

The Liberal Position

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BECAUSE, since the death of Lenin, we have seen socialism in Russia transformed into what seems, to all intents and purposes, a fascist despotism, many of us are asking the questions: Must socialism, with its centrally controlled economic system, necessarily run to fascism? Is it possible for a collectivist state, presided over by a powerful executive, intensively to control industry, labor, and farming — unless it abandons the pretense of democracy and delivers itself to a coercive dictatorship?

Walter Lippmann's latest book, *The Good Society*, is important because it deals with these questions, at least from an intellectual standpoint, as well, I think, as any book that has appeared in recent times. Bertrand Russell's *Freedom versus Organization* (1934) is better written and sheds a clearer light on some of the Marxian fallacies. *Marxism versus Socialism* by Vladimir Simkhovitch (1913) beautifully exposes the weakness of the Marxian conclusion that society cannot protect itself against the destructive tendencies of capitalism. For a discussion of the current results of collectivism, one can recommend no better book than the recently published *Collectivism — A False Utopia* by William Henry Chamberlin, well known as the author of *The Russian Revolution*. And *Assignment in Utopia* by Eugene Lyons vividly presents the stark and terrible record of Stalin's regime.

But *The Good Society* contains, in certain respects, a more comprehensive discussion, extending to the metaphysical foundations of both collectivism and liberalism. In fact it is sometimes too comprehensive. And its power

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and clarity are marred by Mr. Lippmann's besetting sins — pomposity and a habit of over-reasoning his case, which in this instance is an exceedingly strong one.

Indeed the book would be easier to read if its author had not yielded to the temptation of including too many lines of thought, and of following them to the bitter end, without too much regard for their relative importance. For, if you crowd a score of even the best arguments into a single chapter, they become lost in each other, and, at the end, may be as lacking in form and structure as a mass of angleworms in a box. It is unfortunate that, by its effort for completeness, *The Good Society* loses interest in spots and tires the reader. Nevertheless, for those who can forgive these faults, the book is well worth reading.

I suppose that, at the present moment, America is thinking about itself with an intensity that has not been equalled since the reconstruction days after the Civil war. It is deeply interested in government and economics, and in discussing the extent to which the former should overlap the latter. It is watching Mr. Roosevelt's attempt to plant managed economy and the providential state, as Mr. Lippmann calls it, on American soil. It is wondering whether the business of controlling life in general, and economic life in particular, will continue. And if so, will it turn the country toward fascism or toward communism. Or, on the other hand, will the providential state and its providential leaders gradually peter out and disappear in the wreckage of unkept promises and grandiose pretensions?

The first half of Mr. Lippmann's book is, in essence, an attack on collectivism, and by inference that is more than inference, on President Roosevelt's philosophy, and that of the men whose thinking seems to guide the government. Also it is a prophecy, buttressed by historical par-

allels, to the effect that our excursion into collectivism, or centrally managed economy, will prove disappointing; that it will reduce the fecundity of industry, and do away with the competitive market which alone, Mr. Lippmann believes, can properly govern prices and the volume of production.

And, finally, Mr. Lippmann contends that, having discouraged the creation of wealth, reduced employment, smothered development in stultifying uniformity, and debased the standard of living, collectivism must take refuge in militarism and war. Since these alone can furnish a temporary escape from the difficulties it has brought on itself by playing the role of Providence.

I do not mean that Mr. Lippmann says all this right out bang. He has his way, and a genius for not quite saying the thing. But the foregoing is the burden of the first half of the book. It is his recurring theme, to which is joined the reflection that the hostility which we have noticed on the part of providential states and statesmen to law, and especially to religion, is well founded. For in the human soul there is room for the worship of but one God at a time.

The following passage, I think, fairly represents Mr. Lippmann's attitude toward the coercive or authoritative principle of social control, which he sees as gaining an alarming ascendancy in America as well as the rest of the world:

The generation to which we belong is now learning from experience what happens when men retreat into a coercive organization of their affairs. Though they promise themselves a more abundant life, they must in practice renounce it; as the organized direction increases, the variety of ends must give way to uniformity. This is the nemesis of a planned society and of the authoritative principle in human affairs.

Mr. Lippmann is not at his best when philosophizing, at least not for readers like myself, who prefer to have their ideas served simply. But in the chapter entitled *The Gods of the Machine*, he is pleasantly factual. And he performs a real service by pointing out that our move into collectivism can by no means be called a liberal move; that, on the contrary, it is definitely a backward step toward reaction. He describes the era when Colbert codified the industrial laws of France, when he regulated the volume of production, the price, the quality, and the design of goods, and, in a word, "did under Louis XIV precisely what General Johnson and Secretary Wallace did under President Roosevelt."

Naturally the system did not work very well. The more the reglements were violated, the more the reglements were multiplied. Lawsuits were endless, smuggling and bootlegging omnipresent, and every so often the government set out to prove that it not only issued regulations but meant them. It felt particularly vehement about printed calicoes; for the French printing industry was backward and the textile producers demanded protection. Certainly the government did its best. "It is estimated," says Heckscher, "that the economic measures taken in this connection cost the lives of some 16,000 people, partly through executions and partly through armed affrays, without reckoning the unknown but certainly much larger number of people who were sent to the galleys, or punished in other ways. On one occasion in Valence, seventy-seven were sentenced to be hanged, fifty-eight were to be broken on the wheel, six hundred thirty-one were sent to the galleys, one was set free and none was pardoned. But even this vigorous action did not help to attain the desired end. Printed calicoes spread more and more widely among all classes of the population, in France as everywhere else."

The Good Society is worth while if only for this chapter. And the same can be said of other chapters which deal with the unfortunate results both of over-done govern-

ment regulation, and of the discredited policy of laissez faire. These parts of the book are admirable. And they are successful. For they carry out the writer's intention of leaving no doubt in the reader's mind that collectivism is sterile, and that, so far as bringing a higher standard of living is concerned, the totalitarian plan is ineffectual and, in the last analysis, good for nothing in particular but war.

It is from these chapters that the reader draws the conclusion that our form of government, which is democracy, and our method of enterprise, which is capitalism, form together a system which, if protected from privilege and monopoly, as Mr. Lippmann believes it can be protected, is far more effective than collectivism for increasing the general level of well-being.

In an excellent passage in a later chapter, entitled *Gradual Collectivism*, Mr. Lippmann once more is factual rather than philosophic, as he tells how, under the paternal or providential state, groups step forward one by one, each asking for privileges and subsidies, in exchange for votes, and each getting them, until all groups become the grateful and gullible beneficiaries of the government, at their own and each other's expense. Thus the benefit is an illusion and the loss a certainty.

At the same time the people have been taught by the collectivists to believe that the government can and should make them richer. . . . In a society which has adopted the collectivist view, there is a standing invitation to everyone to devise some method by which the authority of the government can be used to improve his income. . . . The older doctrine was that wealth is increased by labor, enterprise, and thrift, and that the way to a just distribution of income is through the repeal of privileges. It has been overwhelmed by the practical demonstration that some men prosper greatly when the government assists them. So the people have had it fixed in their minds that the state possesses

a magical power to provide an abundant life. They have come gradually to think that their expectations may be as great as their government is powerful; that the stronger the government, the more certainly it can satisfy their heart's desires. After a while, when the doctrine is completely dominant in the popular mind, a point is reached where men cease to feel that there is any vital connection between production and consumption, between work and wealth. They believe instead that the vital connection is between wealth and the power of the state. It is no longer labor, but the law, the force of the state, the might of the government, that is looked upon as the source of material well-being.

The belief in this miracle is due to an optical illusion. The power of the state, as such, produces nothing: it can only redistribute that which has been produced.

The attempt to universalize privileges, to create privileges for everyone, puts the stamp of official approval on everyone's expectation that the state can ensure his prosperity. At the same time, the measures of the collectivist policy, tariffs, bounties, fixed wages, fixed prices, guaranteed incomes, and the like, have the general effect of enhancing the real costs of production, of reducing the real efficiency of capital and labor, of subsidizing the high-cost producer at the expense of the low-cost. Thus, on the one hand, the state raises the people's expectations, and, on the other hand, it reduces their productivity.

The foregoing, as it seems to me, is well reasoned and well stated. And it has the virtue of being accurately descriptive of what is taking place at this moment, when almost everyone but the consumer and the industrial producer is cared for by the government, the general impression being that the government is paying the bill with taxes taken from the rich. Unfortunately the contribution of the rich and of the well-to-do is comparatively small and almost the entire fund comes from invisible consumption taxes levied on the poor. And what is more, the government only turns over to the favored groups a

part of what it collects. For a large percentage goes to sustain the huge and wasteful bureaucracy which acts as the distributing agent. The government, in this respect, is like an ill-run and over-manned charitable institution, where the overhead eats up a great part of the income.

Many Americans, who deny allegiance to Marx while they preach the essentials of his dogma, regard depressions as proof of the unsoundness of capitalism and democracy. To this indictment Mr. Lippmann makes no answer. And here, in spite of its many virtues, *The Good Society* is disappointing, especially as in its four hundred pages it deals with almost every conceivable subject from the Rock of Ages to how to sail a boat or build a wickiup. So, since Mr. Lippmann neglects Mr. Marx' fearsome theory of the "Recurring Crisis," let us take a look at it briefly on our own account.

Marx' number one indictment of the existing order, runs somewhat as follows:

In modern industrial society, with its drive toward large scale organization, competition is bound to yield to monopoly and finally be replaced by it. For monopoly is probably the quickest and easiest way to make money that has so far been invented by human beings.

And the indictment continues: It is the nature of monopoly to exploit labor and rob the consumer, and to concentrate wealth at one end of the social scale and misery at the other. And, so say the Marxians, the outcome is an inevitable destruction of mass buying power which, in turn, cuts down consumption and brings on a crisis in the form of industrial collapse. Then comes a readjustment and a temporary recovery, which is followed by another crisis. And the process repeats itself with increasing severity.

Marx believed that these periodic cataclysms are in-

herent in capitalism, and that they will plunge the masses into such depths of misery and despair that they will finally save themselves by a glorious proletarian revolution. This is the doctrine of Marxian revolutionists. Socialists of the gradualist school, however, hope the revolution and its horrors may be avoided if collectivism, or centrally managed economy, intervenes to save the day.

While, as I have said, Mr. Lippmann does not go into Marx' theory of recurring crises and their final outcome, he does emphatically deny that monopoly, with its price fixing and restraint of trade, is an inevitable tendency of capitalism. He believes, on the contrary, that monopoly can and must be prevented, though he does not say much about the method of prevention.

An indispensable principle of liberal policy is to outlaw monopoly and the unfair trade practices which lead to monopoly. There is a rather general impression that all business tends towards a condition of monopoly, and that may be true in a society which is drifting without a clear conception of the nature of its own economy. But once men take seriously the idea that they are committed to a mode of production which can be regulated only in free markets, they will re-examine the laws under which monopoly flourishes. They will find, I am convinced, that few effective monopolies have ever been organized and that none can long endure except where there is a legal privilege. It may be a franchise, or the exclusive possession of a limited natural product, or a patent, or a tariff, or simply an exploitation of the corporate device. But if monopoly depends upon a privilege that the law concedes, then monopoly can be destroyed and prevented by changing the law.

On the whole, so far as it goes, this is a good statement of the monopoly question. But it is not a full statement, nor is it wholly accurate. For many of the privileges which sustain monopoly are illegal. For instance, the discrimination in favor of large shippers which is practiced by rail-

roads, pipe lines, and other common carriers, is illegal under federal statutes such as the Hepburn law of 1906, and under most of the state constitutions. And for the very reason that it is illegal, it can be attacked the more easily.

The socialists, however — and this is true of many New Dealers — once having accepted Marx' conclusion that, aside from revolution, society can do nothing to save itself from the inherent tendency toward monopoly, exploitation, and depressions of growing violence — cling to this conclusion as an everlasting truth which Marx gave to the world, very much as Moses presented his people with the Ten Commandments.

And, what is more, since that historic utterance, the collectivists have become, intellectually speaking, a sort of privileged class. For, having received from their bearded prophet his unchanging truth, they are absolved, fundamentalists as they are, from the duty of standing on their own feet and thinking things out for themselves. Indeed, the pious Marxian, like his little brother the New Dealer, can happily close his eyes and ears to all economic or political developments since 1848. And, when confronted with a proposal to combat monopoly and clean up a plague spot, or an alleged plague spot of the world in which he lives, he is content to sit in his chair and, parrot-like, repeat his cliches, "Unavoidable Trends," "Inherent Tendencies," "Inescapable Destiny." "Nothing can be done till we end the Vicious System."

As a matter of fact the information that has been collected in this country on the subject of industrial monopoly is both important and interesting. It is contained in the minutes and reports of industrial commissions and committees of Congress, which have examined thousands

of witnesses and analyzed, generally with a surprising degree of ability and sincerity, every phase of the monopoly question.

These documents, it is true, are not what can be called summer reading. But they are essential reading for people who want to understand economics. And in their light we find, in the case of steel, oil, beef packing, coal, and most of the great controlled industries, that the building of monopoly power has followed the same definite principles and technique.

And we also find that monopoly — which is the power to destroy competition and raise prices — is never gained through efficiency, and rarely through mere size. It is gained when one group in an industry, generally a strong group, gets control of some essential industrial factor, like raw material, or transportation, or a patented process which the other producers in the same industry must use in order to do business.

The two great industrial combinations, which demonstrate the monopoly technique most clearly, are perhaps the Steel corporation and the Standard Oil company. The Steel corporation secured its monopoly power first, by controlling the ore hauling roads, a control which gave it a transportation advantage, i.e., a saving of several dollars a ton over the independents. And second, by purchase and lease, it took possession of the principal high-grade ore deposits of the continent.

In addition, there is another advantage, and an important one. For many of the rail systems, which are large buyers of steel, are partly owned or controlled by the interests which control the Corporation. And this means an advantage in marketing its goods as well as in delivering them.

In the so-called oil trust, organized thirty years before

the steel trust, the technique of monopoly was the same. The Standard took control of rail transportation and later of the pipe lines. Even today the Standard and a few big companies own the principal pipe lines. They carry their own oil, through their own pipes, at cost, just as the Steel corporation carries its ore at cost. And they make a large profit in moving other people's oil.

Again these pipe line companies devise unfair regulations for the acceptance and storage of oil, which put the "independents" at a further disadvantage. For years the pipe line companies have made an average net profit on their investment of around twenty-five per cent. And in good times the ore hauling roads of the Steel corporation have netted an even higher profit.

The effect of such advantages, or, as Mr. Lippmann calls them, privileges, is that the independent finds himself in a dangerous position. For he is well aware that, if he competes actively with the trust or undersells the price fixed by it, it can retaliate by cutting prices lower still. And, since the trust has a transportation or other "differential" in its favor, it can sell down to a point which will seriously embarrass the independent, or even drive him to the wall.

Says the Interstate Commerce commission: "In any industry, whoever controls the avenues of transportation of either the raw material or the finished product can speedily drive all competitors out of existence."

But the suggested approach to the monopoly problem — that of destroying monopoly power by separating the monopolist from his privilege — is anathema to the collectivist. In fact any approach is anathema, because it invites him to do what he has never done and does not want to do, i.e., examine economic questions in a spirit of realism instead of romance. It would weaken his faith in

the holy doctrine that society cannot adjust itself and meet difficult situations except through the purgatory of class war. And worst of all, it would reflect on the omniscience of Mr. Marx, that grumpy philosopher whose chief joy was to sit in his study, write death certificates for christianity and capitalism, and extol class hatred and "inherent tendencies."

Some years ago, Dr. S. M. Crothers, a more genial philosopher than Mr. Marx, announced that there is one tendency common to all tendencies. It is the tendency to develop counter-tendencies.

There is, for example, a tendency on the part of the gypsy-moth caterpillar to destroy utterly the forests of the United States. But were I addressing a thoughtful company of these caterpillars I should urge them to look upon their own future with modest self-distrust. However well their program looks upon paper, it cannot be carried out without opposition. Long before the last tree has been vanquished, the last of the gypsy-moths may be fighting for its life against the enemies it has made.

Another error in the collectivist's economic diagnosis, to which Mr. Lippmann pays little attention — and it is an error quite commonly found outside the collectivist camp — is the belief that monopoly, and the loss of mass buying power, is not merely a factor, but the main factor in bringing on depressions. It is true that it is a factor. But compared with money and credit inflation it is, comparatively speaking, a minor one. In the 1929 collapse, for example, the reckless and almost insane manipulation of credit was the chief and proximate cause.

In the years immediately preceding this particular depression, the bankers, with the coöperation of two Republican administrations, to wit, those of President Coolidge and President Hoover, encouraged borrowing until it became almost a cardinal virtue. And at the same

time they loosed on the country an enormous and unneeded stream of credit.

No doubt these bankers and the financial advisors of the government honestly believed that the bull movement following the World War — every great war is followed by a boom because, in war time, the energies of a nation are devoted to war needs and the production of things needed for peace is neglected — would go on indefinitely. And it must be remembered that financiers and governments made the same error of over-optimism all over the world.

Be that as it may, in the pre-crash period the loaning agencies, egged on by the President and the Treasury, encouraged borrowing, almost forcing loans upon people whether they wanted them or not. And a psychological condition was induced in which farmers borrowed and bought land, not only to cultivate, but to hold for higher prices. Business men borrowed and built more factories. Real estate operators borrowed, increased their holdings, and ran up unneeded buildings of every kind. Merchants borrowed, leased larger quarters, ordered more goods, and hired more help. And the general public, sucked into the whirlpool by suggestion and easy money, joined in a prolonged debauch of gambling. In its essentials, the boom of 1929 was merely a glorified Florida boom. It was nourished by the same food, frantic optimism and unlimited credit. And it followed the same tragic path to the end.

When at length the government and the financiers realized that the expansion had gone to a point where earnings were insufficient to pay taxes, interest and overhead, it was too late. Consumption and production were already declining, and had been for a year. Merchants could not pay their rent, so they discharged clerks, and

reduced their orders for goods. Factories reduced their production and laid off men. Mortgagors failed to meet their obligations and the banks refused to renew loans and foreclosed. And presently vicious circles, multiplying by the thousands, were carrying the nation into the abyss.

Meanwhile the farmers, who had not shared in the general prosperity, partly because England kept the price of gold down in order to obtain our farm products at a low price, sold their land, wherever they could sell. They laid off hands. And they stopped buying feed and machinery, and merchandise from the mail order houses.

And to this outline of the depression, and the reasons for it, may be added one rare and, so far as I know, unparalleled factor. In ordinary times the bull and the bear stock transactions tend to cancel each other's effect on the market, most transactions being, in fact, between bulls who think the market is going up and bears who think it is going down. And there results a needed steady-ing force. But, when, in the autumn of 1929, call money rates rose to an almost fabulous height, the bears, who had prudently sold out and withdrawn their money from the street and were waiting to buy again at lower prices, were tempted by the attractive call money rates. Where-upon they loaned their money to bulls who used it in expanding their transactions. So that, from then on, the bull money and the bear money were, for once, on the same side. And stocks rose higher still and hastened the inevitable collapse.

In a word, it was not capitalism that brought the collapse of 1929. Neither was it Mr. Marx' "inherent tendencies." It was our failure to keep capitalism properly serviced, and to provide a common sense control over credit, gold, and the price level. As most of the world has

already come to see, there is one thing that *does* require collective, or federal, regulation in a modern state. It is money and credit. The power to regulate money and credit is essentially a sovereign power. Like the power to make laws, it belongs to the representatives of the people. For it is so great a power, and so vitally important, that it should not be entrusted to any private group or any one man — especially not to a politician.

Since the tragic events of 1929, recognizing the need for regulated money and credit, Congress, by the Banking act of 1935, has provided strong agencies of control. But, unwisely following the trend of the last few years, it has placed this control beyond its own reach and in the hands of the Chief Executive. In other words, in the manner of money and credit, we have followed the collectivist pattern which Mr. Lippmann deplors. In the Banking act we took a long step toward executive autocracy.

Somehow, in discussing depressions and the maladjustments that lead to them, we seem to have drifted fairly far from Mr. Lippmann and his *Good Society*. We seem to be writing about the things which Mr. Lippmann did not say. But perhaps extenuation may be found in the fact that there are certain very important things which liberals must not only discuss, but decide and act on, if liberalism is to hold out against the wreckful siege of battering days through which it is passing.

To thousands, perhaps millions of people, the chief objection to our present system is that it has permitted the terrific human tragedies known as depressions. And their main excuse for veering toward collectivism is that it pretends to be able to cope authoritatively with depressions, as with everything else. It would seem, therefore, that a discussion of the causes of depressions,

whether they are monopolies or credit expansion, or whatever they may be, is germane to the subject of liberalism and *The Good Society*.

In the second half of the book, when Mr. Lippmann turns his attention from collectivism to liberalism, he is, on the whole, less successful than in the first. Though he makes a fairly good analysis of liberalism's faults and virtues, he offers little by way of a constructive program. Indeed he is disinclined to set much store by programs. "The Good Society," he says, "has no architectural design. There are no blueprints. There is no mold in which human life is to be shaped."

Rather he elects to put his trust in a return to a clearer understanding of human rights. For these he pleads, as well as for a recognition of "the higher law" by which these rights may be sustained.

The denial that men may be arbitrary in human transactions is the higher law. . . . That is the spiritual essence without which the letter of the law is nothing but the formal trappings of vested rights or the ceremonial disguise of caprice and willfulness.

Again, in a section entitled *Man the Inviolable*, he makes the philosophy of liberalism depend on, or rather rest on, a more fundamental consideration, namely the Golden Rule. But he holds that the Golden Rule is itself invalid unless men recognize that in other men there is an inalienable and autonomous essence.

The rule is meaningless where that recognition is absent. It can be preached from all the pulpits of the world and it will be without effect unless men acknowledge that there is an inalienable essence in all other men. . . .

For in the recognition that there is in each man a final essence — that is to say, an immortal soul — which only God can judge, a limit was set upon the dominion of men over men. The preroga-

tives of supremacy were radically undermined. The inviolability of the human person was declared.

Towards this conviction men have fought their way in the long ascent out of the morass of barbarism. Upon this rock they have built the rude foundations of the Good Society.

I must confess that I found this part of the book, though eloquent and indeed a little too eloquent, rather heavy going, perhaps because I am less interested than I ought to be in discovering philosophic or religious reasons for ideas which the ordinary experience of life seems to me to confirm. No doubt it is pleasant to hear from Mr. Lippmann's lips that God is still in the heavens and not in the Kremlin or the White House, and that the Golden Rule, untarnished by time, is just as good as ever. Yet his assertion that the Golden Rule's validity rests on the eternal truth that Man the Inviolable belongs to himself, and not to somebody else, does not seem to cover the whole ground. For something might be said to the effect that the G. R. has been found, in actual trial, to be a good design for living.

When Mr. Lippmann philosophizes, as he does too much for my taste, especially in the concluding chapter of the book, *On This Rock*, he is apt to be ponderous. He, so to speak, takes his providential pen in hand, and traces cloudy symbols of a high romance, the romance of the mind. Undoubtedly Mr. Lippmann likes ideas; he revels in them. Yet he is not too discriminating in sorting and arranging them. And he uses them — old or new, good, bad or indifferent — with the majestic enjoyment of a sacred elephant showering itself with the water of the Ganges.

In the same chapter, and a previous one, Mr. Lippmann takes a crack, quite justly I think, at the high priests of scientifically induced scarcity, Stuart Chase,

George Soule, Secretary Wallace and others. And at this point I looked for, but did not find, an appraisal of providential statesmen of the type of that great liberal, once Senator now Supreme Court Justice, Hugo Black. I refer to those men high in the councils of the White House who, with a passionate tenderness for labor, fight for better conditions of employment, and yet seem to have little or no concern about employment itself. Consequently, with the utmost enthusiasm, they dish up bills, like the Black-Connery bill, which, if passed as drafted or even as later amended, would slow industry down in large sections of the country, and disemploy enormous numbers of people.

It is a hopeful sign that labor itself has begun to oppose this kind of short-sighted lawmaking, which is not only against its long range interest, but too obviously designed as a bid for its support. Sometimes when I hear the President and his left wing comrades promising the moon to labor, plus an abundant life with less work, more pay, and a foot pressed firmly on the neck of industry, I wonder whether they are consciously capitalizing labor's credulity. And, if psycho-analyzed by a frank practitioner, would they find that they were less interested in labor than in its vote?

Surely it must be clear to them that, even if labor were organized one hundred per cent, and given every conceivable protection that can be put in laws, even then the wage earner's only real chance for a steady job with good wages — and for labor this is the abundant life — would be good business, high production and a corresponding demand for work.

Somewhere in the book I had hoped also to find kind words for the men, in or out of politics, who have long been fighting, as Mr. Lippmann is now fighting, for

liberalism — men who have spent their strength and risked their careers defending democracy, at a time when Mr. Lippmann was saying that to believe in democracy was to believe in the impossible, and that democracy serves to produce “a bewildered public and a mass of insufficiently trained officials.” Somehow or other, in reading *The Good Society*, one gains the impression that, in North America at least, the fight for liberalism has been waged by Mr. Lippmann all alone.

Yet, if *The Good Society* has its faults, it also has its excellencies. There is much in it that is good, and much that is informative. And a defense of liberalism is timely at this juncture, when so many people, who do not understand the principles or mechanics of our politico-economic system, are hopelessly confused, and are turning to old and ugly tyrannies camouflaged with a new coat of paint. I hope *The Good Society* will be widely read, for a good deal of it is written with wisdom, and some of it, mainly in the first half, with mastery. I hope too that the philosophical preachments will be overlooked by those who do not care for them, and that the stronger and clearer passages will be considered separately and on their own merits, which are often high.

And I wish that at the end, and out of the mass of his material, Mr. Lippmann had set down the high points of his discussions, and, more than that, indicated the deductions which might fairly be drawn from them. And, since he has not done that, I would like to do it in my own way, somewhat arbitrarily, or providentially if you please, and including some things which, as it seems to me, ought to be, but are not in the book.

1. Managed economy will prove undesirable. It should be abandoned. It requires a degree of discipline and control which must turn it to fascism. It is restrictive and sterile. It devitalizes

production and reduces the incentive for creating wealth and the expansion and differentiation of product which alone can raise the standard of living and keep labor employed.

2. Managed economy, because it is economically impotent and conducive to under-production, tyranny and unhappiness, leads to militarism and war.

3. A government cannot effectively produce wealth. By wealth we mean the goods and services people need. Governments are not properly organized for industry. But, by statutes of wide and general application, governments can lay down and enforce the rules which shall govern the industrial game. And, when this has been done, if a government is wise and mindful of its people's good, it will make itself as scarce as possible.

4. Labor and other groups cannot effectively be protected by subsidies and government-given privileges. These paralyze production and impoverish all classes.

5. Labor should be unionized for its own sake, and for industry's sake, as well. And there should be responsible bargaining on both sides. But labor's main reliance for good wages and conditions of employment, and for employment itself, is the vitality and resourcefulness of industry conducted for profit.

6. Machine industry, while it brings temporary unemployment, has the long range effect of increasing employment, provided monopoly does not intervene to raise prices and reduce consumption. Dislocation of labor, on account of technological advance, is a problem that can be taken care of by private and public insurance and by work on government projects.

7. Monopoly can be prevented. And the line of attack should be that of separating the monopolist from the privilege, or privileges which give him his power to destroy competition and fix prices.

8. It is probable that good monetary control can greatly reduce the chance of major depressions, if not prevent them. The flow

of money and credit should be controlled centrally. But the agencies of control should be responsible to Congress and not to the President. This point, like some of the ones I have mentioned, Mr. Lippmann adumbrates but does not actually treat.

9. A government controlled by the discretion of a ruler, or a group, is probably the ugliest and most costly phenomenon to be found in society. On the other hand, a government democratically controlled, and functioning through common council and law, is the highest and most hopeful achievement of man.

One Southern View-point

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ONE of the most striking things about the history of literature in these United States was the persistent refusal of writers to tell of the life that lay naked before their eyes. Whatever was wrong with human beings in their relationships with each other might be printed in newspapers without giving offense; accounts of poverty and crime, of cruelties and stupidities and the misery resulting from them might appear daily in the news and be discussed, deplored, but for a writer of fiction to tell of these same misfortunes and meannesses, to present as real the traits and adversities that maim and shatter mankind, was considered base, detestable. Nobody might hint that the good as well as the wicked were subject to unfriendly forces in the universe. Life had to be shown as lovely and inviting; goodness must always overcome evil; wickedness must be punished with defeat; truth crushed to earth must always rise again.

Distinguished writers in Europe might present life as their own eyes saw it and be hailed in their own countries, recognized as important here. They might demonstrate that the artist must be free to present actual facts whether those facts were beautiful or revolting, that he must omit no shocking detail needed to complete the picture he reported or the character he wished to reveal. But this freedom was denied to American writers although as early as 1837 Emerson had declared that "The literature of the poor, the feelings of the child, the philosophy of the street, the meaning of household life are the topics of the time." Until the last few decades

Children of Strangers. By Lyle Saxon. Houghton Mifflin. \$2.50.