gold price was about all that was necessary to put everything of a monetary, banking and economic nature just about right by raising all commodity prices as much as the gold price was raised.

The author of this book, at that lunch and in the two articles he wrote for *The Nation*, disagreed with the view that devaluation was a solution, the view which, incidentally, President Roosevelt followed later by raising the gold price from \$20.86 to \$35 an ounce. The position of this writer back in 1933 and all during the preceding depression years as to devaluing the dollar by raising the gold price was, as he put it, in his second article, "Money—Master or Means?" that:

The behavior of money and prices can never be the subject of a theory valid for predicting the future or controlling prices. The future is determined by future decisions of human beings. Human and monetary behavior is history; and history only teaches that history teaches nothing. If the present collapse of money and credit teaches anything, it is the absurdity of every theory of money, credit and prices which professes to be more than a historical and philosophical explanation of how and why men reacted as they did to a given past situation which will never be duplicated and probably never closely approximated.

And:

Reducing the gold content of the dollar will increase the purchasing power of those few people who own gold or gold mines. Changing the ratio of dollars to the gold buried under the Federal Reserve Banks will not put more dollars into people's pockets or bank accounts unless banks choose to create more loans.

The editors of *The Nation* ran an editorial on "The New Bank Law" in the same issue that it ran the second Dennis article ("Money—Master or Means?"), in which they came out again for devaluation as a solution and observed:

By suspending gold payments we have for the time being

abandoned the gold basis. . . . Elsewhere in this issue we print an article by Lawrence Dennis, taking a different point of view but we cannot accept his criticisms of devaluation or his own plan for the issuance of government fiat money. To issue such money would create in our opinion a situation that could not be controlled; the value of such currency would fluctuate daily largely in accordance with the whims of international speculators. A price in any gold-standard country represents the relation between the value of gold and the value of the commodity price. . . . If the gold unit in which the price is expressed is cut in half, the price, other things being equal, will double. As other things will not be entirely equal, this consequence is not inevitable; it is merely immensely probable, but in all human affairs we must deal with probabilities and not with certainties.

How right subsequent events have proved the contention of the author at that lunch and his theses in those two articles for and published by *The Nation* thirty-five years before the completion of this book. How right was the opening sentence in the first of the two articles, stating: "Deflation has taken the final count." And how right was his diagnosis and prognosis in the second article, reading as follows:

Paradoxical and ghastly as it may seem, war creates the necessary will for activity to save a people from the paralyzing effects of sound money. A passion for social welfare might generate a will to spend and consume if the people had a humane religion as well as a national patriotism. Hitler and Mussolini show leanings toward the war generator. Japan has started it. The state everywhere is able to command. The banks can furnish the money for war, for profits if they are to be had, or for welfare. The people must eventually say which and give the word go. They can, and of course should, declare for welfare. Money is a means to the achievement of man's ends, not his master.

It took time—over ten years—to prove correct the thesis set forth in 1933 as to money and recovery. President Roosevelt, of course, went along pretty much with the thesis of *The Nation* and of the Warren and Pearson school of thought about gold being all important and the devaluation of the dollar, by the raising of the gold price, being a sure long run solution for the depression. And the more or less simultaneous or closely linked

in time (1) suspension of the convertibility of the dollar into gold at any price and forever, (2) the reopening of the banks under the Federal Deposit Insurance Corporation with a United States Government guarantee, than which nothing could be more socialistic, of deposits under \$10,000, and (3) the raising of the gold price from \$20.86 to \$35 an ounce, were followed by and, no doubt, contributed to, the upturn between the bottom in March 1933 and the top of that limited and relatively small as well as short recovery in late 1935.

As all key economic figures, including especially those given on pages 145-146 of this book, indicate, the total number of unemployed over the 1929-1946 period conclusively prove that there was no full recovery after 1933 until World War II had got well under way and had sucked the United States into the world-wide maelstrom of war. Here again events subsequent to March 1933, when the Roosevelt Administration and the New Deal came in, proved how right was the general thesis of the second Dennis article in *The Nation* of March 22.

The author of this book, writing about money and the banking and economic crisis in March of 1933, was so right and the sound money, gold standard and devaluation cultists from Professors Warren and Pearson right up through the editors of *The Nation* to President Roosevelt in the White House were so wrong for mainly two reasons. He was then thinking operationally about money and economics while the gold standard and devaluation cultists were thinking not operationally, but in the frame of reference of history and of theorizing based thereon as to the behavior of money, markets, prices and economic factors in general.

In his second article, the following passage was in harmony with the thinking of the Warren and Pearson devaluationists who thought to put everything right by raising all prices through a fiat raise in the price of gold, but this passage was completely contrary to the consensus of classical economists for over a hundred and fifty years:

If falling prices stimulated demand or righted anything we should not have the present depression and all the banks closed after twelve years of falling prices.

Where the operational thinking of the author conflicted with the faith-and-doctrine economic thinking of the sound money, gold standard and devaluation cultists was over the results of devaluation and the raising of the gold price. The operational thinker said that, just as falling prices had not increased or stopped the drop in sales and output over the three depression years, so a simple fiat of government raising the gold price would not cause an ensuing rise in all other prices and in sales and production. The issue, for the rational mind thinking operationally, was one of what, if any, effect a mere raise in the gold price by government fiat would have on all other prices and on total sales and production.

Of course, in the Great Depression of the nineteen thirties, as already stated, a general decline in all or most commodity prices, contrary to the faith and doctrine of the classical economists, caused a decline in total consumption, sales, and production, as well as, necessarily, in total employment. And, conversely, a rise in all prices since World War II began has caused an increase in total sales and output as well as total employment. In the operational thinking of a logical mind, back in 1929-1933, there was, as there is today, no good reason to suppose that just an artificial government fiat-produced raise in the price of a single commodity, that of gold, would cause all other prices to rise correspondingly or at all. The United States Government had to spend this country out of the Depression. And it has had, since the end of World War II, to keep this country out of another depression by an unprecedented amount of public spending. But such unprecedented government spending has had to be rationalized or justified by war.

As the operationally thinking mind saw things way back in 1933, if the government were to start spending every year tens of billions of dollars of fiat money, which includes bank-made money to buy government bonds, and for the purchase of additional goods and services, as World War II made the government do, then such government spending would, most unquestionably, cause a terrific rise both in all commodity prices and in total sales and output from the Great Depression lows. That, of

course, the sound money or gold standard cultists could not think of approving, except for or in case of war.

The majority of the sound money and sound finance cultists, whether so-called liberals or conservatives, back in 1932-1933, wanted government to raise all prices by raising just one price, that of gold. Such thinkers about economic problems, being essentially conservative or liberal, if you prefer that word, and not being radical (radical in the sense of going to the root of the matter) thinkers about economics, wanted an upturn in all prices and in total sales and production without any inflation or without any resort whatsoever to government spending of a limitless supply of fiat money sufficient in sheer quantity to cause the desired upturn. Such thinkers about the economic crisis that closed all the banks in the United States included not only the editors of *The Nation*, the conservative and liberal cultists of the gold standard, of sound money, sound finance and sound, i.e., classical Adam Smith economics and, of course, President Roosevelt and most of his original brains trust, with most of whom the author of this book had had personal contacts before March 4, 1933. Most, probably a large majority, of the American people agreed with this consensus of opinion among their leaders back in 1933.

Well, there was plenty of opportunity over the six years after President F. D. Roosevelt's first inauguration to try out the theory (and supposed solution) of a dollar devaluation in terms of gold. Its champions in political power even supplemented the gold devaluation of the dollar a little but far from enough. This was done by some additional government deficit spending by way of priming the pump. But, of course, as the operational thinker so clearly saw from 1929 on through 1941, such moderate or limited pump priming by government spending and petty deficit running was absurdly inadequate to do the job that had to be done, if the depression was to be ended or if unemployment was to be brought and kept down below ten million or under 15 to 20 per cent of the total labor force. As already pointed out repeatedly in this book, it took Hitler and World War II to get the United States and the western world out of the 1929-1939 depression—neither more nor less. It took war to cause a sufficient increase

in deficit spending by government to bring and keep the total number of unemployed below ten million where it was in 1939. The writer of this book predicted all this in his article in *The Nation* of March 22, 1933.

Hitler could never have come to power in Germany in 1933 had the Bruening Government or its predecessors in the Weimar Republic taken the steps Hitler took or similar steps, other than those leading to war, to end deflation and mass unemployment in Germany. World War II would never have happened if the political leaders of the western world, including the United States, Great Britain and France, as well as the Weimar Republic of Germany, had responded to the challenge of the depression with a solution to end unemployment as adequate and as effective as Hitler's war solution. Why was this not done? The answer can be summed up by a restatement: the leaders of the western world in that period, who included such celebrities as our President Franklin D. Roosevelt and later Britain's Prime Minister Winston Churchill, never brought to the challenges and problems of the 1929-1941 depression the sort or quality of operational thinking which is the major thesis of this book. Their thinking was outmoded and in terms of some one big solution or panacea such as devaluing the dollar or a limited one such as starting a program of partial and insufficient aid to certain depressed sectors or areas like agriculture or the Tennessee Valley, rather than in terms of a continuous quest after domestic welfare, national security and survival with progress through the day-to-day achievement of hundreds, yes, thousands of programs, many of which would not produce lasting solutions.

Summing up the major thesis of this chapter on "Money—Master or Means?" one which more or less answers the questions so often asked and posed for replies in the preceding chapter on "Operational Thinking about Money and Finance," it may be said that operational thinking today leads to the following conclusions about the longest inflation, boom, and bull market in history:

- 1) Societies in the last half of the 20th century are not likely to be ruled by now outmoded monetary and economic laws, according to which money, the quantity of which is limited by

some fixed ratio to gold reserves, and the play of a free market is the master. Today, more and more, all over the world, money has become a means and ceased to be a master. Stated with great simplicity, this amounts to saying that the supply of money for compensatory or supplementary government spending must henceforth be as limitless as the need for such spending to end underconsumption may require in the given period, situation and area. As for the available quantity of money, it may be said that the supply of wood pulp out of which to make paper money is limitless, and so too is the supply of paper and ink for setting up bank deposit credits. As for the velocity of circulation of money, that is as limitless as the capacity for performance by the book-keeping computers setting up bank credits and deposit liabilities.

2) The only really important factor which in the future can be allowed to limit the use of money by increasing the quantity available and the velocity of its circulation so as to avoid excessive underconsumption and unemployment is the factor of the attainable current volume of physical output of goods and services. This means that if and when output is running at a maximum attainable volume in the given period, area and situation, then and only then, must the money supply spigot be turned down or turned off and the velocity of circulation lever pulled to slow down or halt money spending. Obviously, this spigot and this lever must be in the hands of the State, which alone can exercise the right and power to regulate the money supply and to tax and to spend the proceeds of public taxation and public borrowing. Those who challenge the right of the State to do this in time of peace have never questioned the right of the State to do it in time of war. Now that we are in a state of perpetual war for perpetual peace there is no longer anything in this connection to argue about. The believers in sound money and balanced budgets no longer have a leg to stand on in an era of permanent war, and they must eventually bow to the logic that says that what can be done in the name of war can be done in the name of welfare. War has long been a sacred cow of the conservatives. Now they are going to have to tolerate another, that of welfare.

3) Societies in this new era are being ruled more and more by the operational imperatives of the current situation and period in the given area and less and less by old and supposed laws of economics or money, whether taught by Adam Smith, J. B. Say, and Herbert Spencer or by Karl Marx. What those operational imperatives are for a given period, situation and area cannot be deduced from any body of laws or faith and doctrine about economics or human behavior. They can only be determined by realistic or operational thinking about the known or knowable facts of the given situation, and also by a little imaginative thinking about the future, about which there can never be any facts.

4) One of the most important of the operational imperatives and one which is now almost universally supreme is that no depression, with millions unemployed, can be allowed to get under way or to go on as long or to go as far as did the Great Depression of 1929-1941.

5) Stated somewhat differently, the full employment imperative can be called an overall imperative requiring maximum production, maximum employment and maximum consumption, attainable by means of maximum spending, maximum production and maximum employment. All these maxima go together. To say that there are monetary or economic laws which must be obeyed, even if the results are a great depression and mass unemployment, no longer makes sense.

6) Sufficient total spending and not sufficient total saving and investment is today the prime or paramount imperative. During the permanent war inflation started by World War II and still going strong, without any serious reversal, for nearly thirty years there has been no lack of saving and investment in the United States or in most of western Europe and certainly not behind the Iron Curtain. And here it is to be emphasized that an insufficiency of consumption or consumer spending to clear the market of all that existing productive capital can turn out in goods and services is the greatest possible disincentive for further or additional investment. Savings tend not to be invested in productive capital as fast as such savings pile up if there is a market decline in consumption. The reasons are too obvious to need explanation.

Why should General Motors or U.S. Steel expand plant investment when unemployment is rising and consumption or effective demand is falling?

"The Death Rattle of Gold" is the title of Major L. L. B. Angas' *Digest*, No. 474. In five preceding issues of the *Digest* he has shown why the gold standard no longer works. We do not concur with all the famed economic analyst Major Angas ever has to say on any subject as big as the gold standard but this time we agree one hundred per cent with him that the gold standard is on the way out and for the reasons he cites.

We have mentioned the vast importance of the gold standard several times in the preceding pages of this book, but we have not before and do not now undertake a compendious exposition of the gold standard, largely because we have seen for a long time that gold was on the way out both as a store and measure of value and as an international means of exchange or transfer. Both the United States and Britain have recently outlawed the holding of gold by private citizens.

Gold has not lost nor is it losing any of its value. One of the reasons for the currency of gold over the past five hundred or more years has been the fact that it has always been (and still is) in very limited supply. The same percentage of private individuals holding small amounts of gold as a part of personal savings as they did more than thirty years ago is now no longer possible, as there just is not enough gold to meet such demands.

The gold stock of the United States went down from \$22,787,000,000 on February 19, 1958 to \$10,484,000,000 as of March 27, 1968. The United States could easily have avoided this loss of gold by cutting down on its yearly gifts in the billions of foreign aid.

Semantic Awareness An Essential For Survival

Semantics is, always was and always will be a problem, and there doubtless never can be a solution that will end the problem. What is most needed and, generally, most lacking insofar as the semantic problem is concerned may be summed up as an acute, accurate and continuous awareness whenever it presents itself. Where the semantic problem is encountered, it is always most necessary to recognize it and to be operationally aware of it. This does not mean solving or disposing of it. It only means avoiding mistakes and misunderstandings due to a failure to recognize and come to grips with it.

A very common weakness of American statesmen, politicians, lawyers, court judges, legislators and others concerned with law making and law enforcement is that of not recognizing the semantic question where it presents itself. Most students of law and politics will readily admit that America has too many laws, too many unenforceable laws, too many laws the meaning of which can never be agreed upon by even the best judges and lawyers and, generally, too much litigation. But what relatively few legislators or lawyers ever clearly grasp about a bad or an unenforceable law is the semantic issue involved. Many a bad law would never have been passed if the legislators who voted for its enactment had grasped the semantic difficulty it would always pose, for the courts charged with interpreting and applying the law, or for other public agents or agencies having to enforce or apply it, or, last but not least, for the vast public supposed to observe the law.

It is so easy and natural for anyone hearing or reading something with which he agrees not to see any question of meaning present. He knows and understands exactly what he means by the words he uses, and he cannot see why or how any or every one else should fail to have the same grasp of the meaning of those words.

Semantics can hardly be called a 20th century discovery. Much of what semantics is all about was cleverly, though literarily and humorously rather than philosophically, summarized in Lewis Carroll's book, *Alice in Wonderland*, one of the truly great books of the 19th century, first published in 1862. The following passage from that classic should suffice to justify its place in history as the first great work on semantics in the 19th century:

"When I use a word," Humpty Dumpty said, in a rather scornful tone, "it means just what I choose it to mean—neither more nor less."

"The question is," said Alice, "whether you can make words mean so many different things."

"The question is," said Humpty Dumpty, "which is to be master—that's all."

"That's a great deal to make one word mean," said Alice in a thoughtful tone.

"When I make a word do a lot of work like that," said Humpty Dumpty, "I always pay it extra."

Since the early 1920's there has been a long series of ably reasoned and written books of a highly philosophical and technical nature on the subject of semantics. C. K. Ogden, the English thinker, probably started this wave with his book, published in 1923 under the title *The Meaning of Meaning* (new edition, with I. A. Richards, 1952). Then, in this country we have had Alfred Korzybski, whose *Science and Sanity*, published in 1933, is still a classic text book in the semantic field. A. J. Ayer, the British logical positivist, also made important contributions with his *Language, Truth and Logic* (1936) and *Thinking and Meaning* (1947), as, also, in this country, S. I. Hayakawa, the editor of *ETC.*, a general semantics quarterly, has done with his *Language in Action* (1941) and *Language and Thought*

in Action (1949). And, at a less technical and more popular or journalistic level, Stuart Chase, with his books, *The Tyranny of Words* (1938), and *The Power of Words* (1954), has brought the subject within the grasp of the average reader. Scholarly thinkers, with a definitely philosophical approach, teaching in law schools, such as Morris Cohen in the New York University Law School and Harold Lasswell, in the Yale Law School, have promoted some recognition of the semantic impasse which, however, is still rather slight in the ranks of the nation's judges and lawyers.

Perhaps no single event in the past hundred or more years of court functioning has contributed so much and so dramatically to making the public at large conscious of the semantic problem as the decision of the Supreme Court in May, 1954 reversing the earlier decision of the same Court back in 1896, in the *Plessy v. Ferguson* case. In the earlier case, the Supreme Court held that separate schools for white and colored children could be equal. In the second decision, which has now opened up a long war of defiance of the Court over large areas of the South, the Court held that separate schools could not be equal. The most significant and perhaps most important fact about these two mutually exclusive or contradictory Supreme Court rulings is that the big issue is semantic. The issue is: what does the word "equal," as used in the United States Constitution and as applied by judicial rulings to public school facilities, really mean?

It is most striking that in the fields of natural science, including the practice of medicine by licensed doctors, there is rarely, if ever, any serious difference of opinion or disagreement among professionals or experts in any given field over the meaning of a word. Scientists and, even, medical doctors do not often disagree as to what the technical terms they use mean. It is mainly in the fields of religion, law, ethics or morals and the many so-called social sciences, such as economics, politics, or international relations, that the most competent experts are in almost perpetual disagreement as to the meaning of key words being used by them all the time.

The explanation of this difference between the fields of natural science and of the so-called social sciences, religion, law and

philosophy is that the natural scientists do not fight or try to refute or contradict each other with words, but only and always with tests and demonstrations. As Humpty Dumpty so wisely told Alice in Wonderland, when he used a word he used it as a weapon or an instrument. It is not possible, as a general rule, to prove one's case in an argument over law, religion, politics, economics or foreign policy by having a practical test for that purpose. In other words, the test of a war to be fought or of a law to be passed cannot be held before the war is fought or the law is enacted by the legislature. And the test of an economic, social or foreign policy can only be made by adopting and following the given policy.

Often in debate attempts are made to prove by precedents or by history just how a given course of action or policy will work or what will be its results. But such reasoning by analogy is always more or less fallacious. The two cases are almost never analogous; it is not like testing a given drug or surgical operation on a person suffering from a given disease or ailment. The medicine or operation may not always produce identically the same results on every sufferer but tests in thousands of cases will usually establish conclusively a predictable percentage of cures and of failures to cure.

At any rate, the natural sciences rarely or almost never pose an issue of word meanings, whereas in the fields of religion, philosophy, ethics, morals, law, economics, and public policy generally, one of the biggest and most often recurring issues swings around the meaning of given words. To understand this is to put one's self in a position to think more usefully and to act or decide or choose more wisely to serve one's ends or purposes.

The thinkers and writers about semantics over the past forty-odd years have rendered a very real public service by making more and more people aware of what C. K. Ogden called "The Meaning of Meaning." But, in so doing, the semanticists have not produced a solution of the problems they have stated and most usefully discussed. Nor did they ever think they could. Their contribution has been mainly to increase awareness and understanding. More or better understanding of the possible uses or abuses of words and, most important of all, the limitations

of words, could have averted or mitigated many of the worst errors and disasters of the 20th century including, notably, those of two world wars.

There can be no substitute for words. And there can be no practical way of making every word used mean the same thing whenever and by whomsoever it is used. Nor is any preventive of the abuse of words conceivable. The closest we can hope to come to reducing the frequency and the magnitude of the ensuing evils is to increase as much as possible popular awareness and understanding of the limitations of words and of the possibilities in the way of their abuse, and of noting that words have different and, often, mutually contradictory meanings. There is no way legally or practically to prevent the abuse or misuse of words. Any attempt to do so could only amount to a grave violation of the freedom of speech and freedom of the press. But it is a relatively simple and easy matter to make people aware of the situation.

In the fields of law and government it is relatively easy to divide words used to describe crimes and misdemeanors into two categories: (1) words susceptible of easy and generally exact and unvarying definition and (2) words which are not susceptible of such definition.

Thus, crimes like murder, arson, or armed robbery can easily be defined and proved, where and when they occur, while so-called crimes like monopoly, subversion, sedition, unfair trade competition or misdemeanors like disorderly conduct or loitering, and scores more to be found in our criminal law books, cannot be so easily or so conclusively defined and proved. Here one can readily find an explanation of the difference by recognizing that words which define a single act like murder or manslaughter are in one class while words which are supposed to describe or define a large, or virtually unlimited number of acts, committed by hundreds or thousands of persons over a long period of time, are in an entirely different class. There can be no reasonable disagreement as to the definition of a single act like murder, manslaughter or robbery. But it is hard to arrive at agreement over the correct definition of a course of conduct or behavior over a long period of time and involving hundreds or thousands

of acts. The essential difference here is quantitative. And it is obvious that legal terms like disorderly conduct or loitering pose a semantic issue. At college games, the students and alumni normally engage in conduct, especially after their team has won, that could only be called disorderly. And the nicest people loiter in public parks every day.

A simple and easy way to differentiate between adjectival or descriptive terms applied to persons and things is to divide all such terms into the following two categories: (1) terms which describe or state a physical or measurable quality of a person or a thing, and (2) terms which state or express an opinion or an evaluation of a person or a thing. Thus, for example, if anyone said that the late Marilyn Monroe or any one of thousands of other women, generally if not almost universally recognized as being beautiful, was not beautiful but was ugly or homely, one could not be fairly or correctly charged with lying. But if one said, under oath, that a woman was a man or that a tall man or woman one had observed and identified by name was a dwarf, one could be fairly charged with perjury. The descriptions listed on a passport or a driver's license are always statements of physical and measurable qualities as to the meaning or definition of which there can be no question or reasonable disagreement. Any person's height can be quickly and easily verified. So, too, can age or color of skin. But any reference to a woman as being beautiful or homely or to a man as being or not being of manly or good appearance, would not be susceptible of proof. Such descriptions are never found on passports or identification cards.

To say that it would be an absurdity to put on a woman's passport the notation that she was beautiful or that she was homely, is not, by any means, to say or even to suggest that the use of such adjectives is not permissible or proper in daily conversation or in any type of writing or speaking. The point to be recognized here is that thousands of words describing people, things, acts, behavior and events are not susceptible of exact definition and proof as should be all important words of a descriptive nature used by law and government. Branding anyone as a security risk is very much like labeling a woman homely, unattractive or hard to live or to work with. Within certain obvious limits, it is per-

missible to say in conversation all sorts of unfavorable or derogatory things, short of libel or slander, about almost anyone. But it should not be considered permissible to have such things said about people in official documents or records or in a court of law.

The point to be kept in mind by the operational thinker in this connection is that a due regard for semantics or the meaning of words indicates limitations in the use of many words by the state or by the law which individuals, in conversation or in writing, whether literary, journalistic or of any other sort, need not observe. Thus, the believer in any religion has a right to consider and call an infidel, an unbeliever, an atheist or a heretic whomsoever he chooses so to label. But law and government in a pluralist, multiversalist, and multireligious society has no business ever using such or similar terms to characterize persons, causes, groups, things, words, or activities. The reasons are semantic and operational.

It is one thing to say, either in a written article or in a book, or in the course of a conversation or in a public address, that a given person is subversive, a security risk or to apply labels like Communist, Fascist, or Socialist somewhat loosely. It is something quite different to apply legally or officially the label of any such term to anyone in any sort of official document, file or public record.

That a given person has what is known, not only in the law but in current literature and journalism, as a criminal record, is always a proposition which can easily and conclusively be proved true or false. It is never a matter of opinion. What constitutes a criminal record or makes a given person an ex-convict is always and only an official act of court record by which that person was convicted of a crime and sentenced to a prison term. Any entry on the record or file of a given person, such as subversive, a security risk, pro-communist or un-American, is in no way comparable to an entry noting facts of record about that person, such as place and date of birth, marriage or divorce, service in the armed forces, honorable or dishonorable discharge from the armed forces, or conviction of a crime and service of a jail sentence.

The big point here is that characterizations or labels based on

provable acts of record such as birth, marriage, membership in any organization, political, religious or other, or such as naturalization or a criminal conviction, pose no semantic issue and raise no question of opinion but only a simple issue of fact. On the other hand, all sorts of other characterizations such as a security risk, subversive or untrustworthy, not based on the occurrence or commission of an act of record, are not susceptible of proof. It may be perfectly permissible or proper for an official, whether of the state or of a private company, to hire or not to hire, to fire or not to fire, an employee on the ground that, in the opinion of that official, the given person is or is not a security risk or subversive. But if such a right is exercised, it should carry with it no right to brand or label anyone as a security risk or subversive; all such opinion has no place in legal or official records or files.

The distinction being emphasized in this chapter on the semantic problem should not be considered far fetched or fine spun. It should be freely recognized that, while acts, such as birth, marriage, death, conviction of a crime, dishonorable discharge from the army, or either naturalization or denaturalization can be easily and conclusively proved, opinions about the character or fitness of a person for any position can never be similarly proved. This is not to say that unfavorable opinions about a person are never permissible to hold, to express or to act upon. It is merely to say that such opinions should not be legally applied labels as facts or acts of record may quite properly be. Thus, if the army turns down an applicant for enlistment or for admission to an officers training school on the ground of some physical defect or deficiency, or of failure to pass a given examination test, the facts of record may properly be available as public property. But if the given individual is turned down or discharged on the basis of opinion as to his character or fitness, the nature and bases of such opinion or evaluation should be kept secret and should form no part of that individual's personal record or file.

Here the question or the issue whether a given individual is a communist or a fellow traveler can be very quickly and easily disposed of by applying the tests of acts and facts. Joining the Communist Party or being a member of the Communist Party

must involve easily definable and provable acts, exactly as joining or being a member of any church or any lodge or any fraternal order must involve. If a person is asked under oath whether he was ever a member of the Communist Party, his reply in the negative may be refuted only by evidence of the act of joining or of acts such as prove membership.

In general, it has to be recognized that membership in a party or in a church can only be properly or legally proved by certain acts. Many persons go to church frequently and some even regularly attend the same church without ever joining or becoming a member of that church. If a person who had long been a regular church-goer but had never joined a church, denied under oath that he was a Methodist, a Roman Catholic or even a Christian, there would be no basis for a perjury charge against him to be found in the facts that he had long attended a Methodist or a Catholic Church and that he had made regular and even sizable contributions to such church.

Whether or not a given person is a Christian or a Communist is, in many, many cases, just a matter of opinion. Whether or not that person is or has been a member of some one Christian Church or of the Communist Party, is always an issue or fact turning on the occurrence or non-occurrence of certain definable and provable acts, notably that of joining a Christian Church or the Communist Party.

It is most important, useful and even necessary to think semantically or in terms of the semantic problem whenever civil liberties, freedom of speech and the choice between religious or political tolerance and intolerance are in issue. Whenever a law or administrative rule is adopted and applied against those who hold and advocate certain ideas or doctrines generally disapproved of, it will usually be found, on careful examination of the words used to describe the proscribed persons, propaganda and ideas that the same words could be used to label all sorts of other persons, propaganda and ideas not generally held to be evil and to call for legal suppression. For instance, the Smith Act of 1940 drafted for use against the Communists but, of course, not mentioning them by name, could be used to prosecute any vigorous critic of the President of the United States. If a Communist can

be sent to jail for five years for undermining the morale of the armed forces, a crime under the Smith Act, then any harsh critic of the President of the United States, the commander-in-chief of the armed forces, can be sent to jail for the same crime.

As for teaching the necessity or desirability of the overthrow of the government by force and violence, something American government agents and the American people in general would have been glad to see happen and to promote in countries like Hungary and Poland, behind the Iron Curtain, it would be quite easy to draw up an indictment and to frame a technical case charging this crime against any number of the most respectable and respected conservatives of the South on account of their utterances and acts in opposition to or defiance of the public school desegregation order of the United States Supreme Court.

One may feel very strongly against so-called hate-mongers or propagandists of anti-semitism or some other brand of race or religious prejudice. But any law drafted to penalize such propagandizing could easily be turned against almost any harsh critic of any religious, racial or political group. It is easy for a normal, well balanced mind to distinguish between a tolerable line of criticism of or attack upon another religion, race, group or nation and Hitler's anti-semitism. But, for strictly semantic reasons, it would not be easy and probably not possible to draft a law which would penalize the advocacy of ideas like those of Hitler and which could not be turned against all sorts of movements, causes and propagandists wholly different from Hitler and the Nazis.

What should be the controlling consideration here is one of whether the words used to describe certain persons, like today's Communists, without naming them as such, and to describe certain ideas, teachings and activities of such persons, could not be turned against all sorts of other persons whom it is not desired to proscribe or punish. Or, in the case or cases of all sorts of questionable acts or practices by certain labor union leaders, before any law is drafted and applied against such leaders and practices, the semantic aspects should be carefully gone into. It should be asked whether the law drafted to get a labor leader like Harry Bridges or James Hoffa imprisoned could not be

turned against all sorts of other persons in and out of organized labor.

In conclusion, it may be repeated that a sharp line should be drawn and respected between acts of record and physical and measurable qualities, on the one hand, all of which can be accurately defined and proved, and characterizations, descriptions or evaluations which are matters of opinion and are not conclusively definable and provable as are acts or physical and measurable qualities like height, weight or sex.

In the general or broad fields of world power politics and foreign policy, quite as much as in the field of civil rights, awareness of the permanent semantic problem is most essential in the public interest. Thus, to be concrete or specific, one has only to cite words like isolation or appeasement as examples of semantic confusion. These terms have become smear words in the American mass communications media, somewhat as terms like Fascism or Communism have become. Defined one way, isolation is quite impossible for the United States or any other nation. But the word isolation has been quite correctly and meaningfully applied to the position of the United States in a geographic and a strategic frame of reference. What American can fail to be thankful that his country enjoys an isolation from powerful and highly militarized neighbors such as France and Germany used to be and such as Russia continues to be—an isolation not enjoyed by small nations on the borders of these three larger nations just named? The splendid isolation of the United States in the western hemisphere is a geographic fact of life. It need not be boasted of but it is certainly nothing for Americans to blush about.

As for appeasement, it is another word that has come to have a bad odor, which by dictionary definition is quite unwarranted. The avoidance of war has often been in the past and will often be in the future made possible by concessions which can only be called appeasement.

Operational Thinking v. Any Monistic Solution

The basic reason for the absence of operational thinking of an adequate quantity and quality to have averted World Wars I and II and the consequent and subsequent rise and spread of communism, as well as the intermittent rise and fall (to communism) of the Fascist and Nazi variants, may be briefly summarized as follows: operational thinking, adequate for meeting 20th century challenges, is more difficult and more distasteful for most people than trying to follow some rule of thumb, to obey or apply some body of law, certain national, international or economic rules, one body of faith and doctrine and to work out some overall solution like a war to end war, a League of Nations or a United Nations set-up.

Anyone who proposes to meet a given problem, challenge or situation by trying to think through, in a strictly operational frame of reference, the possibilities and probabilities along different courses of action is at a great disadvantage competing with anyone who claims to have what he calls a solution or a plan. It is so easy to state laws, whether moral law, natural law, the statute law of any nation, international law, economic law or monetary law. This is usually just a matter of splicing an endless line of platitudes of a legalistic, moralistic, idealistic, millenarian or Utopian character. No one would think of challenging or trying to refute or belittle any one of these platitudes. And, so, for a solution, whether for war, crime or anything considered evil or undesirable, nothing is simpler or easier for one with any skill

at using words than to draw up a plan, a crusade or a prohibition amendment. To anyone who proposes some hard thinking of an operational nature, it is so easy and so devastating to say, "Well, what is your solution? Your rival, opponent or competitor has a solution. You have none."

And here, in concluding this book on operational thinking for survival, and for welfare and progress as well, we come to grips with the solution problem. Any global and monistic policy, plan, program, law, crusade, course of action, or war can be called a solution. Whether or not it is the solution it is represented to be, can only be proved or demonstrated by trial and error. The only way to find out whether a war to end war can do just that is to fight the war and then see what happens or what are the results.

A big point to be kept in mind whenever anything being proposed as a total, a global or a monistic solution comes up for consideration or discussion is the question whether or not it will work out as represented. In other words, a so-called solution may, if adopted or tried out, prove far more of a problem or result in a congeries of new problems than a solution.

Where problems as big as those posed by conflicts of interests between nations or large groups within nations are concerned or where challenges as big as that of the Great Depression of 1929-1941 are involved, it does not make sense to say, even of the most reasonable or practical proposal for a choice, decision or course of action, that it is *a* solution or *the* solution. It may be the best thing to do or the best course to follow at the moment. If it solves some problems and creates many more new ones, it should not be thought of as *a* solution or *the* solution.

When raising the gold price from \$20.67 to \$35 an ounce was established in January, 1934 by the Roosevelt Administration, it should not have been thought of as any sort of solution. Actually, as was pointed out by this writer in a printed article at the time, the devaluation of the gold content of the dollar and the subsequent function of gold were and had to be increasingly unimportant so far as results, economic or otherwise, were concerned. If an adequate series of spending projects by the federal government to reduce unemployment and to turn a flight to money, going on from 1929 to 1933, into a flight from money had then been

considered and tried out, as they should have been but were not, such projects or government action should not have been called or thought of as a solution. They should have been thought of and spoken about as exploratory ventures in quest of adequate expansion of total output and employment to bring unemployment down to tolerable dimensions.

One of the worst contributions of communism, as, also, temporarily of Fascism and Nazism, in the 20th century, has been the indoctrination of the mass mind throughout the world, including especially the United States, with the idea that some one "ism" is or must be a solution. The indoctrination that communism is a solution has contributed to the spread of the idea, by no means new, that capitalism is a solution. Actually, communism or socialism, and capitalism or what is so often called democracy, are each and all far more problems than solutions. Saying that capitalism or democracy should be thought of more as a problem than as a solution, is not arguing that capitalism or democracy should be scrapped for a different system which *would* prove a solution rather than a problem.

The big point to be stressed by operational thinking in this connection is that we have to go on living with problems just as we must go on living with sin. One of the oldest theological issues debated for centuries turned around the following questions: If God is all powerful, he can stop evil. If God is all good, why, then, has he not stopped evil, and why does evil persist? The theologians never developed a satisfactory answer to these queries. And probably they never will. Sin is here to stay. Problems, like the poor, we are to have with us always.

The quest after the millennium has gone on, somewhat sporadically, in different periods and over different areas down through the ages, certainly all during the now nearly two thousand years of Christianity. Millenarian quests or quixotic crusades have cost millions of lives. It would be hard to prove that any of them, costing so many lives, did more good than harm, or that they made contributions to progress and human welfare which would or could not otherwise have been realized. Certainly, America's two world wars in the 20th century have

been no more productive of desired results than were the Crusades.

A quest after a limited and a possibly or probably attainable solution of one or more limited problems has always made sense and always will make sense. But a quest, involving almost limitless costs in life and property, after one solution for just about every human problem has never made sense. Operational thinking leads one to beware of so-called solutions, the working out and probable results of which cannot be rationally thought out.

Religion, like science, has made many great and continuous contributions to the solution of many great and continuing problems down the ages. But few rational believers in any one religion today would be willing to embark on a crusade with arms to convert all mankind to any one religion, on the theory that that religion was the solution for all the world's problems. Solutions, like religions, have to be many and different. And, generally speaking, solutions have to be worked out and not imposed by the world supremacy of one universal force.

The world has to go on being pluralist. Attempts to enthrone by force a one-world universalism can only result in futile and disastrous religious wars. Any universalism can be called or considered a solution for all the world's problems, including particularly the problems growing out of the world's pluralism. It is all right to preach a universalism by persuasion. It is something quite different to try to impose by force any one universal solution.

By 1959, over a decade of cold war between the western world led and largely financed in that war by the United States, on the one hand, and the Communist world, led by Soviet Russia, had resolved itself into a "Balance of Impotence." This phrase was coined by Dr. Mario Toscano in an address he delivered on May 20, 1958 at Chatham House in England. Dr. Toscano was head of the Research Department of the Italian Foreign Office and Professor of Diplomatic History of the University of Rome. In this address he said:

Notwithstanding the enormous capacity for action of these two great powers (the U.S. and the U.S.S.R.) everything suggests

that the colossal power at their disposal is not actually sufficient to insure to either of them, through recourse to armed conflict, absolute dominion over the entire globe—a dominion which, it is well to remember, would be without historical precedent. [Neither ancient Rome nor Britain—"Britannia rules the waves"—ever held empire over all the world or over more than a relatively small part of it.]

. . . . The present balance of impotence reveals, therefore, an existing potential incapacity, however paradoxical this may appear at first glance.

Science and technical progress have created by the late nineteen sixties a situation, not of what used to be called a "balance of power," but of what now may be accurately described as "a balance of impotence." The ability of each of the two great powers to destroy each other and, possibly, most, if not all, of this planet does not constitute power to achieve world leadership or world control. This new balance is one of impotence and not of power. It calls for operational thinking on both sides of the Iron Curtain, not with a view to winning a victory or achieving world control, world unification or the world rule of one law, but with a view to insuring the survival of the human race with as much welfare and progress as may be attainable and with as little war as may be possible.

Hopes for American world leadership and fears of Communist world domination are equally unwarranted. The paradoxes in this world situation are obvious and too numerous for even a brief summary. The industrially advanced countries are confronted with chronic underconsumption which they may try to correct by keeping up a state of permanent, but phony, cold war. The backward countries are confronted by the specter of overpopulation which they will soon be unable to cope with by a sufficient increase in food production. American foreign aid to these backward countries, with a rate of population increase that means disaster in the not distant future, can only step up the rate of population growth and hasten the day when there will be more mouths to feed than available food supplies can fill. In other words American foreign aid to backward countries can only make matters worse for them, just as American military aid

to foreign countries can only increase the danger that the cold war will not be kept phony but will turn into the real thing.

Given this situation and outlook, the only hope for survival and averting either a nuclear war of co-annihilation or a population explosion in ten, twenty or thirty years, lies in more and better operational thinking about current challenges and responses.

I

Is The "New Economics"
A Success Or A Failure?

The point of posing this question is not to argue a case, pro or con, as to the "New Economics" being either a success or a failure. The point, in line with the major thesis of this book, is that answers to such questions must be relative and determined by the frame of reference within which the facts are evaluated, by the approach made to such facts and by just what meaning is given to key words used, such as success and failure.

Operational thinking about the facts of the economic record since World War I must lead to the conclusion that the Old Economics was, from the beginning of the Great Depression in 1929 down to its end with the start of World War II in 1939, more of a failure than the "New Economics" was in 1968 or had been at any time since the end of World War II in 1945. Conversely, thinking operationally about the facts of record since 1939, one cannot fail to conclude that the "New Economics," especially in the nearly quarter of a century after the end of World War II, has been more of a success than was the Old Economics from 1929, or eleven years after the end of World War I, on to the scrapping of the Old Economics for the "New Economics" during World War II and its sequels.

For operational thinking, the frame of reference within which should be evaluated the New-post-World War II-Economics, now often linked with the name and ideas of the late John Maynard Keynes, is a frame of reference of comparison between what happened in a big, economic way during two approximately

equal periods after two world wars. During the eleven year period between the end of World War I, in November 1918, and the Crash start of the Great Hoover Depression in October 1929, the Old Economics scored many successes, which in the eleven year period, as of 1956, or the twenty-three-year period, as of 1968, when this book was finished, the "New Economics" has completely failed to score. The Old Economics, over the eleven year period after the end of World War I in 1918, was most successful in the United States in balancing the federal budget every year with a large surplus and, also, in reducing over the eleven year period the total public debt from around \$25 billion to around \$15 billion. The "New Economics," over the same period of time after the end of World War II in 1945 or over the longer period of twenty-three years in 1968, was not successful either in balancing the budget or in reducing the total public debt from its total at the end of 1945. On the contrary, the total federal debt was in 1967 over \$50 billion greater than it was in 1945 at the end of World War II. This can certainly be called a failure of the "New Economics," as contrasted with the success of the Old Economics, over the first eleven years after World War I, both at keeping the federal budget balanced and at reducing the public debt, not to include, in addition, at stabilizing or gradually lowering commodity prices, as happened in the Old Economics nineteen twenties.

But, while we are comparing the successes and failures of the two Economics, the Old and the New, we must recognize that the Old Economics, which succeeded for eleven years after World War I at keeping the budget balanced and at reducing the public debt, failed miserably in 1929 to prevent the Crash of that year and failed thereafter during the ensuing three years of the Hoover Administration to end the Depression. At the same time we must now recognize that the "New Economics" which in 1968 had failed over a twenty-three year period to balance the budget, to reduce the public debt or to stop a steady and inflationary increase in the public debt and in prices, had not failed to prevent a repetition of the 1929 Crash and the ensuing 1929-1941 Depression.

And if the "New Economics" had not succeeded over the twenty-three years after the end of World War II in repeating the budget balancing, public debt reducing and price lowering or price stabilizing achievements of the Old Economics over the eleven years after the end of World War I, the "New Economics" had scored the success of preventing a 1929 Crash and a 1929-1941 Depression. And the "New Economics," over the twenty-three year post-World War II period, had scored the further success of not only preventing a repetition of 1929-1933 or 1929-1941, but also of maintaining a fairly steady rise in total production or gross national product, national income, disposable personal income, and private investment or capital accumulation, with only relatively small recessions in 1947-1948 and in 1957-1958.

These historical and statistical facts of record pose questions or issues of comparison and of meaning when terms like success and failure are applied to the Old Economics of the pre-1929-1939 Depression era and to the "New Economics" of the post-World War II "New Economics" era. The Old Economics succeeded at preventing inflation but failed at preventing the Crash of 1929, the deep Hoover Depression of 1929-1933 and the closing of all the nation's banks at the end of the Hoover Administration. The "New Economics" has failed at preventing but, rather, has used inflation as a means to nearly full employment and a steadily expanding economic output.

The point to the making of these comparisons, which, no doubt, a great many people will find most odious, is to bring out the fact, in line with the major thesis of this book as to operational thinking and operational imperatives, that when labels like success or failure are applied to an economic system or pattern of policies and action by the State, one should take a very broad view or make a strictly operational approach to and evaluation of the major facts and results involved. This is precisely what has not been done by Henry Hazlitt in the writing of his book, *The Failure of the "New Economics,"* which came out in the spring of 1959. The author of this book is not wasting any time or space trying to answer Hazlitt's book which, avowedly, in its over four-hundred page entirety, is just an attempt to de-

bunk, refute and discredit the political and economic thought and ideas of the late Lord Keynes, mainly as set forth in his most influential book, *The General Theory of Employment, Interest and Money*, published in 1936, ten years before his death.

Needless to say, either an answer to Hazlitt's book attacking the ideas and thinking of Keynes, or a defense of Keynes and Keynesian economics against his many critics, some of whom have been or are among the world's most illustrious economists, scholars and thinkers, would call for a book quite as lengthy as that of Hazlitt. And this writer has no inclination either to defend or to expound Keynes. The only point of referring to Hazlitt's attack on Keynes and the so-called Keynesian, or, as Hazlitt labels it in the title of his book, the "New Economics," is further to amplify and clarify the major thesis of this book about operational thinking. What has come to be branded as Keynesian in the way of political and economic thought, ideas, policy and action, is in line with the major thesis of this book, namely, operational thinking. No brief and easy characterization of Keynes could be more accurate or useful than to say that his approach to the problems of political economy was operational. His thinking was operational rather than normative, moralistic or legalistic. Saying this is not endorsing or agreeing with everything Keynes wrote. Conversely, what can be said with most point about Hazlitt's attack on what he calls the "New Economics," or Keynesian Economics, is that it displays throughout a great, if not a nearly total, lack of operational thinking.

According to Hazlitt and most classical economists as well as most conservatives and liberals who long for an end of the new era of full employment by permanent but controlled and creeping inflation, to be followed by a return to normalcy or the old pattern of sound money, stable prices, and public debt reduction, a balanced budget, maximum laissez-faire and minimum state intervention in the economy, the outlook under the "New Economics" at the end of the nuclear nineteen sixties is dark. Their case, when well stated, as it is by Hazlitt and many other anti-Keynesians, some of whom are eminent economists and profound thinkers, is largely dialectical rather than operational. Their case rests on principles, which are words, just words, and

not on operations, operational imperatives and operational results.

Here it need only be remarked that anyone trying to think operationally about current conditions and trends of an economic and political character will not waste time fencing dialectically with political and economic dialecticians. With them he cannot agree, largely because they will not come to grips with realities such as modern technology, underconsumption, two world wars in one lifetime, culminating in a state of permanent cold war, as a lesser evil than the Great Depression of the Thirties, for which neither the liberals nor the conservatives found a solution. He will evaluate, calculate and speculate in the frame of reference of operative factors, or of what is actual, what is possible and what seems probable. As there is not the remotest chance of a return to power and control of government or of big business by those who hold the views of the dialecticians of the Old Economics, the operational thinker will not give what they have to say much consideration. Reading them is like reading Plato, Aristotle or Adam Smith.

The operational thinker at the end of the sixties will not be so pessimistic about the future under the "New Economics" as the believers in a return to the old order. But he will not be so optimistic about the future as were the leaders of the war party who took America into the last two world wars, or the believers in and advocates of wars to end war and of different schemes for world government, of the world rule of one law, or of some other new Utopianism or millenarianism. The great threat or menace he will constantly see and fear is that of a third world war and not that of another 1929 Crash followed by another Hoover Depression. That there will never be another Harding, Coolidge or Hoover in the White House seems calculably certain to the operational thinker. For the "New Economics" or permanent creeping inflation, full employment, prosperity, now operating on the dynamics of war and revolution, the operational thinker will see no alternative formula, quickly or easily to be adopted, but only gradual transition or modification to something different, but something wholly unlike the pattern of the pre-1929 Old Economics.

The big problem is not restoration but continuous readjustment for progress and survival. For this problem there can be no pat solution like a war to end war, a League of Nations, a United Nations organization, some scheme of one world government or the world rule of one law or, in domestic affairs, a social, political and economic formula to provide all or most solutions. For the individual, readjustment will mean changes such as switching savings or capital out of bonds and fixed investments into property, the market value or purchasing power of which has a chance of rising on the inflation escalator. For the State or for government, readjustment will mean all sorts of changes, many of which can and many of which cannot now be clearly foreseen or forecast. The bases for decision-making or choices must be mainly operational, or enlightened evaluation of what is actual or possible and rational calculation as to what is probable along different courses of action which may be followed. Calculably probable results and not fixed principles must be the guide posts to the future in the nuclear and space age. Conflicts of interests, whether between nations or large and powerful groups within nations, must be met by diplomacy, negotiation and compromise. They cannot be adjudicated by law. The common interest is in survival, with progress and welfare, not in establishing and enforcing any one code of law, ethics or principles. Responses to the challenges of the nuclear space age must be operational, not legalistic, moralistic or dialectical. If inflation works and deflation does not work, then inflation we must go on having. If a nuclear war of co-annihilation would not work, we must find a workable alternative, or many successive and different alternatives that work, however distasteful all this may be to those who stand on high principle and make only a legalistic and moralistic approach to current issues, problems and challenges.

II

The Wars Of England, France And The United States Since 1775

Below are given lists of the wars of the three major democracies since the last quarter of the eighteenth century:

WARS OF ENGLAND

| | |
|-----------|----------------------------------|
| 1775-83 | North American (and with France) |
| 1778-81 | First Mahratta War |
| 1780-84 | War with Netherlands |
| 1782-84 | First Mysore War |
| 1790-92 | Second Mysore War |
| 1793-1802 | Revolutionary War (with France) |
| 1801 | War with Denmark |
| 1802-06 | Second Mahratta War |
| 1803-14 | War with France |
| 1806 | Sepoy Revolt |
| 1807-12 | War with Russia |
| 1810-12 | War with Sweden |
| 1812-15 | War with United States |
| 1814-17 | Goorkha War |
| 1815 | Hundred Days War (Waterloo) |
| 1817-18 | Third Mahratta War |
| 1824-25 | First Burma War |
| 1824-25 | Ashanti War |
| 1826 | Burma War |
| 1826 | Intervention in Portugal |
| 1827 | War with Turkey |
| 1832 | Intervention in Netherlands |
| 1838-42 | War with Afghanistan |

| | |
|-----------|---|
| 1840-41 | Egyptian Insurrection |
| 1840-42 | War with China |
| 1843-49 | Sikh Wars |
| 1845 | Intervention in Uruguay |
| 1845-56 | Intervention in Argentina |
| 1851-52 | Kaffir War |
| 1852-53 | Second Burma War |
| 1854-56 | War with Russia |
| 1856-57 | War with Persia |
| 1856-60 | War with China |
| 1857-58 | Mutiny of the Sepoys in India |
| 1863-64 | Ashanti War |
| 1863-69 | Maori War |
| 1867-68 | War with Abyssinia |
| 1874 | Ashanti War |
| 1878-80 | War with Afghanistan |
| 1879 | Zulu War |
| 1880-81 | War in Transvaal |
| 1881-85 | War of the Sudan |
| 1882-84 | Occupation of Egypt |
| 1885-89 | Third Burma War |
| 1895-96 | Ashanti War |
| 1896-99 | War of the Sudan |
| 1897-98 | Intervention in Crete |
| 1899-1902 | Boer War |
| 1900 | Boxer Insurrection |
| 1901-02 | Somali War |
| 1903-05 | Tibet Expedition |
| 1908 | War on the Northwestern Boundary of India |
| 1914-18 | World War I |
| 1916 | Irish rebellion |
| 1918-19 | War with Bolsheviks, Northern Russia |
| 1919 | War with Punjab |
| 1919 | Afghan war |
| 1919-22 | Black and Tan war in Ireland |
| 1920-24 | War with Arabs and Kurds in Iraq |
| 1932 | Insurrection of Kurds in Iraq |
| 1937-39 | War with insurrectionists, Palestine |

| | |
|---------|---|
| 1939-45 | World War II |
| 1944-46 | War with Communist guerrillas in Greece |
| 1948-58 | War against Communists and Indonesia in Malaysia |
| 1952-60 | War with Mau Mau insurrectionists, Kenya |
| 1956 | Suez war with Egypt |
| 1956-60 | War in Cyprus |

(Total: For 193 years, 67 wars lasting 132 years, or over 65% of the time).

WARS OF FRANCE

| | |
|-----------|--|
| 1779-83 | War with England (North America) |
| 1791-1802 | Insurrection in Saint Domingue (Haiti) |
| 1792-97 | First Coalition War (against Dutch, Rhenish, Italians, Spanish) |
| 1793-96 | War in Vendee |
| 1793-1802 | War with England |
| 1795-1802 | Egyptian Expedition of Napoleon |
| 1798-1802 | Second Coalition War |
| 1803-14 | War with England |
| 1805 | Third Coalition War |
| 1806-1807 | War with Russia and Prussia |
| 1808-14 | War with Spain |
| 1809 | War with Austria |
| 1812 | War with Russia |
| 1813-1814 | War against German States. (Hundred Days War—Waterloo.) |
| 1823 | Spanish Expedition |
| 1827 | War with Turkey |
| 1829 | War on Madagascar |
| 1832 | War with Holland |
| 1834 | War with Portugal |
| 1830-47 | War in Algeria |
| 1838-39 | War in Mexico |
| 1838-40 | War in Argentina |
| 1843-44 | War with Morocco |
| 1845 | Expedition to Uruguay |

| | |
|---------|--------------------------------------|
| 1847 | War in Cochin China |
| 1849 | Roman expedition |
| 1854-56 | Crimean War |
| 1857-62 | War with Annam |
| 1859 | Austro-Italian War |
| 1860 | Syrian War |
| 1860-61 | War for Papal State |
| 1861-62 | Cochin-Chinese War |
| 1861-67 | War in Mexico |
| 1862-64 | War with China |
| 1867 | War in Rome (against Garibaldi) |
| 1870-71 | Franco-Prussian War |
| 1873-74 | War in Tonkin |
| 1881-82 | War on Tunis |
| 1883-85 | War with Tonkin |
| 1883-85 | War on Madagascar |
| 1884-85 | War with China |
| 1890-92 | War on Dahomey |
| 1890-94 | War on Sudan |
| 1893-94 | War on Morocco |
| 1893 | War on Siam |
| 1894 | War with Tonkin |
| 1895-97 | War on Madagascar |
| 1900 | Boxer Insurrection |
| 1907-12 | War on Morocco |
| 1914-18 | World War I |
| 1918-19 | War with Bolsheviks, Northern Russia |
| 1925-26 | Riffian War |
| 1925-27 | War on Druses in Syria |
| 1930-31 | War with Tonkin |
| 1939-45 | World War II |
| 1945-54 | Vietnam War |
| 1947 | Madagascar uprising |
| 1954-62 | War in Algeria |
| 1956 | Suez war with Egypt |

(Total: For 193 years, 59 wars lasting 147 years or over 76% of the time).

List of Principal Wars, Military Expeditions, Occupations,
Campaigns and Other Disturbances, Except Domestic Troubles,
in Which the United States Has Participated in Its First
193 Years

| | <i>Began</i> | <i>Ended</i> | <i>Time Consumed</i> |
|--|---------------|----------------|----------------------|
| War of the Revolution | Apr. 19, 1775 | Jan. 14, 1784 | 8 yrs. 9 mos. |
| Wyoming Valley Disturbances and Shay's Rebellion | 1782 | Jan. 5, 1787 | 5 yrs. |
| Northwest Indian Wars and Whisky Insurrection | Jan. 1790 | Aug. 1795 | 5 yrs. 8 mos. |
| War with France | July 9, 1789 | Sept. 30, 1800 | 2 yrs. 3 mos. |
| War with Tripoli | July 10, 1801 | June 4, 1805 | 3 yrs. 11 mos. |
| Northwest Indian Wars | Nov. 1811 | Oct. 1813 | 2 yrs. |
| War with Great Britain | June 18, 1812 | Feb. 17, 1815 | 2 yrs. 8 mos. |
| War with Algiers (Naval) | Mar. 1815 | June 1815 | 4 mos. |
| Seminole Indian Wars | Nov. 20, 1817 | Oct. 31, 1818 | 11 mos. |
| Yellowstone Expedition | July 4, 1819 | Sept. 1819 | 3 mos. |
| Blackfeet Indian Wars | Apr. 1, 1823 | Oct. 1, 1823 | 6 mos. |
| LaFevre Indian War | June 1827 | Sept. 1827 | 3 mos. |
| Sac and Fox War | Apr. 1, 1831 | Oct. 1, 1831 | 6 mos. |
| Black Hawk War | Apr. 26, 1832 | Sept. 21, 1832 | 5 mos. |
| Nullification Troubles in South Carolina | Nov. 1832 | Feb. 1833 | 3 mos. |

| | | | |
|--|----------------|---------------|----------------|
| Cherokee and Pawnee Dis- turbances | June 30, 1833 | 1839 | 6 yrs. 6 mos. |
| Seminole Indian War | Nov. 1, 1835 | Aug. 13, 1842 | 6 yrs. 9 mos. |
| War with Mexico | Apr. 25, 1846 | May 30, 1848 | 2 yrs. 1 mo. |
| Various Indian wars with Cayuse, Nava- ho, Comanche, Kickapoo, Snake, Sioux, Seminole, etc. | 1848 | 1861 | 13 yrs. |
| Civil War | Apr. 15, 1861 | Aug. 20, 1866 | 5 yrs. 4 mos. |
| Various Indian wars | 1865 | 1890 | 25 yrs. |
| Sioux Indian War | Nov. 23, 1890 | Jan. 19, 1891 | 2 mos. |
| Apache and Ban- nock Indian Troubles | June 30, 1892 | June 30, 1896 | 4 yrs. |
| Spanish-American War | Apr. 21, 1898 | Apr. 11, 1899 | 1 yr. |
| Philippine Insur- rection | Apr. 11, 1899 | July 15, 1903 | 4 yrs. 3 mos. |
| Boxer Expedition | June 20, 1900 | May 12, 1901 | 11 mos. |
| Cuban Pacification | Sept. 29, 1906 | Apr. 1, 1909 | 2 yrs. 6 mos. |
| First Nicaragua Expedition (Marines) | July 1912 | Aug. 1925 | 13 yrs. 1 mo.* |
| Vera Cruz Expedition | Apr. 21, 1914 | Nov. 26, 1914 | 7 mos. |
| First Haiti Expedition (Marines) | July 1915 | Dec. 1915 | 5 mos. |
| Punitive Expedi- tion into Mexico | Mar. 15, 1916 | Feb. 5, 1917 | 11 mos. |

| | | | | |
|-----------------------------------|---------------|---------------|--------|---------|
| Dominican Expedition (Marines) | May 1916 | Dec. 1916 | | 7 mos. |
| First World War | Apr. 6, 1917 | July 2, 1921 | 4 yrs. | 6 mos. |
| Second Haiti Expedition (Marines) | Apr. 1919 | June 1920 | 1 yr. | 2 mos. |
| Second Nicaragua Expedition | Aug. 24, 1926 | Jan. 2, 1932 | 5 yrs. | 5 mos.* |
| Second World War | Sept. 3, 1939 | Aug. 14, 1945 | 6 yrs. | |
| Korean War | June 23, 1950 | July 27, 1953 | 3 yrs. | 1 mo. |
| Intervention in Lebanon | | 1958 | | |
| Vietnam War | | 1961- | | |

In 193 years there has been warfare or military occupation most of the time, if one counts the continuous military efforts occasioned by the Cold War; American armed forces of one kind or another were based in 64 foreign countries as of the summer of 1967.

*The Nicaraguan Expeditions amounted to continuous occupations under the hollow pretexts of protecting American lives and property and assisting the Nicaraguan Government with the supervision of elections, the maintenance of order and economic rehabilitation. During one of the many bloody phases of these prolonged adventures in dollar diplomacy, the Sandino rebellion of 1927-1930, our marines lost 135 killed and 66 wounded in action while the Nicaraguan "bandits," the terms applied by our Government to Nicaraguan patriots who opposed our intervention, lost over 3000. This was about one half of one per cent of the total population of Nicaragua. Had American casualties in the World War been in the same ratio to our population, our total killed would have been 550,000 instead of around 50,000 as they actually were. Our glorious little war against the Haitian Cacos in 1920 cost 2500 Haitian lives. I am able to write advisedly as well as feelingly of these minor episodes of American imperialism because I happened to have served in the American diplomatic service in both Nicaragua and Haiti during brief periods of both

adventures. I was the American chargé d'affaires in Nicaragua in August 1926, who, at the direction of the State Department, sent the telegram asking for the marines to come back as being needed "to protect American lives and property." General Smedley D. Butler, who felt as I do about these chapters in American imperialist history, fought in the first marine intervention in Nicaragua in 1912 and also commanded the marines for a time in Haiti. He also won two Congressional Medals of Honor.

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about the author . . .



LAWRENCE DENNIS is one of the few Americans who has done any original political thinking since the time of John Calhoun. He was born in Atlanta, Georgia, on December 25, 1893, and attended Phillips Exeter Academy and Harvard, graduating from the latter in 1920. His academic career was interrupted by the First World War, during which he attended the Plattsburg officer training camp in 1915 and 1917. He was commissioned an infantry lieutenant and volunteered for duty overseas, serving with the First Army.

In September, 1920, he entered the diplomatic service, and represented the United States as chargé d'affaires in Rumania, Haiti, Honduras and Nicaragua. In the latter country he disapproved of American policy and publicly criticized it in June, 1927, following which he resigned. Shortly after this dramatic incident he joined the international banking firm of J. and W. Seligman and Company, and represented them in Peru until 1930, as well as serving in an advisory capacity to other banking houses which also floated loans to several Latin American lands. While testifying before a committee of the U. S. Senate in 1932 he asserted that he had cautioned against making these loans, which had gone swiftly into default.

In the 1930s Mr. Dennis was occupied in research, writing and consultative services as an economist, publishing three provocative and arresting books and numerous periodical articles. He vigorously opposed the course of political affairs which led to American involvement in World War Two, and became a spectacular and controversial public figure while doing so. He was the most prominent defendant in the so-called "Sedition" Trial of 1944, and contributed substantially to bringing it down to defeat, an event which he described in detail in a subsequent book, **A TRIAL ON TRIAL** (1946). An astringent and hard-hitting newsletter which he founded, **THE WEEKLY FOREIGN LETTER**, was discontinued in mid-1942, but resumed in the spring of 1946. Under the new title, **THE APPEAL TO REASON**, it has been published continuously to the present day. Many ideas in this book were first elaborated in these periodicals.

Mr. Dennis is at present a resident of New York City, and is still very actively engaged in writing and research related to political and economic theory and practice. His observations have recently been transcribed and incorporated into the Columbia University Oral History Collection.