

of the estate taxes leaves more room for differences of opinion. Inheritance taxes are an important source of state revenue, and there are valid grounds for the view that this source ought to be left to the states. There is already a great confusion arising out of the conflicting state inheritance tax laws, and increasing the federal rates increases the confusion.

One of the weaknesses of the bill is that it leaves the corporation tax entirely untouched. It has done nothing to relieve those industries and those establishments which are making only small profits, and to impose the tax burden upon those which are making twenty, thirty, and forty percent. The country needs a campaign of education on the subject of differential incomes and profits. Our experience with the excess profits tax gave us the data needed for the construction of a tax which would yield adequate revenue without exercising any repressive effect upon industry. The assumption of a normal average rate of profit is unwarranted by the facts. Our tax system must be adjusted to the new facts which have come to light. But before that can be done much new information concerning profits must be carried to the people.

President Coolidge is almost certain to approve this bill. Its weaknesses are not of the simple striking sort which will make good political capital. The Democrats have outdone the Republicans in their desire to "relieve the people of burdensome taxes." It will never do to put them in a position to say that the President prevented such relief. But the first session of the newly-elected Congress will again have this problem of tax revision on its hands. By that time we shall have better facts, and more facts, concerning the effect of tax rates upon the number of large incomes reported, upon individual initiative, and upon capital accumulation. We will certainly consider much more seriously the reduction of customs and of excise taxes. And we shall subject the theory of ability to pay to a new analysis in the light of the new facts which are coming to hand.

Secretary Mellon's plan has been beaten, but by no means so thoroughly as either his supporters or his opponents would have us believe. He made a poor showing in the matter of statistical support for his arguments. He put forth the most naive theory of the relation of taxes to prices—a theory old and long ago disproved. He made himself laughable by giving out statements one week as to the oppressive effects of present taxes upon business; and asserting the next week that business was on a sound basis, and that production and employment were satisfactory. But he has initiated a discussion in American political life which will be prolonged, and which will finally bring about a tax system more scientific than any which the country has yet had. The outcome will not be what he recommended. But his service in initiating the movement will be none the less marked.

## Government as Common Plunder

FOR months and years the Hearst cartoonists have made capital out of the contrast between the popularity of the service men at the time when they were sailing for France and the general coldness with which their demands for a bonus have been received and grudgingly granted. Then the well-fed business men leaned dangerously from club windows and cheered themselves red in the face as the regiments marched by on their way to the ships. Now they fall into a red fury whenever they think of the bonus and the taxes they will have to pay to meet its charges. All America in 1917 promised the service men the whole earth. Today a large part of America is rather sore because the service men have collected from the government what is, in view of our colossal resources, only a comfortable tip.

There is point to the contrast. The change in public feeling toward the men who fought for us or were ready to fight for us in the World War, is striking and humiliating. Either we were childishly over-enthusiastic then, or we are disgracefully ungrateful now. But there is another pertinent contrast that may be drawn. Remember the fine spirit of the service men themselves as they marched past the cheering crowds. They were prepared to give their lives and all that life meant for their country. What is their country to them now? A source of common plunder. It was not the maimed, the enfeebled and handicapped who forced the passage of the bonus act. These are cared for—too parsimoniously in many instances—by other laws. The demand for a bonus came from the able-bodied, the vast majority of whom encountered no dangers except those of the training camps. It would be a difficult feat for most of them to show plausibly that they are worse off today in any respect because they wore the uniform for a time. But they command an immense number of votes and can make themselves a political menace to any party. On the strength of this potential menace they presented their claims, and have finally won.

Many of our readers will scan the foregoing statement with great indignation. Its fidelity to the truth, however, will hardly be denied. It is more admirable to offer your all on the altar of your country than to organize for the purpose of collecting money from your country in lieu of gratitude. It is plain even to children that the bonus was granted, not by the spontaneous desire of the whole people, but out of respect for the veteran vote. Where our account of the matter is unfair, we think it will be agreed, is in our treatment of the veterans as an isolated class. They are in fact following time-honored American precedents.

Except in times of extreme emotional stress our federal government has always been regarded by

large sections of the people as an instrument of private enrichment, rather than an organ for advancing the common good. Through the first century of its history it had a public domain of immense potential value to divide among the people. In consequence it was perennially the object of raids by those who desired cheap lands, or those who, having secured cheap lands, desired to escape the necessity of paying for them. There was never any scruple on the part of the frontiersman against beating the government. In this respect no distinction can be drawn between the man of modest means and the rich exploiter of natural resources. The former entered a homestead which he had no intention of transforming into a permanent home, and regarded his contract as adequately fulfilled if he met the residence requirements technically until he could "prove up" and speculate on increase in value. The rich exploiter planted his retainers to secure vast tracts of pasture, timber or mineral land, or in the land grant days, ran lines of railroads as a real estate speculation. All these evasions were public and notorious. Yet they never aroused significant local protest. Anyone who wishes to look closely into our ventures in the reclamation of arid lands will discover that this spirit is far from extinguished. The representatives of the several states affected are expected to take a strictly particularistic position and fight vigorously for a maximum share for their states in new reclamation projects. The private owners of lands included in a project scheme to draw to themselves as much of the benefit as possible. The settlers on irrigated lands strive incessantly to postpone payment for their water rights and if possible to escape such payment altogether. The Fall-Doheny raid on the naval oil reserves is merely one out of innumerable raids, big and little, that have been planned and executed ever since we had a public domain to be looted.

Now that most of our public domain has been dissipated, may we expect a weakening of the hungry interests that converge on Washington? There are still innumerable ways in which the federal government may be used for private enrichment. Muscle Shoals and the super power project come first to mind. We have not yet forgotten the orgy of profiteering in war contracts, which more than anything else excuses the demand of the veterans for a bonus. But taking our history all through, the favorite method of using the government for private gain has been the tariff. We have permitted our manufacturing industries to fix the conditions under which they would compete with the world in our domestic markets. We are still permitting this and deluding ourselves with the belief that the high prices they are enabled to charge are somehow a public benefit.

Everybody tries to use the federal government for his private gain. The World War veterans, like the veterans of all our earlier wars, have done the same thing. It would be foolish to censure

them particularly for what is a general national vice.

It would, however, be more foolish to overlook, or to regard with complacency, the wide ramifications of this national vice. We face a future in which the American nation will have to strain every effort if it is to attain to a place of leadership in civilization, or even to hold the place to which it has already attained. Shall we succeed if our federal government continues to be regarded primarily as an instrument for satisfying private greed?

In the early years of the Republic our national politics was charged with a mission. It was to maintain and consolidate republican institutions in a world in which such institutions were regarded as a wild experiment. In the middle of the last century also national politics had a mission. It was to rid the nation of the incubus of slavery while preserving the union. In both periods genuine statecraft struggled to the surface through the choking slime of private interests. In both periods we produced political leaders who were men of mark.

Has our national politics any mission today? Roosevelt pointed out one: Social Justice. Wilson pointed out another: International Peace. These missions were espoused with warm enthusiasm by millions of Americans. To extirpate poverty, ignorance and incompetence within our borders and to throw the weight of the United States on the side of international understanding and peace were ends worth the enthusiasm of a nation. But the enthusiasm cooled. Our national politics has settled back to a petty game of private interests played dispiritedly by mediocre men.

Only the unpractical idealist can expect national politics to be wholly freed from the necessity of compromising with private interest. The money changers were driven out of the Temple once, but that was a miracle, and miracles have no place in rational expectations. But sordid interests can be put in their place as minor influences, when once again we gain another clear vision of a national mission, and generate once more Roosevelts and Wilsons, instead of Coolidges and the herd of Democratic dark horses whinnying disconsolately in the fog of political doubt.

## THE NEW REPUBLIC

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# The Dilemma of the Democrats

**W**ITHIN a few days the Republican national convention will do a strange thing. It will nominate, virtually by unanimous vote and with outward and visible signs of enthusiasm, Calvin Coolidge for President of the United States.

That Calvin Coolidge will be the same Calvin Coolidge, who, as President for nearly a year, has endured one stinging slap in the face after another from members of his own party in Congress. More, the members of his own party in Congress, and the leaders of his own party in Congress, who have participated repeatedly in administering these slaps in the face, will be the chief figures in the convention that will make the virtually unanimous nomination, to the blare of party trumpets.

Thus, we are assured one novel and utterly illogical major event in the great national undertaking of choosing a President. And when attention is shifted to the Democratic national convention, soon to follow, the possibility of some denouement equally novel and illogical stands out like a sore thumb. The Democratic party has achieved a really astonishing degree of coherence and purpose. Traditionally a mass of incongruous and discordant elements, it was reasonable to suppose that when Wilson's grasp relaxed the party would revert to type. For some months following Wilson's break-down and the defeat of 1920 it seemed that the expected was happening. But party effectiveness began to reappear in the middle of Harding's administration and in the last few months it has been marked in Congress. It is a capable progressive party, using the term "progressive" in the sense in which it is commonly used in political parlance. But will it nominate a man who embodies its sense and will? The chances are distinctly against that.

The bottom trouble of the Democrats is the employment of McAdoo by Doheny and some other big interests that are regarded with suspicion. That was held months ago to make McAdoo unavailable, and despite his wonderful and growing political vitality, which has proved stronger and stronger in recent tests, it is still held by competent politicians to make him unavailable, and perhaps they are right. But for that fact Mr. McAdoo would be as logically the candidate of his party as any candidate in years. He would have been so logically the candidate of the party that it might have been argued that his nomination was inevitable; that two-thirds rule or no two-thirds rule, no combination of bosses could have prevailed against him. All that is necessary to measure accurately the momentum he would have had by this time, but for the Doheny disclosures, is to measure the momentum that he actually has had, despite

those disclosures which would have ruined and put on the shelf any ordinary presidential candidate.

McAdoo has typified, as no other Democrat has remotely done, the spirit that is in the ascendancy in the Democratic party. That must be realized to understand the strength he has demonstrated before and after the Doheny revelations. It is not enough to say that he had the old Wilson federal employees; that he had in Georgia and Texas and maybe elsewhere the Ku Klux Klan; that in some other place he had the railroad men; and all that sort of thing. Candidates for President do not show uniform strength in nearly every part of the country by grabbing some artificial, mechanistic instrument here and another there.

The fact is, of course, that the mass spirit of the Democratic party, as revealed in Congress where the Democrats think of what will be popular with the mass, is given almost perfect expression in McAdoo. That spirit—call it "progressivism" as its champions do and as is generally done in political discussion, or call it "unsoundness" as the representative business men of the Atlantic seaboard do—resolves doubts in favor of those at the bottom and against those on the top; it resolves doubts in favor of those getting the worst of the existing order and against those doing very well in the existing order; it resolves doubts in favor of the little fellow and against the big fellow. If any chances are to be taken, in treating a given situation, the benefit is given the underdog. That is McAdoo and that is the Democratic members of Congress—thinking all the time of the mass sentiment at home—when the Mellon tax plan is up, when the bonus is up, when the tariff is up, when the management of the Federal Reserve system is up, when agricultural relief is up, when railroad labor and railroads in general are up, when any economic question, sufficiently important to start a fight, is up.

Very well! There is McAdoo, the perfect fitting candidate of the Democratic party that stands, more or less intelligently and more or less sincerely, as to some of its congressional leaders, for the underdog little fellow—a Democratic party, by the way, whose Tammany members, and Massachusetts Irish members, no less than its southern and western members, fought the Mellon tax plan in the name of the man of small means. There is McAdoo, a candidate ready at hand, by record, by temperament, and by deliberate declaration! And he cannot be nominated, so nine out of ten political experts say, because he took a fee from Doheny, who is suspect and damns any candidate for high office, whether or not the candidate's connection with him was ethical. What is to be done? The answer is simple. If and when the elements that demand McAdoo find that