

# WHERE THE DANGER LIES

*Psychology of the American People Concerning National Defense*

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“**M**ILITARY legislation had to take the place of military action.” In these pregnant words the late General Emory Upton of Civil War fame sums up the disadvantages under which we labored at the outbreak of the war of 1812-15.

This sentence epitomizes the history of the opening months of every war we have fought, including the World War. Despite the consequent risk of defeat and inevitable excessive expenditures and the long period of high taxation, apparently we have learned nothing. General Upton’s statement would fit the case should we have war to-day, or in the near future.

The National Defense Act of 1920, our first and only military policy, the 5-5-3 Navy ratio established by the Washington Arms Conference treaties, and the five-year aviation building program resulting from the Morrow Board recommendations and Colonel William Mitchell’s charges and trial, furnish definite, well considered standards as to what constitutes adequate national defense. They eliminate all necessity for discussion as to what we mean to-day by the word “adequate.”

We are not, however, living up to these three standards of defense.

Public indifference, which has in the past been the principal reason for peace-time neglect of our armed forces, is only one of the reasons. There are to-day new and dangerous factors.

One is the business man who considers questions of national defense outside his province, at the time when, more than ever before in our history, necessities compel us to engage in the fierce competition of overseas trade and finance. Such competition has always been a fruitful cause of war.

The World War taught foreign nations our peculiar susceptibility to sentimental propaganda, with our resultant tendency, when in pursuit of what we think right, to grasp eagerly at pleasant theories and overlook disagreeable facts.

As a consequence, too many politicians, seeing the indifference of business men, harried by organized groups of sentimentalists, and urged on, only too often, by foreign propagandists, have joined in or remained indifferent to the attacks which have resulted in failure to carry out the three adequate national defense programs.

With a few distinguished exceptions, business men can be placed under one of two headings in con-

sidering national defense. Probably the larger class is made up of those who believe that national defense is the business of the Army, the Navy, and those civilians "foolish" enough to give part of their time to service in the National Guard or the Organized Reserve. They see no more reason to devote time and energy to the business of defense than to any other business they do not happen to be engaged in. They are simply not interested.

The other class of business men is largely made up of those who think of national defense only from the point of view of tax reduction, of how much could be saved if expenditures for the Army and Navy were materially cut. Neither group gives any constructive thought to the part national defense plays in the protection of its property, nor to the wisdom of the government's giving the same careful attention to this activity that it gives to the tariff or some other tax which directly and immediately affects business interests.

To quote George W. Hinman, an expert financial writer: "The business meaning of national defense just now is that it is the chief bulwark behind which the greatest aggregation of national wealth and welfare ever known is sheltered and assured. The American people have 360 billions in property, 75 billions gross income, 14 or 15 billions net income to be safeguarded from those who have no such wealth but long to share in it." And further: "A few years ago, American business had only one tenth of the world's trade. To-day, American business has nearly one sixth. A few years ago, American business sold the world only about two billions of

goods a year. To-day, American business sells the world some four and a half billions."

Insurance of all kinds is recognized as an essential part of business. All business depends on a continuation of national security. Why, then, is it not the first business of every business man to insist on adequate insurance for national security, or, in other words, adequate national defense?

Carefully planned preparation carried out through a long period of peace insures the minimum expenditure for the maximum result when war comes. Because of our persistent failure to learn the lesson of our military history, each of our wars has cost us far more than the sum total of such preparation in peace, plus the cost of the following war.

War has always found us unprepared, with the result that we try by lavish and wasteful expenditures to do overnight what can only be done by careful planning over a long period of time. Every business man understands what a complex problem it would be to feed, clothe, shelter, protect the health, and maintain order among the 850,000 people of, say, St. Louis. He knows that an organization equal to this task can only be built up by an expenditure consistent with efficiency, and after careful planning over a protracted length of time. He knows that the necessary personnel must be expertly chosen from those whose previous experience guarantees their capabilities. If in addition to this it becomes necessary to move these 850,000 people over considerable distances and through earthquake, storm, and flood, how much time would the busi-

ness man need to plan to do it effectively and without enormous waste of money?

Yet he apparently is willing to wait until the last moment to try to raise armies several times the size of St. Louis's population; feed, clothe, shelter, preserve health, maintain order, and move under the storm of battle to attack an enemy which threatens the very existence of everything he believes in and holds dear.



Such last-minute attempts have always proved enormously and unnecessarily expensive, as the most cursory examination of our military history will show.

In our Revolutionary War, we raised and more or less paid, clothed, and fed nearly 400,000 men. Yet the total effective force in the field at any time never exceeded 60,000, and generally was nearer 30,000. If Washington's advice had been followed, and an effective force of 50,000 properly disciplined, equipped, and trained troops been continuously maintained, there is little doubt that we should have won the war in half the time it took.

During the war of 1812-15, a total of 500,000 men was called out at various times. It is doubtful if any force at any time in any one place approximated 25,000 men and officers. A properly maintained, equipped, disciplined, and trained force of 50,000 men and officers not only would have achieved such military results as we won in this war, but would have saved us the defeats which made up the greater part of the land operations.

For the Mexican War, we had in the service a total of 104,000 men and

officers. General Taylor in his northern force never had more than 7000. General Scott in his campaign to Mexico City never had more than 14,000, including 3000 sick and the troops guarding his line of communications. After his last brilliant series of battles he entered Mexico City with but 6000 troops. A properly equipped, trained, disciplined, and maintained force totaling 30,000 would have been ample.

For the Civil War, the figures are not so easily arrived at. Without going into voluminous detail and analysis, it can be safely said that the North brought into the service approximately three times as many men as would have been necessary had the determination existed from the first to raise immediately and maintain continuously a properly trained, disciplined, and equipped army of 400,000 to 500,000. There can be no doubt that the South was enabled to hold out as long as it did because it uninterruptedly maintained the original regiments called into service, instead of allowing the experienced regiments to dwindle away to be replaced by new ones, as was the case with the North.

As a matter of fact, had the Regular Army in 1861 consisted of 50,000 officers and men, Fort Sumter would have been promptly relieved, Richmond and other important places occupied, and the war promptly ended. All units of the Regulars, regardless of the part of the country where they were stationed, remained loyal to the Union. Though no oath of allegiance to the federal government was required, as is the case today, more than half the Regular officers of Southern birth did not resign

their commissions but stayed with their units and fought in the Union Army throughout the war.

During the early years of the World War, we had continuously before our eyes the costliness and the deleterious effect of Britain's failure to prepare. Yet we waited until war was upon us before we did anything. How much shorter would the war have been, and how much less would we be paying in taxes to-day, if we had made plans so that within six months we could have placed 2,000,000 men in the face of the enemy, instead of waiting, and then frantically spending during the eighteen months it took us so to do!

If the United States Chamber of Commerce and other business organizations are really interested in introducing business methods into government, here is a most fertile field, in which convincing figures are readily available.

Haste breeds waste. Inefficiency is inevitably costly. Haste and inefficiency have hitherto characterized our wars.

All this is aside from the risk of ultimate defeat. There is no guarantee, because we have hitherto won our wars, despite our unpreparedness, that we shall always be victorious. No country would furnish richer pickings in the way of indemnities than the United States.

The propaganda against the execution of the various programs for adequate national defense, coupled with the indifference of the business man, have given the politician, anxious to make a record for tax cutting if he can do it without treading on the toes of voters, an excellent opportunity, except for one thing. Until the Na-

tional Defense Act brought the National Guard into the Army and created the Organized Reserve, the needs of national defense went unvoiced. This because the whole spirit and tradition of the Regular Services are properly against mixing in politics. Regardless of what they may think or know, the views of the president must govern. Thus, until the National Defense Act created civilian components in the Army, politicians in and out of Congress were free to use the Army and Navy as political footballs without fear of censure.

The introduction of these components has changed all this. The National Guard and Reserve officer, unlike the Regular, does not devote his entire life to the military service. Therefore his career does not advance or decline with national defense. He is primarily a civilian. Adequate as against inadequate national defense cannot give such a man any benefit over his neighbors, not in the military service. Inadequate national defense brings to him the same danger as to his neighbors, plus the personal inescapable danger from entering combat unprepared and from leading untrained and badly equipped troops. Of the approximately 100,000 National Guard and Reserve Officers to-day, the majority, through personal experience in battle, know the terrible toll unpreparedness exacts. These men know that it is both their right and their duty to call the attention of their representatives in Congress to the shameful neglect of our defense, particularly when a definite standard is set by such a law as the National Defense Act.

By doing so, they ask nothing for themselves, unless asking the opportunity to undergo the rigors of training can be so construed.

Yet along with the professional pacifists some politicians, notably Representative Madden of Illinois, have attempted to create the impression that these civilian business men, merchants, lawyers, and doctors are overstepping their rights as Reserve Officers when they appeal to individual congressmen and appear before congressional committees.

In 1922 representative Reserve Officers from all over the country met in Washington and formed a Reserve Officers' Association, without political purpose and solely to encourage the carrying out of the provisions of the National Defense Act. The constitution of the association is such that it would be well-nigh impossible to use it for any political purpose. As the membership is nation-wide and contains men of both political parties, the difficulties in the way of any such movement, should it be planned, are apparent.

The members of the association have not hesitated to point out to their individual congressmen, at every session, that under the planned appropriations it was impossible for Reserve Officers to get even the minimum amount of training essential, if they are to be of any value to the government. Also, they have repeatedly called attention to the fact that the so-called War Department budget, as sent to Congress, does not represent what the War Department really believes necessary, but merely the amount the director

of the budget has assigned that department.

In thus appealing to Congress to see that enough money is appropriated to carry out the provisions of the National Defense Act, they are in no way infringing on the rights of the War Department, nor are they attempting to establish any new or alter any old policy.

As a matter of fact, the point had been reached, by reason of penuriousness in appropriations, where the Reserve would have gone out of existence unless steps were taken to change the situation.

Men who become Reserve Officers expect some attempt on the part of the government to organize and train them. One appropriation bill omitted the small amount of money necessary to assign and keep Regular Officers at the headquarters of the Reserve units. This would have meant the abolition of these headquarters, and the consequent loss of all cohesion, all real organization in the Reserve. Through appealing to their congressmen, the Reserve Officers succeeded, on the floor of the House, in having this provision restored despite the vigorous efforts of Mr. Madden, Mr. Anthony, and others to keep it out.

Similarly the Reserve has had to fight to get money appropriated to send a small proportion of its ranks to summer training camp. Last year's bill allowed something under 14,000 to go. This year the budget item was not sufficient for even this number. By appealing to Congress, the amount was raised to 16,000. That 100,000 Reserve Officers should struggle to keep their headquarters, the keystones of their military or-



ganization, and to send 16 per cent of their number to summer training camps, certainly bears no evidence of any attempt to form a military caste or threaten the liberties of the republic.

Yet this absurd tale has been spread abroad in an endeavor to hide the fact, so clearly brought out by the Reserve Officers, that the so-called War Department budget does not represent the real needs of the War Department, if the provisions of the National Defense Act are to be carried out; that it merely represents the allowance given the War Department by the director of the budget; that the War Department, having been silenced, cannot itself bring out these facts.

Attacked from some quarters as inefficient, because insufficiently trained, and from others as endeavoring to create a military caste, because they try to obtain training, some Reserve Officers have given it as their deliberate opinion that it was the intent to destroy the Reserve by discouraging its members and thus lead them to resign, or, at the end of the five-year period for which they are commissioned, to decline to apply for recommission.

Mr. Madden, as chairman of the House Appropriations Committee, and Mr. Anthony of Kansas, as chairman of the War Department Subcommittee of that committee, cannot escape at least part of the responsibility for the crippling cuts in Army appropriations. Mr. Weeks, when secretary of war, declared in an annual report, in which he called attention to the fact that in a general sense we have been relatively decreasing, not increasing, our ex-

penditures for national defense, "It is the height of folly to continue the recent policy of cutting our financial support of the War Department to such an extent that the National Defense Act is endangered."

Attacks on Regular Officers, on the charge that they are militarists, are as baseless as those on the National Guard and Reserve Officers. They are made to appeal to prejudices brought by Americans or by their ancestors from European countries, where armies were not of the people and for the people, but bulwarks of kings and aristocracies. These attacks are smoke-screens to hide pacifistic or political designs against national defense. Approximately two thirds of the officers of the Army to-day came from the ranks, from civil life, or from our war Army. West Point, which furnished the remaining third, and the Naval Academy, are the two most democratic schools in the world, in the method of entrance, in the social and academic life of the students, and in the determination of graduation rank, which is the basis of entry into the services. The cadets come from all parts of the country, and from all classes of society. The records of the Regulars show them to have come from the people as a whole, and to have remained typically American, with the same habits of mind, customs, and loyalties; their profession differentiating them from their countrymen only as the doctor's or the lawyer's or the architect's profession differentiates him.

There has been no subject on which our indifference and easy good nature, coupled with foreign

and domestic propaganda, have led us further astray from the facts than has the subject of disarmament.

From the beginning of the advance publicity concerning the Washington Arms Conference, many of our people thought that the European powers and Japan looked at the question as they looked at it themselves. They believed that all the participating nations considered disarmament as a way to insure peace, and have only differed as to the details of an equitable arrangement.

The records of the Washington Arms Conference, the Geneva conferences, and the various negotiations entered into by this country to obtain a second naval conference show this is not the fact. They demonstrate clearly that Europe and Japan regard such conferences as opportunities to strengthen their relative position as to armament at the expense of their neighbors. The whole matter is merely a new form of armament race, based on diplomatic ability "to put one over," rather than the old-fashioned method of simply building more ships than a rival could afford to construct.

It is not that our view is fundamentally virtuous and that of the others fundamentally evil. It is simply that Europe and Japan see nothing in past history, or in the present condition of the world, to warrant them in trusting anything as precious as national security to the good-will of the other powers, who are their trade, racial, and frequently territorial rivals. They simply believe that national security depends upon adequate armament.

Lord Balfour's opening speech at the Washington Arms Conference stressed the view that not sentiment but national security must govern Britain in any negotiations concerning her Navy. The representatives of all the other powers, except ours, expressed the same opinion. Our people were too wrapped up in their desire to inaugurate a new era based on peace and good-will to heed the few American voices that were raised in an endeavor to make their countrymen understand the truth of the situation.

Great Britain is primarily dependent on overseas trade for her wealth. She has never tolerated the possession by a trade rival of a navy larger than her own. Spain, Holland, France, and Germany have successively learned this fact.

Our Navy, in capital ships built and building, was superior to that of Great Britain at the time the negotiations which led to the Washington Arms Conference were begun. Our purpose in the conference was to establish a uniform ratio for all classes of ships. After we agreed to sacrifice our superiority in capital ships, Britain tried to force France to agree to abolish submarines as the price of Britain's agreeing to a ratio for cruisers and destroyers.

The war proved Britain susceptible to great damage by submarine attack in the waters surrounding her home island. Also, the route to India passes through the Mediterranean, a sea which furnishes excellent opportunity for such attack. Having deprived us of our supremacy in capital ships, Britain needed only to secure the abolition of submarines to be supreme.

On the other hand, France, which entered the war one of the four great naval powers of the world, finished it with virtually no navy at all. This partly because of naval losses, but mostly because she threw her whole strength into her army, instead of using part of her resources to augment her navy, as did Britain. At the same time she became more than ever dependent upon her North African possessions. It is essential to her in war-time that she keep open the communications between France and North Africa, across the Mediterranean. To do this, and to prevent absolute domination of her Channel and Atlantic coasts by Britain, the submarine is essential.

At the time of the Washington Conference, this country was flooded with British propaganda against submarines. No mention was made of their proper military uses, but only of the sinking, without warning, of passenger ships. The French readiness to sign any agreement that would limit the submarine to military uses, and the few warning voices of Americans who tried to point out the vital part submarines must play in our own defense, were lost in the whirlwind of sentimental outcries against submarines.

Japan, both from the point of view of capital ships and from that of naval bases, gained greatly, in relation to ourselves, through the Washington Arms Conference.

Since the conference, Britain and

Japan have outbuilt us in cruisers and other auxiliaries.

If additional proof is needed of the fallacy of the idea that disarmament as a means to peace is the motive actuating Europe and Japan in any arms conference, a study of the answers to Mr. Coolidge's recent invitation to another conference should be convincing. Britain will not give up her supremacy in cruisers, despite the fact that we gave up ours in capital ships. Her propagandists have again started a campaign against submarines based on the horror aroused by their improper use, and not on the facts of their military value. France has not changed her position since the Washington Conference. Japan, like Britain, is unwilling to give up her cruiser supremacy established since the conference, despite our generosity at that conference in regard to capital ships and to the fortification of our Pacific islands, which so increased her effective naval strength.

We are a practical people. We pride ourselves on our hard-headedness. We practise it in our business dealings. It is therefore all the more strange that when it comes to national defense we are anything but businesslike. We act spasmodically as the result of sentimentalism and prejudice, instead of continuously as the consequence of a thorough understanding of the facts of our past history, the world as it is to-day, and the danger to our material and spiritual welfare.



# CAPITALIZING PROSPERITY

## *How Wall Street Converts Earning-Power into Stocks*

SILAS BENT

A NEWFANGLED contrivance, invented by an unknown named James Ritty, was offered for sale back in the early eighties to the owners of a mining store in Coalton, Ohio. When punched forcibly, it registered on a strip of paper the amounts of cash sales. The device could not have cost more than twenty dollars to make, and the price was \$100. The mining store, moreover, was steadily losing money; yet the Patterson brothers, who owned it, bought two of the devices, because the salesman recommended it as a good thief-catcher. During the next year, without any apparent increase in turnover, the business made a profit of \$12,000.

One of these brothers was the late John H. Patterson; and after three years had passed, at a time when the contrivance seemed an assured failure, he bought control of the manufacturing business for \$6500 and renamed it the National Cash Register Company. He had faith in it, although his neighbors grinned. To keep the new enterprise going required prolonged effort, and for years it remained just what it was represented to be when he bought it, a thief-catcher. But as time went on many changes were made in it, and many new inventions were either

patented or bought. Now the register is advertised as assuring correct change for the customer, credit for payments on account, accurate bills, and proof of purchase when goods are returned. The boast is made that it protects the clerk from others' errors, from misunderstandings, and from making mistakes himself. Whether the transaction is in cash, on part payment, or for a charge account, it can be registered on one of these machines; for they issue not only receipts but charge-slips, paid-out vouchers, and received-on-account records, "in every desired form."

The National Cash Register Company now sells nine tenths of such contrivances in the United States, as well as covering the world with them, wherever retail business is done. In its plant are forty-four acres of floor-space, and its employees number twelve thousand. From gross sales in 1890 of less than two million dollars, it had grown at the beginning of this century to more than a thousandfold of what John Patterson paid for control of the business at the beginning of his career, when he was forty-one years old. At the end of 1925 the firm had in 'account receivable alone, thanks partly to the sweep of instalment buying,