For the first time in two generations the American people are faced with the primary issue of humanity and all government - the issue of human liberty.

Not only in the United States but throughout the world, the whole philosophy of individual liberty is under attack. In haste to bring under control the sweeping social forces unleashed by the political and economic dislocations of the World War, by the tremendous advances in productive technology during the last quarter-century, by the failure to march with a growing sense of justice, peoples and governments are blindly wounding, even destroying, those fundamental human liberties which have been the foundation and the inspiration of progress since the Middle Ages.

The great question before the American people is, not whether these dislocations can be mastered and these new and powerful forces organized and directed to human welfare, but whether they can be organized by free men. We have to determine now whether, under the pressures of the hour, we must cripple or abandon the heritage of liberty for some new philosophy which must mark the passing of freedom.

Who may define liberty? It is far more than independence of a nation. It is not a catalog of political "rights." Liberty is a thing of the spirit - to be free to worship, to think, to hold opinions, and to speak without fear - free to challenge wrong and oppression with surety of justice. Liberty conceives that the mind and spirit of men can be free only if the individual is free to choose his own calling, to develop his talents, to win and
keep a home sacred from intrusion, to rear children in ordered security. It hold he must be free to earn, to spend, to save, honestly to accumulate property that may give protection in old age and to loved ones.

It holds, both in principle and in world experience, that these intellectual and spiritual freedoms cannot thrive except where there are also these economic freedoms. It insists equally upon protections to all these freedoms, or these is no liberty. It therefore holds that no man, no group, may infringe upon the liberties of others. It demands freedom from barriers of class, and equal opportunity for every boy and girl to win that place in the community to which their abilities and character entitle them. It holds that these liberties and securities to constructive initiative and enterprise alone assure the immense sum of material, moral and spiritual achievements of men.

There are stern obligations upon those who would hold these liberties - self-restraint, insistence upon truth, order and justice, vigilance of opinion, and cooperation in the common welfare.

In every generation men and women of many nations have died that the human spirit might thus be free. In our race, at Plymouth Rock, at Lexington, at Valley Forge, at Yorktown, at New Orleans, at every step of the Western frontier, at Appomattox, at San Juan Hill, in the Argonne, are the graves of Americans who died for this purpose.

From these sacrifices and in the consummation of these liberties there arose a great philosophy of society - Liberalism. The high tenet of this philosophy is an endowment from the Creator to every individual man and woman upon which no power, whether economic or political, can encroach, and not even the Government may deny. And herein it challenges all other philosophies of society and government; for all others, both before and since, insists that the individual has no such inalienable rights, that he is but the servant of the state. Their insistence is that liberty is not a God-given right; that the state is the master of the man. Liberalism holds that man is master of the state, not the servant; that the sole purpose of government is to nurture and assure these liberties. Herein is the widest divergence of social and governmental concepts known to mankind. No man long holds his freedom under a government which is the master of men's liberties, and that government cannot exist or continue unless it be of despotic powers. The whole of human experience has shown that.

And this devotion to freedom is not an abstraction, for Liberalism holds that it is solely through the release of the constructive instincts and aspirations of man that society may move forward to its primary purpose. That high purpose is human betterment. Its distinction in American life is its ideal for betterment of all people.

Out of our philosophy grew the American Constitutional system, where the obligation to promote the common welfare was mandatory and could be made effective; wherein was embodied in its very framework the denial of the right of the Government itself or of any group, any business, or any class to infringe upon inalienable rights; wherein the majority was to rule; wherein government was to be "of laws and not of men"; whereby the individual was guaranteed the just protection of these rights by its tribunals - the structure of American Democracy.

The rise of our race under it marks the high tide of a thousand years of human struggle. Upon it our country has grown to greatness and has led the world in the emancipation of men. When these boundaries are overstepped, America will cease to be American.

From the creativeness of mankind's liberated mind and spirit has come the host of ideas, discoveries and inventions with their freight of comforts and opportunities. And with all of them has come a burden of difficult problems. Today, these complexities, added to the aftermath of war, loom large, and the voices of discouragement join with the voices of other social faiths to assert that an irreconcilable conflict has arisen in which liberty must be sacrificed upon the altar of the Machine Age. But liberty is a living force,
expanding to every new vision of humanity, and from its very dynamic freedom of mind and thought comes the conquest of its ceaseless problems.

Our system has at all times had to contend with internal encroachments upon liberty. Greed in economic agencies invades it from the right, and greed for power in bureaucracy and government infringes it from the left. It battles against betrayal of trust, business exploitation, and all forms of economic tyranny have long demonstrated that it was no system of laissez faire. Its battles against the spoils system, or the expansion of bureaucracy, have long demonstrated its live sense of opposition to the subtle approach of political tyranny.

I should indeed be glad to find a short cut to end the struggle with the immensities of human problems. I have no word of criticism but rather great sympathy with those who honestly search human experience and human thought for some new way out, where human selfishness has no opportunities, where freedom requires no safeguards, where justice requires no striving, where bread comes without contention and little sweat. Such dreams are not without value, and one could join in them with satisfaction but for the mind troubled by recollection of human frailty, the painful human advance through history, the long road which humanity still has to travel to economic and social perfections, and but for the woeful confirmations which the world has given of the failure of idealism alone, without the compass of experience.

The American Theory of Liberalism

It is now claimed by large and vocal groups, both in and out of government, that liberty has failed; that emergency encroachments upon its principles should be made permanent. Thereby are created the most urgent issues; first, whether we must submit to some other system by which the fundamentals of liberty are sacrificed, and second, whether, even if we make these sacrifices, we shall not defeat the hope and progress of humanity.

On other occasions I have commented upon the perversion and assumption of the word "Liberalism" by theories of every ilk - whether National Regimentation, Fascism, Socialism, Communism, or what not. I have pointed out that these philosophies are the very negation of American Liberalism.

Liberalism is not the possession of any political party. The belief in Liberalism, the acceptance of it as a positive philosophy, does not designate a person either as a Republican or a Democrat any more than does his belief in Christianity.

It is the purpose of this examination, therefore, upon behalf of human liberty, to survey briefly the movement of revolution through the world since the Great War, the method of overthrow of Liberalism; to recall our American heritage, the growth of our liberty, the forces in human nature and human behavior which governs economic life, The restraints and ideals of the system of ordered liberty, the achievements of the American System; to analyze from an American point of view the alternate systems of society; to examine our own abuses of liberty; to review the purposes of American life; to consider constructively, not a detailed program, but the method through which alone we can solve national problems.

Over a period of twenty years I have been honored by my country with positions where contention with the forces of social disintegration was my continued duty. I should be untrue to that service did I not raise my voice in protest, not at reform, but at the threat of the eclipse of liberty.
It is my hope to show that to resume the path of liberty is not to go backward; it is to return to the path of progress from following the will-o-the-wisps which lead either to the swamps of primitive greed or to political tyranny.

Nor is it my purpose to criticize individual men. This is solely an issue and will be met by honest men as an issue. For once again the United States of America faces the test whether a "nation so conceived and so dedicated can long endure."

National Regimentation

The origins, character and affinities of the regimentation theory of economics and government, its impact upon true American liberalism, and its departures from it can best be determined by an examination of the actions taken and the measures adopted in the United States during recent months.

It is not from oratory, either in advocacy of this philosophy or equally in denial of it, that we must search for its significance. That is to be found by the actual steps taken and proposed.

From this examination we may dismiss measures of relief of distress from depression, and reform of our laws regulating business when such actions conform to the boundaries of true liberty, for these are, as I shall indicate, not regimentation.

The first step of economic regimentation is a vast centralization of power in the Executive. Without tedious recitation of the acts of the Congress delegating powers over the people to the executive or his assistants, and omitting relief and regulatory acts, the which have been assumed include the following:

1. To debase the coin and set its value; to inflate the currency; to buy and sell gold and silver; to buy Government bonds, other securities and foreign exchange; to seize private stocks of gold at a price fixed by the Government - in effect giving to the Executive the power to "manage" the currency;
2. To levy sales taxes on food, clothing, and upon goods competitive to them - the processing tax - at such times and at such amounts as the Executive may determine;
3. To expend enormous sums from the appropriations for public works, relief and agriculture upon projects not announced to the Congress at the time appropriations were made;
4. To create corporations for a wide variety of business activities, heretofore the exclusive field of private enterprise;
5. To install services and to manufacture commodities in competition with citizens;
6. To buy and sell commodities, to fix minimum prices for industries or dealers; to fix handling charges and therefore profits; to eliminate unfair trade practices;
7. To allot the amount of production to individual farms and factories and the character of goods they shall produce; to destroy commodities; to fix stocks of commodities to be on hand;
8. To estop expansion or development of industries or of specific plant and equipment;
9. To establish minimum wages; to fix maximum hours and conditions of labor;
10. To impose collective bargaining;
11. To organize administrative agencies outside the Civil Service requirements;
12. To abrogate the effect of the anti-trust acts;
13. To raise and lower the tariffs and to discriminate between nations in their application;
14. To abrogate certain governmental contracts without permission or review by the courts;
15. To enforce most of these powers, where they effect the individual, by fine and imprisonment through prosecution in the courts, with a further reserved authority in many trades through license, to deprive men of
their business and livelihood without any appeal to the courts.

Most of these powers may be delegated by the Executive to any appointee and the appointees are mostly without the usual confirmation by the Senate. The staffs of most of the new organizations are not selected by the merit requirements of the Civil Service. These powers were practically all of them delegated by the Congress to the executive upon the representation that they were "emergency" authorities, limited to a specific time for the purpose of bringing about national recovery from the depression.

At some time or place all of these authorities already have been used. Powers once delegated are bound to be used, for one step drives to another. Moreover, some group somewhere gains benefits or privilege by the use of every power. Once a power is granted, therefore, groups begin to exert the pressure necessary to force its use. Once used, a vested interest is created which thereafter opposes any relaxation and therefore makes for permanence. But beyond this, many steps once taken set economic forces in motion which cannot be retrieved. Already we have witnessed these processes in action.

The manner of use of these powers and their immediate impact upon the concepts of true American liberty may first be examined under the five groups or ideas into which they naturally fall: Regimented Industry and Commerce, Regimented Agriculture, Government in Competitive Business, Managed Currency and Credit, and Managed Foreign Trade.

REGIMENTED INDUSTRY AND COMMERCE. The application of regimentation to business has made great strides. We now have the important branches of industry and commerce organized into trade groups, each presided over by a committee of part trade and part governmental representatives heading up through an "administrator" to the Executive. There are a number of advisory boards for various purposes whose personnel are part trade and part bureaucratic. More than 400 separate trades have been so organized, estimated to cover 1,500,000 establishments, or about 90 per cent of the business of the country outside of farming.

In this organization of commerce and industry the trades were called upon to propose codes of management for their special callings. Parts of each of these codes are, however, imposed by law, whether the trades propose them or not. The determination as to who represents the trade is reserved to the Executive, and in the absence of a satisfactory proposal he may himself make and promulgate a code. He may force deletion of any proposed provision and may similarly impose provisions and exceptions.

**Code Restrictions on Business**

Each of the codes is binding upon every member of the trade, whether he was represented in its making or whether he agreed or not. It has the force of statutory law, enforceable through fine and jail through the courts. Originally the Executive could require every member of a trade to take out a license to do business. In this license he could impose the conditions under which persons may continue to do business. The executive could revoke a license without affording any appeal to or protection of the courts. This licensing power has expired in general industry, but still stands as an authority to the Secretary of Agriculture over all producers, processors and dealers in agricultural products. That is a very considerable part of American business. Except as an example of the extent of violations of freedom this licensing provision is not important, as the other provisions and methods are sufficiently coercive without it.

The codes impose minimum wages and maximum hours and provide, further, for collective agreement with labor as to wages and conditions of work beyond the minimums. By far the major use of the codes is, however, devoted to the elimination of "unfair competitive practices." This expression or its counterpart, "fair competition," has been interpreted not alone to cover "unethical" practices, but to include the forced elimination of much normal functioning of competition through reduced production, the prevention of plant expansion, and a score of devices for fixing of minimum prices and trade margins. From so innocent a term
as "fair competition" and its counterpart has builded this gigantic dictation - itself a profound example of the growth or power when once granted.

In this mobilization there has been constant use of the term "cooperation." However, the law itself makes important parts of the codes compulsory and by their indirect powers can impose any of them. As practical persons observing their working, we may dismiss voluntary impulses as the motivation of this organization. At best it is "coercive cooperation." Free will and consent, the essential elements of cooperation, have not often been present. The spirit of the whole process has been coercive, principally through the overshadowing authority to impose the codes and the terror of effective deprival of any man of his business and his livelihood. The mere fact of charges made by bureaucrats can act to deprive him of his reputation. Where such authority arises among free men is difficult to discern.

The Limitation of Real Competition

Ample evidence of coercion is found in the bludgeoning proceedings of many important code conferences, in the changes forced in some codes, from which there was no appeal or refuge, and in the incitement of public boycott. One need but read the vast flood of propaganda, of threat and pressure, the daily statements of the administration officials, and follow the actions of "compliance" boards and other agencies, in every town and village, to confirm the fact of coercion. Men have been fined or ordered to jail for the crime of selling goods or services at lower prices. On of the sad results is the arraying of neighbor against neighbor, group against group, all grasping for desperate advantage from the law.

There are "unfair practices" which need reform because of the failure of some states to rise fully to their responsibilities. The codes have served admirably to reduce child labor by about 25 per cent, and they have eliminated sweating in certain trades. They may have eliminated some unethical business practices, but they have stimulated many more new ones through "chiseling." Measures of this sort are within the powers of the states, and laws to this purpose have been enacted by them. If we have determined that we must nationally force these measures on delinquent states and if they be within the constitutional powers of the Federal Government, then they can be carried out by specific law enforced by the judicial arm and do not require the regimentation of the economic system. But in practical working only small parts of the codes are devoted to these ends.

The most effective part of code operations are devoted to limitation to real competition. It is true that the law provided that their should be no monopolies or monopolistic tendencies. The major aspiration of those seeking to avoid the anti-trust acts always has been the fixing of minimum prices and restriction of output, and these objectives, so earnestly yearned for in some quarters, now have been imposed by law. The economic results, so far as the trades and consumers are concerned, are about the same as if the anti-trust acts had been abolished. Naturally, if these industrial regiments hold to discipline they are at one constituted as complete guild monopolies as in any Elizabethan period, from which we derived much of our American antagonism to monopoly.

But an equally regrettable social effect has been that the imposition of larger costs, and the fixing of minimum prices and trade differentials, crash down at once on smaller business. If persisted there can be no destiny of these processes in the long run but a gradual absorption of business by the larger units. All this is, in fact, the greatest legal mechanism ever devised for squeezing the smaller competitor out of action, easily and by the majesty of the law. Yet the small business is the very fiber of our community life.

Over it all now is now the daily dictation by Government, in every town and village every day in the week, of how are to conduct their daily lives - under constant threat of jail, for crimes that have no moral turpitude. All this is the most stupendous invasion of the whole spirit of liberty that the nation has witnessed since the days of Colonial America.
REGIMENTED AGRICULTURE. The farmer is the most tragic figure in our present situation. From the collapse of war inflation, from boom, from displacement of work animals, from mechanization, from breakdown of foreign markets, from financial debacle of Europe, from drought, he has suffered almost beyond human endurance.

Instead of temporarily reducing the production of marginal lands by measures of relief pending world recovery, the great majority of farmers were regimented to reduce production from the fertile lands. The idea of a subsidy to a farmer to reduce his production in a particular "staple commodity" was expanded by requiring a contract that he should follow orders from the Secretary of Agriculture in the production of other "staple commodities." Voluntary action was further submerged by threats that if he did not sign up he would have difficulty in obtaining credit.

The whole process has been a profound example both of how bureaucracy, once given powers to invade liberty, proceeds to fatten and enlarge its activities, and of how departures from practical human nature and economic experience soon find themselves so entangled as to force more and more violent steps.

The Farmer's Economic Comfort

To escape the embarrassment of the failure to reduce production by these methods, still further steps were taken into coercion and regimentation. Yet more "staples," not authorized by Congress to be controlled when the contracts were signed, were added to the list. A further step was to use the taxing power on excess production of cotton and to set quotas on sugar. Directly or indirectly, on many farms these devices create a privilege and destroy a right. Since only those who have had the habit of producing cotton and some other commodities may now do so, they are given a monopoly and any other farmer is precluded from turning his land to that purpose.

And recently still further powers were demanded from the Congress by which the last details of complete coercion and dictation might be exerted not alone to farmers but to everyone who manufactures and distributes farm products. That all this is marching to full regimentation of thirty millions of our agricultural population is obvious enough.

But we are told that the farmer must, in the future, sacrifice liberty to economic comfort. The economic comfort up to date may be questioned, as likewise the longevity of any comfort, for the basic premise is not tenable.

The stark fact is that if part of liberty to a particular farmer is removed, the program must move completely into complete dictation, for there are here no intermediate stages.

The nature of agriculture makes it impossible to have regimentation up to a point and freedom of action beyond that point. Either the farmer must use his own judgement, must be free to plant and sell as he wills, or he must take orders from the corporal put above him.

The whole thesis behind this program is the very theory that man is but the pawn of the state. It is a usurpation of the primary liberties of man by government.

Government in Business

GOVERNMENT IN COMPETITIVE BUSINESS. The deliberate entry of Government into business in competition with the citizen, or in replacement of private enterprise - other than as a minor incident to some major public purpose - is regimentation of the people directly into bureaucracy. That, of course, is socialism in the connotation of any sociologist or economist and confirmed as such today by the acclaim of the socialists.
As an instance we may cite the Tennessee Valley Authority, where the major purpose of the Government is the purchase, construction, operation, transmission and sale of electricity in the Tennessee Valley and neighborhood, together with the manufacture and merchandising of appliances, fertilizers, chemicals, and other commodities.

Other instances occur where Public Works has bee allotted to the erection of dams and reservoirs, and to the construction of power plants, the major purpose of which is to undertake the production and sale of electricity in competition with the citizen.

There have long been instances of public works for the real major purpose of flood control, irrigation, or navigation, which produce water power as a by-product. Here, if the Government leases this power under proper protections to the public, the competition with the citizen is avoided. Here is one of the definite boundaries between liberty and socialism. Under liberty, the citizen must have strong regulation of the rates and profits of power companies to protect him from oppression by the operator of a natural monopoly. But where the Government deliberately enters into the power business as a major purpose in competition with the citizen - that is socialism.

Still other instances of government competition with citizens are five corporations created by the Government under the laws of Delaware, which are engaged in various competitive businesses covering the manufacture and merchandising of commodities.

These entries into socialism were not an important emergency call to relieve unemployment. The total expenditures provided will employ but a very small percentage of the unemployed. In fact, the threat to private enterprise will probably stifle employment of more men in the damage to existing enterprise. There is already an ample private capacity to supply any of the commodities they produce, whether electricity, fertilizers, rum or furniture.

Whatever their output is, its production will displace that much private employment somewhere. We have only to examine a fragment of the statements of their sponsors to find that their purposes, although sometimes offered as employment, are in fact further blows pounding in the wedge of socialism as a part of regimenting the people into a bureaucracy.

MANAGED CURRENCY AND CREDIT. The scope of this survey does not include a full examination of monetary, fiscal, and credit policies. I am here concerned solely with the profound departures from liberty.

Without entering upon the recent technical monetary steps taken, it may be said at once that the intent of the powers given to alter the unit value of currency is, by "managed currency," to enable the Government to change from time to time the purchasing power of the currency for all commodities, wages, salaries and income. One underlying intent of the monetary measures was the transfer of income and property from one individual to another, or from one group to another, upon an enormous scale without judicial processes. Whether the theory under this assumption will produce the effects intended or not, the intent is definitely expressed.
The installation of managed currency required the repudiation of the contract to meet its obligations in gold. And the repudiation of the gold clause extended much farther than repudiation of government obligations alone, for it changed the value of all contracts between citizens far beyond the present appreciation of the citizen of its possible results - if it shall prove to have the effect which was intended.

One of the major objectives stated was to reduce unbearable debt. It was asserted that the value of the dollar as represented in its purchasing power for goods and services had changed from its value when the original bargains of debt were made. Under this operation the citizens were regimented into two groups, debtors and creditors. An empirical and universal amount of 40 to 50 per cent was set as the degree of shift in the value of all property to the debtor regiment from the creditor regiment.

**Massed Debtor Relief**

This act involved the widest responsibility which the Government bears to its citizens, and that individuals bear toward each other. For fidelity to contract, unless determined unconscionable by an independent tribunal, is the very integrity of liberty and of any economic society. Where the debt of certain groups, such as part of the farmers and home owners, becomes oppressive, and its social results to the entire nation are of vital importance, such a service is justified, but it should not have been undertaken at the cost of those honest creditors whose savings have been thus invested, but should have been a special burden upon the whole nation. But the injustice is far wider than this.

These monetary acts extent the assumption of unbearable debt over the whole of the private and public debts of the nation. That this attempt at universal shift from 40 to 50 per cent of the value of all debts was neither necessary nor just can be demonstrated in a few sentences. The theory mistakenly assumed that the distorted prices and values at the depth of a banking panic were permanent. It assumed that the recovery from depression in progress through the world would not extend to the United States. Of even more importance, this theory also assumed that every single debt had become oppressive; that every single creditor had benefitted by about one-half since the initial bargain; and that the respective rights of every debtor and every creditor in every kind of property should be shifted from debtor to creditor without any inquiry or process of justice. Debt is an individual thing, not a mass transaction. The circumstances of every debt vary.

Certainly the Government cannot contend that its debt was oppressive. No man has yet stated that the Government could not have paid its obligations in full. It was not insolvent. I was not bankrupt.

**The Penalizing of Thrift**

In large areas of private debt the borrower was amply able to meet his obligations. In other great areas he had already profited by large dividends or earnings, or otherwise by the use of the savings of lenders which he had deliberately solicited. A huge part of the bond issues of railways, of power companies, of industrial companies, of foreign governments, current commercial debt, the bank deposits, urban mortgages and what not belong to these categories.

The evidence of the volume of debts which require governmental relief as a social necessity does not by any conceivable calculation indicate more than a very minor percentage of the total private and public debt. Extensive provisions for the adjustment between individuals of their debts were made by new facilities under the bankruptcy acts and the further relief measures provided through the use of government credit.

But let us examine the injustice under this managed currency more particularly. In a great category where debt required adjustment there had already been many compromises between debtor and investors, as
witness the many reorganizations of urban building loans, corporate and other obligations, which were the products of inflation. The people's savings invested in these cases are required, by depreciation of the dollar, to submit to a still further loss.

Most lending is ultimately from savings which means somebody's self-denial of the joy of spending today in order to provide for the future. But the borrower is often enough a person who secures these joys and is now to be relieved of part payment, although a large part of these borrowers are able to pay. The man who borrowed from an insurance company to build himself a more expensive and enjoyable house has secured these joys at the cost of the policyholder, who had hoped by self-denial to escape dependency. This applies equally to the huge debt of industrial and commercial businesses which profited by their borrowings from the policyholder and the depositor in a savings bank.

Those self-denying investors - the thrifty of the nation - who were willing to accept a low rate of interest in order to obtain the maximum security, are under this theory to have the purchasing value of their saving now shrunken in exactly the same ratio as the avaricious who received extortionate rates, or the reckless who took high risks. The holders of hard-won savings - the widow's mite - invested in 3¼ per cent first mortgage industrial bonds are called upon to sacrifice then proportion as the holders of 7 per cent third mortgages. By the transfer of values from the first-mortgage-bond holder to the common-stock holder the security of these speculative bonds is even increased. At once we see the evidence of this in the marked advance in the prices of speculative debts. This disregard of prudence and this benefit to recklessness particularly penalize a very large part of insurance and the great public-endowment assets.

Ten billions of endowments in educational, in hospitalization and welfare activities - creditors whose - creditors whose debtors are mostly corporations and governments - are to be depleted of their purchasing power. These endowed institutions give the leadership necessary to all our vast complex of public institutions. Yet if this theory eventuates, their activities must diminish by 40 per cent.

Furthermore, if this theory succeeds in the great bulk of industrial debt, the empirical reduction in purchasing power of the regiments of bondholders transfers this purchasing power to the regiments of common-stock holders. Any inspection of who are the rank and file in these regiments will at once demonstrate the double injustice. The holder of bonds are largely the insurance company, the savings-bank depositor, the small investor, and the endowed institution.

From Policyholder to Stockholder

If this intent of devaluation shall eventuate, the transfer of property by government fiat from sixty million insurance policyholders to ten million stockholders is not even diffusion of wealth. It is further concentration of wealth. As a matter of fact, any survey of the total results would show - if the theory of these acts works out - that the richest members of the community will be benefitted, because their property is, in the main, in equities. The hardship will fall upon the great mass of the people who are indirect holder of obligations through their savings in insurance, in savings and other bank deposits, as well as those who directly hold bonds and mortgages. That is, the rich are more largely the
holders of equities and those of moderate means more largely the holders of obligations in our American economy. Thus the rich hereby become richer, the poor poorer.

Monetary shifts, in their very nature, are irretrievable. There can be no turning back.

In "managed currency" - a power of government fiat over the values of wages, income and property - we find many bi-products from the invasion of liberty. Academically, the commodity dollar may be perfect. But for thousands of years the whole human race has esteemed gold as the final gauge of values. Whether the sign of the index number, which is the kernel of this branch of "planned economics," be theoretically a better gauge or not, the fact remains that gold is a matter of faith. Men will long delay full faith in an abstraction such as the commodity index, with its uncertainties of political manipulation or of Executive determination. This has a pertinent application today. Those people who are employed are heaping up their savings. Yet these potential investors have hitherto hesitated to loan their savings over a long period, not knowing with what they may be paid in years to come nor what their rights may be. The durable-goods industries are dependent upon this investment in the form of long-term credits. At the same time the country has an accumulated need for a vast amount of homes and equipment. As these credits are much restricted, vast numbers out of work suffer the injustice of cruel delays in otherwise possible employment.

How far the regimenting of banking and the government dictation of credit through various government agencies is not yet clear. There are national stresses in which the Government must support private financial institutions, but it is unnecessary for it to enter into competitive business to accomplish this. And lest the Government step over the line into socialism this support must be limited to activities where there is no competition, or so organized as ultimately to be absorbed into the hands of private ownership. The original Reconstruction Finance Corporation is an example of the former, and the Federal Reserve Banks, the Home Loan Banks, the Federal Land Banks, of the latter. There are, however, some of the new financial agencies and some uses being made of the old agencies which forecast occupation beyond these fields, and threaten dictation as to who may and who may not have credit.

The reduction of the independence of the Federal Reserve Board and the Farm Loan System to dependency on the political administration; the provisions for appointment of officials in the banks by government agencies, and certain provisions in the new regulatory acts all at least give enormous powers of "managed credit." The threat to farmers of withholding credit to force them to sign crop contracts with the Government is a current example of possibilities.

If the purpose of all these activities is to enable the Government to dictate which business or individual shall have credit and which shall not, we shall witness a tyranny never before contemplated in our history.

The wounds to liberty - and to justice upon which liberty rests - in these monetary actions and policies are thus myriad. It is again a specific demonstration of a social philosophy defensible only on the ground that the citizen is but the pawn of the state - the negation of the whole philosophy of liberty. Executive power over the coin is one of the oldest components of despotism.

MANAGED FOREIGN TRADE. There is another segment of National Regimentation into which these other segments immediately force us, and that is foreign trade. The whole theory of controlled domestic production and prices falls to the ground unless imports also are rigidly controlled. As managed industry and agriculture operate, the nation must be surrounded with barriers which insulate it from economic currents beyond its borders. Going off the gold standard theoretically raised most tariffs 40 per cent, and theoretically imposed that barrier against goods on the free list as well. The additions to tariffs by the amount of the processing taxes are further indications of the inexorable mounting trade barriers under such a plan.

There can be no escape from constant international difficulties. These difficulties were great enough when
the Government made a fixed tariff upon 34 per cent of the imports based upon a simple proposal of
differences in cost of production at home and abroad, and allowed 66 per cent of its imports to enter freely,
and when it treated every nation alike. But when, in effect, it places barriers of one sort or another on the
whole 100 per cent of imports by currency and exchange manipulation, when these barriers are to shift with
every government-made price in industry, when they are to be made to vary by favor in trading with
different nations, through reciprocal tariffs, then there is no doubt we also have joined in the world
economics war already disastrously in progress. That economic war is steadily drying up the standards of
living of the world, our own included, and it is drying up the outlets for human initiative.

The hope of the world in an economy of plenty through the huge increase in productive power which
science has given us threatens to be stifled by these processes of nationalism and regimentation.

Men cannot higgle with one another in the markets of the world and there is no ripple in international good
will, but when governments do the higgling, then the spirit of antagonism between peoples is thrice
inflamed.

This brief survey of examples of experience up to this time is sufficient to make clear the definition of
National Regimentation and its progress in the United States. There are other channels in which our
economic and social life is being regimented which could be developed. These instances are certainly
sufficient to show that its very spirit is government direction, management, and dictation of social and
economic life. It is a vast shift from the American concept of human rights which even the Government
may not infringe to those social philosophies where men are wholly subjective to the state. It is a vast
casualty to liberty if it shall be continued.