The Application of the Principles of New Testament Stewardship to the Problems of World Peace

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INTRODUCTION

The term **stewardship**, as used in this thesis, implies that material possessions are a trust from God and carry with them a social responsibility of which the meeting of human need is the first consideration.

Stewardship is frequently given a more comprehensive meaning. Energy, time, talent, as well as property, are considered to be a trust granted by the Creator of the universe. There is probably justification for such an interpretation; nevertheless, stewardship is often spoken of in such broad terms and with so little regard to basic essentials that it becomes practically meaningless. Just as men cannot live without food, so a vital stewardship of life must rest on the foundation of the stewardship of material possessions. There has been in religious circles too much emphasis on erecting the pinnacles, before laying the foundations.

Another reason why stewardship has not become generally vital in Christian living is that it has been appropriated as a means of raising money for religious purposes. The impression is often created that a good steward is one who supports his church liberally. Such a narrowing of a great teaching which Jesus intended should leaven the whole of economic relationships is a very serious doctrinal error.

The pattern of our social order is greatly influenced by the common attitude toward property. Because of the failure to apply the stewardship principles to this area of life, the old pagan ideas based on selfishness and the right of
might have prevailed. Consequently, our social order has tended to breed conflict between men and groups of men rather than good will and cooperation.

It is the purpose of this thesis to show how perversion of the Christian ideal of stewardship contributes to the development of imperialism, economic nationalism, economic crises, inordinate desire for profit, huge armament races, and fascism; and how these phases and characteristics of the social order lead to war. It should then be evident that world peace depends upon a type of economic relationships which will promote good will and cooperation, and that stewardship fosters that type of relationships.

"..."
THE MEANING OF STEWARDSHIP

Stewardship, like so many other Christian teachings, has its root and stock in the Old Testament but bursts into full flower in the New.

God's ownership of things both material and spiritual is recognized in the Psalms. "The earth is the Lord's and the fullness thereof, the world and those who dwell therein."1 The author of the Fiftieth Psalm recounts the futility of sacrifice to God in the sense of its being a gift, at least, because "all the beasts of the forest, the cattle upon a thousand hills, and even the birds of the mountains" already are His.

The Prophet Haggai speaking to the discouraged builders of a rising temple structure characterized by simplicity and mediocrity holds up by way of encouragement a prophecy that "all nations shall come bringing their treasures so that the new temple will be filled with splendor and shall be greater than the old."2 All this will happen, says Haggai, because the gold and silver which all the nations possess really belongs to God and some day they will recognize that fact.

Long before the birth of Jesus, discerning Hebrews realized that the material things which nourished life and the treasures which made it more beautiful, belonged to God

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1 Psalms 24:1.
2 Haggai 2:6-9
and were only used by men. It remained for Jesus to take the framework of the old idea and give it new and vital social content.

In the world in which Jesus lived a steward was simply the servant which the master entrusted with the management of his property. It was largely by means of parables that Jesus took this social custom of his day and used it to explain the triple relationship between God, man, and property. God is the source of property, men depend on it for life, men must share it with one another. Therefore, the business of earning a living involves cooperation both between God and man and between individuals and groups.

"There was a rich man," said Jesus, "who had a manager, and it was reported to him that this man was squandering his property."¹ Then follows: First, a statement that the dishonest manager was about to lose his position because of his infidelity; and second, an account of the course he pursued in an effort to compensate for his loss. This man, said Jesus, recognized the fact that he faced possible destitution because of his dishonest policy, but he made no hypocritical claims to integrity by way of defense; rather within the bounds of the limited opportunity that remained he openly continued his infidelity by offering to settle his master's accounts at a reduction in favor of the debtors, hoping thereby to ingratiate himself with others dominated by similar ideas. And Jesus compliments this man for his consistency and wisdom.

¹Luke 16:1 (Goodspeed).

In order of profit. The absence of
in that his actions are in accord with his ideas. But, says Jesus, you who are "the children of light" see one course of action and practice another. You have the right conception of the use of property but you do not live it. Therefore, the man who has a much lower conception which he translates into action shows more consistency and more wisdom than you.

Then Jesus goes on to explain that the man who has the low conception of property values and lives it, and the man who holds the high but unpracticed ideal both forfeit genuine fullness of life. And this comes about, says Jesus, because a wrong attitude toward money poisons the whole area of life. Not that money is important in itself, but rather that as a medium of exchange it plays an important part in the property relationship. And so much of life is affected by the use of material possessions that when this part of life is clouded by misconception or hypocrisy the whole realm of really fine human relationships is compromised.

The truth of this parable is only partially accepted in modern public opinion. No church will retain very long a minister who refuses to pay his debts, regardless of how well he can preach. And usually young women of character do not accept as marriage partners young men who forge notes; nevertheless, the young lady of high moral and social standing is quite likely to marry a prosperous young business man without inquiring as to whether he pays his employees starvation wages in order to increase the rate of profit. The absence of
concern about such matters of social responsibility is due to the fact that most twentieth century Christians have not correlated into their present religious conceptions an idea of Jesus which in the first century was powerful enough to dominate the character of the Jerusalem Church.

Jesus presents the chief characters in another parable as follows: "There was once a rich man, who used to dress in purple and fine linen and to live in luxury every day. And a beggar named Lazarus was put down at his gate covered with sores and eager to satisfy his hunger with what was thrown away from the rich man's table."1

Note the vividness and contrast in the mental imagery which each character evokes. Luxury, fine clothing, merriment on the one hand; rags, intense hunger and ulcers on the other. One man would seem to be most fortunately situated, the other most unfortunate. According to the parable, death intervenes and with it a complete reversal in the status of the two individuals. The rich man suffers the torments of hell, the beggar enjoys the bliss of heaven. While Dives, as the rich man has been called, was alive, he had had opportunities, but he had passed them by. The rich man had been given the chance to learn from Moses and the prophets, but he had disregarded their message. This is inferred in his conversation with Abraham in Hades. Had he learned from them, he should

1Luke 16:19-21 (Goodspeed).
have known better than to assume that the riches with which he was blessed were for his own personal aggrandizement. He should have recognized their true source. If he had concerned himself with the message of Amos he should have realized his obligation to the poor, but he had not. The beggar was carried to the door of his mansion covered with sores, famished with hunger, so low in spirit that all the zest of life was gone. The inference is that Dives held in trust the material resources necessary to restore the poor man's health and vigor, that he might have given him the friendship which would have restored his self respect and rehabilitated him as a useful member of society. But Dives did not recognize the obligation of stewardship so he paid the penalty; while Lazarus was compensated for the injustice which he suffered at the hands of one who felt no sense of social responsibility.

I suppose there has been more speculation on the part of Christian people as to what Jesus meant when he said, "It is easier for a camel to get through the eye of a needle than for a rich man to enter into the Kingdom of God;"\(^1\) than over any other single statement of Jesus. Part of the misunderstanding is probably due to the fact that most of the commentators were too cluttered with theological austerity to imagine that Jesus could ever enjoy a bit of humor or would be the least bit inclined to envision a sight as funny as would be that of a camel endeavoring to climb through the

\(^1\)Matt. 19:24
eye of a needle. However, there is more than humor in the statement. Jesus uttered a great truth here that does not need any explaining away in order to be compatible with his general idea concerning the use of property. What Jesus does mean is that riches so heighten the social responsibility of man and at the same time usually blind his moral vision to the extent that it is very difficult for him to maintain a sense of values compatible with the progressive building of a better world. In the first place the accumulation of wealth gives a man a sense of power and a feeling that he must continually increase that power; consequently the desire for power is likely to become the central factor around which his life revolves. If this happens he loses the common touch, his conscience is dulled, and a barrier is formed between himself and the sense of human need. But if he retains his sense of social responsibility the meeting of human need will make such a demand upon his accumulated capital that he will soon cease to be rich.

The central meaning of stewardship is to be found not in the inherent value of material things, but in the supreme worth of life which Jesus taught and the value which the use of property contributes to life. The really serious thing about the poverty stricken state of Lazarus was that his poverty warped and spoiled his life; it marred his relationship with people, and prevented the development of his capacity for constructive work in the world.
Imagine an island so situated in the Pacific that it will never be discovered. That island may be teeming with iron, timber, and tropical fruit; but its tropical fruit can never be used as food for hungry people, nor its iron turned into beams to build skyscrapers, neither can the timber be transformed into paper upon which may be printed the prophet's idea of God. Consequently, the natural resources on that island have no value because they cannot be brought into contact with people and used to satisfy their needs.

Thus real value does not reside in the material substance of iron, wheat, silver, or lumber; but in the resources within individuals which have a capacity for development. And material things have worth only in proportion to their possibilities for developing human resources.
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IMPERIALISM

Imperialism "implies the use of machinery of government by private interests, mainly capitalist, to secure for themselves gains outside their country."¹

"There is nothing in history comparable to the way this relatively small European part of the human race has thrown not simply its political influence but the whole net of its civilization and techniques over the rest of mankind."²

Previous to the nineteenth century, most of the undeveloped regions of the earth had been claimed in the names of some European monarch. There was some trade with these areas and a particular effort was being made to get control of commodities which were of greatest value. Between 1801 and 1880 there were no striking additions to Colonial territories. Western Europe was too nearly exhausted by the Napoleonic Wars to do much expanding.

However, the period between 1860 and 1914 was one of renewed activity, and the main reason for this renaissance of imperialism was the competition of new rivals in the field. The old supremacy of Britain, France, and Spain was being challenged by such newcomers as Germany, Italy, Russia, and the United States. Between 1870 and the beginning of the World War, the building of the military machine constituted

¹J. A. Hobson, Imperialism, p. 100. Quoted by Scott Nearing in Dollar Diplomacy.
²G. Clark, A Place in the Sun.
the largest single charge on the budget of each of the principal European nations.\(^1\) The increased military power was necessary for two reasons: (1) To keep other nations from seizing coveted territories. (2) As a means of taking from the natives whatever was desired. The attitude was one of superiority based on the idea that might makes right. In order to lend some idealism to the plundering imperialistic exploits, the slogan, "the white man's burden," was invented, inferring the responsibility of bringing to the barbarians a superior civilization, as Brailsford said, "The weary Titan shouldered his load. It smelt like oil, but he called it duty."\(^2\)

Imperialist expansion was also thoroughly soaked in the oil of nationalism. Note the ardor of the nationalists. "The proud conviction forces itself on us, with irresistible power that a high, if not the highest, importance for the entire development of the human race is ascribable to this German people. It is said that our Empire is large enough and does not need expansion. We shall have to consider not what we want now, but what we want in the future... We have to remember that it is part of our responsibility and heritage to take care that civilization in so far as it can be moulded by us should receive the Anglo Saxon and not

\(^{1}\)Scott Nearing, Dollar Diplomacy.

\(^{2}\)H. N. Brailsford, Olives of Endless Age, p. 142; Quote K. Page, National Defense.
another character . . . Our next war will be fought for the highest interests of country and of mankind."\textsuperscript{1}

"This is what she (England) must do or perish: she must found colonies . . . seizing every piece of fruitful waste ground she can set foot on, and there teaching these her colonists that their first aim is to be to advance the power of England by land and by sea."\textsuperscript{2}

There was a reason for such lofty nationalistic sentiment. The first imperialistic ventures had been financed by freebooters who had financed themselves, provided their own ships, and had been commissioned by the government on condition that they turn over a certain per centage of their gains. Later charters were issued to trading companies such as the British East India Co. which had its own army and warships.\textsuperscript{3} But the aggravation of the natives through methods of doing business and the competition of other nations demanded that protection be taken over by the government and this of course meant that the new armies and navies must be supported by taxes from the people. The maintenance of colonies as a source of profit for industrialists and merchants with money to invest was hardly a popular appeal.

\textsuperscript{1}F. Von Bernhard, \textit{Germany and the Next War}, pp. 68, 75, 76, 156; Quoted by K. Page \textit{National Defense}.

\textsuperscript{2}John Ruskin, Quoted by Esme Wingfield, Stratford \textit{History of British Civilization}, vol. 2, p. 1163.

\textsuperscript{3}Clark, \textit{A Place in the Sun}, p. 12.
even though a little of the wealth might trickle down to the rest of the people. So another appeal was used. Colonies made a nation great and of course a great nation shed its reflected glory upon its citizens. In this manner much of the cost of imperialism could be shunted off on the shoulders of middle class people who owned property of course but were not benefited directly by imperialism.

During this era of imperialist expansion (1880-1914) in which so much new territory was being carved up and previous claims were being strengthened; there was a departure from colonial imperialism based on political control. A new technique of imperialism was developing in which the chief means of control was the financing of economic exploits.

"This new conquest by bank or railroad was usually described by the term sphere of influence. A sphere of influence is a portion of territory wherein a nation has expressly or impliedly declared that it will permit no other nation to exert influence, and that itself will lead in the exploitation of natural resources."

The exploitation is generally managed in this way. The foreign investors secure a strategic base on the seacoast; this is followed by building a railway for the successful exploitation of the natural resources and the domination of the economic life of the sphere. The next step is to establish a bank or to obtain a first option on loans or concessions, especially those covering railways and mines. To safeguard their particular interests, the governments behind the
investors then force the exploited territory to agree not to alienate the sphere under their economic control and entered into mutual agreement with other nations to respect each other's sphere of influence.¹ It is plain here that political control is not cast into the discard, but rather that financial interests make the advance with the assurance that they will be under-girded by political power.

We are now ready to consider the important part which the intensified imperialistic drive from 1880-1914 played in the development of the World War. The German states were not unified until 1871 and Germany took no overseas territories until 1884. As a result of this, industrial development in Germany came late as compared with that of Britain and France, but the development was very rapid, inasmuch as the Germans proved extremely capable in applying science and invention to industry. Of course, the swift pace with which Germany was coming to the front as an industrial nation created a demand for colonies to furnish raw materials. During the period Africa was being partitioned, and Germany naturally sought its share of "the Dark Continent." However adept the Germans had proved themselves as scholars and scientists, they were no match for the British and French in diplomacy. Germany had set her heart on Morocco, but French influence was dominant there. In 1909 and again in 1911, France and Germany came near clashing as a result of conflicting interests; but again

German diplomacy lost. France traded Germany a large but practically worthless territory in Equatorial Africa for her interest in Morocco. In addition, she got some other territory, such as Togoland and the Cameroons, which other nations considered sufficiently worthless to be undesirable. On turning to Asia, Germany found that there also the British, French, and Dutch had not left much of value. She did, however, succeed in getting concessions in Shantung Province, China, and a few islands in the East Indies. Thus the most rapidly developing industrial power in Europe, feeling that she must have colonies, laid plans for an imperial navy of such proportions that it soon involved her in a naval race with Britain and France.

"The Balkans are to Europe what the 'Wild West' once was to America. They are the 'Wild East,' long overrun, long settled, but still untamed and undeveloped. A kind of last frontier for a crowded continent. They are the back-door colonies of Europe which the great powers have always coveted."¹

It was the clash of interests in the "Wild East" of Europe that provided the immediate cause of the World War. The assassination at Sarajevo was simply the spark that ignited the powder-keg. The real issue was the threat to the expansion of the Austro-Hungarian Empire into the Balkans. The political aspirations of the South Slavs reinforced by Pan-Serbian propa-

ganda were the source of that threat. Russia opposed Austria, certainly because she felt a kinship with the South Slavs, but also because Austrian control of the Balkans would cut off her hope of access to the Mediterranean from that quarter.

Add to the Balkan conflagration the bitterness which France still felt against Germany for her loss of Alsace-Lorraine in 1870 and the intense naval rivalry between Britain and Germany and one has a glimpse of the basic causes of the World War. There were other contributing factors which it is not our task to consider here.

In spite of the lofty pretensions toward idealism, any doubt that the World War was primarily a conflict between two combinations of nations endeavoring to protect and expand their imperialistic interests is dispelled by the Secret Treaties of the Allied Nations which were first published in 1917. They were the preliminary arrangement for the division of the spoils after the enemy was defeated.

The following are some of the terms agreed upon by the Allies. Russia was to get Constantinople and the Straits. Italy was persuaded to enter the war through the most extravagant promises. Trentino and Trieste which were anciently Italian were to be restored. They were to get the counties of Gorizia and Gradisca, the territory of Istria and many islands and a part of Tyrol which had been Austrian since the 14th
century. Italy also was to be the recipient of Dalmatia with all the good harbors except Fiume. Thus was Austria and Hungary to be cut off from the sea. In addition, there was the promise of some islands wholly inhabited by the Greeks, a share of Turkey, and a part of Germany's colonial possessions in Africa. France was to decide what was to be done with all of Germany west of the Rhine, while Russia was given a free hand with Poland. Britain was to get control of the neutral zone of Persia and was to be permitted to follow up her political aspirations in Mesopotamia, and Egypt. An almost complete partition of Turkey was anticipated.¹

Although Wilson fought valiantly against it, the spirit of "the old diplomacy" won out at Versailles and the seeds of another imperialistic war were sown before the "Peace" Treaty was signed. It was the dogged determination of France and to a lesser extent of Britain to cripple Germany permanently that created the circumstances out of which Hitler came to power. Thus one imperialistic war leads to another, for Fascism from the standpoint of its international relations/imperialism intensified. Imperialism has been and as long as it continues to exist will be a breeder of wars.

We will now endeavor to examine the later stage of finance imperialism as it works in connection with American

interests in the Far East. In the last half of the 19th century certain groups in the United States began to envision the possibilities of rich trade in the Far East. Perry's gunboat opened Japan for Western trade in 1853, and China's vast undeveloped territory and her population of 400 million whetted the appetites of those greedy for trade.

The taking over of the Hawaiian Islands and the Philippines were a step in this direction which belongs, however, to the colonial rather than the finance stage of imperialism.

The attempt of American financiers to get a toe hold on China is fraught with sufficient misadventure to have caused much "weeping and wailing and gnashing of teeth."1

Just before the turn of the century American business men picked out Manchuria as their sphere of influence. And it was with this in mind that Secretary of State Hay in 1899 announced the Open Door Policy which recognized special interests and spheres of influence, but insisted on equal opportunity in trade.

The United States had two principal opponents in the battle for dominance in Manchuria—Japan and Russia. So there was great glee among American capitalists when Japan and Russia went to war in 1905, because one of the contestants would surely be eliminated and probably the other could be bought off. It was doubtless this thought which prompted the

1Nearing - Dollar Diplomacy, pp. 34-70
railroad magnate, Harriman and his bankers, Kuhn, Loeb and Company to lend money to the Japanese. And before the ratification of the peace treaty it looked as though Japan would not oppose the American's first objective, the investment of American Capital in the South Manchurian railroad. But after the treaty with Russia was ratified powerful Japanese statesmen blocked the American scheme.

If Harriman couldn't build a railroad, he would try a bank, thus the plan for creation of a Manchurian Bank with a capital of twenty million dollars which fell through.

But still Harriman would not give up his Manchurian railroad, planned as a segment of a railroad system that was to encircle the globe. He interested J. P. Morgan and several other bankers, secured the aid of the "dollar diplomacy" of the Taft Administration which broke all diplomatic precedents in ardency of action. However, the final result of such feverish activity was to throw Japan and Russia back into each others arms for the purpose of blocking the scheme. Even an attempt to bring the Manchurian railways under a board of international administration to prevent Japan and Russia from absorbing Manchuria proved futile.

Such superfluous energy did have the effect, however, of stimulating the admiration of the weak, tottering Manchu Dynasty which bargained for a loan of such size that it staggered even the American bankers and forced them to become a party
to a Four Power Loan. The undertaking promised such fruitfulness as a means of American exploitation of Manchuria as a sphere of influence that the Open Door Policy was about to be thrown into the discard. Then came a revolution which brushed aside the Manchu Dynasty and of course dashed to pieces all those fond dreams of American capitalists.

Finally, after many complications a new deal was arranged with the Chinese Republic to help float a loan under the Four Power Consortium. But it was 1913, Wilson had just become president, and as luck would have it his first administration represented the industrial rather than the financial interests of the country, so the poor American Bankers with wet eyes were forced to relinquish their hard won gains and the World War temporarily put a stop to further activity in China.

At the peace conference Japan's victory in connection with her claims to Shantung province was a blow to American policy, but The Chinese Consortium of 1920 was a distinct gain. It provided a sort of gigantic trust among the bankers of the Four Powers - Great Britain, France, Japan, and United States to make loans to the Chinese Government. "After the agreement was signed, China received her first formal notification of the Consortium. Up to that point the Great Oriental State whose sovereignty had been so often guaranteed by the State Department had not been consulted."1

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1 Nearing - Dollar Diplomacy, p. 59.
Due to the economic dominance of the United States as a creditor nation after the war, the Consortium achieved the much sought goal, after twenty years of discouraging effort. "China had become an American sphere of influence."¹

The Nine Power Treaty, signed at the Washington Conference, dealt particularly with China. The Powers agreed to respect the sovereignty, independence, territorial, and administrative integrity of China. And the Open Door Principle was re-affirmed by an understanding among the Powers concerned that they would no longer attempt to create spheres of influence. The United States was in a position now to dominate the financing of the industrial development of China so that huge profits would accrue to American capitalists. The century-old vision of rich trade with China's millions was about to become a reality. The success of American and West European imperialists blocked Japan's plan of promoting and dominating an Asiatic "Monroe Doctrine."

The seizure of Manchuria by Japan in 1931, and her present war with China, cannot be understood apart from the imperialistic drive of the United States and other nations, and especially the victory they gained in the Chinese Consortium of 1920. American investments in China are much smaller than those of Britain. But the difference is that Japan, by her conquest of China, threatens to snatch away what

¹Nearing, Dollar Diplomacy, p. 60.
American imperialists finally saw within their grasp as a result of twenty years of scheming and contriving. It is something like the flood that sweeps everything before it on the eve of the harvest. Neither can the vigorous protest of the United States State Department against Japan's conquest of Manchuria in 1931 and the present naval policy of the United States be comprehended apart from the blow which Japan has dealt to the hope of American imperialism in the Far East.

In a book entitled, "A Place in the Sun," Grover Clark endeavors to balance the financial budget of imperialism by a comparison of costs and profits. The following is his statement: "Taken all together, the cash balance sheet, in which no entries are made of human lives lost and human misery caused, shows that the powers which have colonies have spent a great deal more, directly and indirectly, in getting and keeping them than any possible profits on the trade with them. And the most militaristically aggressive nations in the past fifty years have been the heaviest losers on their colonies."¹

The question then arises: If imperialism is so unprofitable, why does it continue? The answer is that the group which reaps the profit does not pay the cost; that is, American investments in China are valued at only $122,000,000.²

¹Clark, A Place in the Sun, p. 133.
²Foreign Policy Report, February, 1938, p. 278.
Yet recently Congress authorized the expenditures of $140,000,000 for two capital ships definitely designed for long-range cruising and far larger than the type required for protecting our own shores. There can be little doubt that they were constructed to protect commercial interests in the Far East. Yet what percentage of that $140,000,000 tax burden will be borne by the minority group which holds the $132,000,000 worth of property in China? There is one answer to the continuance of imperialism; it enables a small group to collect huge profits and transfers the tremendous cost of maintaining and protecting their investments to the general public.

Even this is not the worst of the matter. The Foreign Policy of the United States, as evidenced by its unwarranted naval expansion, is steering us straight toward a war with Japan. Whether the United States fights Japan separately or joins a group of nations battling against Germany, Italy, and Japan, the motive behind it will be American imperialism. Undoubtedly the alleged reason for going to war will be "To stop the Fascist Aggressor!" The real reason will be to make the Far East safe for another type of aggression - The Aggression of American Imperialism. The Lives of hundreds of thousands of American youth is too great a price to pay that the imperialists may reap their harvest.

Perhaps we should ask the question does any good come from imperialism? The minimum good that does come from it,
is incidental to its primary motivation, i.e. The same war which forced opium trade on China also opened the way for missions. But what slight progress Christianity has made in China is due to the imprint that heroic lives have made in spite of the diabolic curse of imperialism, not because of it.

It is also argued that it is through imperialism that an undeveloped country is industrialized and the standard of living raised. The answer is that it would be possible for this to be accomplished very much better under an international mandate system in which the chief concern was actually increasing the welfare of people in these undeveloped regions, instead of a national system of exploitation for profit. Imperialism may be termed the grand hypocrisy of "Christian" nations. For through it "white men" have assumed "The burden" of using their superior might to take from the weak as much as possible in the way of material possessions and to give as little as possible in return. This is the essence of imperialism.
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ECONOMIC NATIONALISM

Economic nationalism is an attempt to make a country as nearly self-sufficient as possible. It means that a nation endeavors to raise enough food for its people and sufficient raw materials for its factories, and that it shall be able to manufacture the goods which its people need without relying upon outside sources. Of course, there are varying degrees of economic nationalism, and no nation has succeeded in being entirely self-sufficient, nor is it likely to; nevertheless, it is a definite trend toward economic isolation rather than an international division of labor.

Winthrop W. Case in a report on Trends of International Trade gives four reasons for the drift toward economic nationalism.1

1. There is a philosophy of the balanced and rounded economy. This is the idea that the political, economic, social, and cultural interests of a people are best promoted by the stimulation of agriculture on the one hand and industry on the other, rather than permitting the nation to become predominantly concerned with only one of these functions.

2. Prior to the World War, the problem of feeding a rapidly expanding population was for most nations too great a task to be undertaken without large imports of food. After the war the approaching stability in population, together with the development of more efficient farm machinery, greatly

1Foreign Policy Report, February 1, 1938.

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relieved the urgency of the food problem and led to consideration of home production of the food supply.

3. The international market has been subject to rapid changes and fluctuations. On the other hand, the various national economies found that monopolistic prices, inflexible labor wages, rigid tax rates, and fixed interest charges make it impossible to change their system rapidly without serious trouble. Since they desired security and stability, there was a tendency to try to insulate the national economy from the fluctuations that were constantly recurring in a rapidly changing world.

4. The World War disrupted the ordinary channels of trade and was responsible for a great deal of economic chaos and suffering. The fear of future war became a factor in creating a desire to be as free as possible from the havoc of such disruptions.

Perhaps the best way to understand the effect that economic nationalism has upon people and the extent to which it endangers peace is to note its effect upon the normal exchange of goods in world trade.

It is very evident that the world's natural resources are not evenly distributed among nations. In this modern era of manufacturing, no nation has all the raw materials that it needs within its own borders. All nations must depend on buying some raw materials and commodities from their neighbors, though the extent of dependence varies. So far as the actual
meeting of human need is concerned, the ideal method would be that each nation should produce the raw materials and manufactured articles which it could produce with the least expenditure of effort and money and that it should be able to exchange those commodities freely with other nations in acquiring the multiplicity of things which it needs. Free trade makes possible an international division of labor.

When a nation begins the trend toward self-sufficiency, naturally the first step taken is that of raising tariff barriers to protect its industry and possibly also its agriculture. This is usually done on the theory that home employment and income will be increased. This may be done for a special group, but in general there are unfavorable effects to offset the advantages. The tariff barrier acts as a check on imports coming in from other nations; and when a nation's selling is curbed, its buying must also be restricted in order to equalize the flow between imports and exports. So the nation erecting the tariff barrier against imports finds that by so doing it has decreased its own export market, and that factories must close and men must be thrown out of work in other branches of industry. Perhaps this slack may later be taken up by transferring capital and labor to the production of goods which were imported previous to the raising of the tariffs, but the chances are that this type of goods cannot be produced as efficiently in that nation as elsewhere, otherwise it should have been done before. Thus
the increase of capital and labor expenditure per unit of goods has a tendency to force down total income and the level of living standards. The use of quotas, exchange restrictions, and monetary control have similar effects.

The effect of trade barriers upon the flow of international exchange is particularly significant. When goods flow readily between nations, exchange is facilitated by the gold standard. If a nation on the gold standard imports a great many more goods than it exports, its currency begins to depreciate in the exchange. As a result, that country begins to ship out its gold because it will buy more foreign currency and thus more goods than would the depreciated currency. Now an outflow of gold from a country soon raises interest charges and cuts down buying power which in turn decreases imports. Consequently, under the gold standard, the flow of gold tends automatically to regulate the flow of goods in international trade. The balance of trade, of course, is not as simple as indicated here. What has been undertaken is an illustration of the general principle of operation. It must not be thought, for example, that Britain and the United States must completely balance exports and imports. The balance between two particular nations may continue quite uneven without serious results, provided there is an approximate balance between total imports and exports. Again, the flow of goods is not the only factor, but services and export of capital are also a consideration; hence, whether a country is a creditor or debtor nation will change the circumstances of
Nevertheless, when the flow of international goods and services is seriously obstructed, the maintenance of the gold standard becomes increasingly difficult, because the instability of exchange credit necessitates great outflowings and influxes of gold. This makes too much of a demand upon a nation's reserve. When a number of leading nations go off the gold standard, there is a new hazard for international trade in that the basic method of keeping the exchange currencies stable with respect to each other no longer functions. Thus the trend toward economic nationalism is increased.

The two basic factors responsible for the trend toward economic nationalism then are tariff barriers and unstable currencies. Back of the tariff barriers are the desire to stimulate home industry without a realization of the consequences that follow this method of doing it; the attempt to provide profits for a special group; fear of war; and the attempt to stabilize the national economy and escape the fluctuations of the international market. Back of unstable currencies are the absence of the gold standard; the havoc of war debts and reparations, domestic instability within nations; and failure to keep price levels in various countries in harmony with each other.

The most apparent result of economic nationalism is that the consequent breakdown of the international division
of labor which the absence of tariff barriers would permit, prevents nations from getting through the normal channels of trade the raw materials which they need in order to raise their standard of living; consequently, a national demand is created for the taking by force of colonies or territories from which the needed raw materials might be obtained. If the world were ten times as large as it is and comparatively undeveloped, it might be possible for each nation to take political control of sufficient territory to satisfy its need for natural resources without seriously threatening world peace. But with the world as it is, this is impossible. Italy, by its seizure of Ethiopia, laid claim to what was virtually the last unclaimed area. Henceforth if the nations of the world are to depend primarily on the actual acquisition of new territory for raising their living standards rather than the securing of the needed commodities through international trade, the stage is set for a series of wars which will probably mean the end of Western civilization.

The argument that a nation must have political control over territory in order to get raw materials is not difficult to disprove. The real difficulty is that raw materials are available to a nation only if it can sell its manufactured goods, and tariff barriers are likely to prevent this. However, in the absence of tariff barriers, nations often exchange more goods with territory over which they have no political control than with those where this exists.
Great Britain sold to Canada in 1929, $182,303,460 worth of goods, but the United States sold Canada $948,446,000 worth of goods. Yet the United States does not own Canada. It did, however, own the Philippines in 1929. It was at that time a colony, having a larger population than Canada. To this colony the United States sold $85,530,000 worth of goods in 1929. That is to say, to Canada, a foreign state, it sold more than ten times as much as to its own colony with a population even greater than Canada's.¹

"The importance of imperial possessions as sources of raw materials has been greatly exaggerated. No imperial possession of Great Britain, France, or Germany in the years before the War began to compare with the United States as a source of food and raw materials. In 1913, British imports from large as India were one third as those from the United States. Total imports into Germany from all her imperial possessions in the year before the War amounted to about $13,000,000, while total imports from the United States amounted to $345,000,000. In the same year France took $160,000,000 worth of our produce, an amount three times as much as the total of her imports from her huge African Empire, excluding Algeria and Tunis, and an amount considerably in excess of all imports from Africa, considering these."²

¹Norman Angell, Raw Materials, Population Pressure and War, p. 23.
²H. F. Fraser, Foreign Trade and World Politics, p. 117.
What the above quotations indicate as to limited imports from comparatively undeveloped regions would also be true as to exports. In the first place, because there must be an approximate balance of exports and imports; and in the second place, because the people in these undeveloped territories do not have sufficiently high living standards to permit a heavy market for imports.

The peculiar circumstance of the United States in having within her boundaries such a large proportion of the world's raw materials places upon her a heavy responsibility for removing tariff barriers and making these resources available to less fortunate nations. The Hull Reciprocal Trade Treaties are a step in the recognition of this responsibility for laying the economic foundations of world peace.

The argument for imperialism as a necessary means of getting raw materials is based on the assumption that raw materials are scarce and every nation wants to keep what it has. The opposite is true. There is an abundance of raw materials in the world and an intense eagerness to sell. Tariff barriers are not erected to keep goods in a country, but shut them out. Here is the gist of the whole argument.

Thus tariff barriers and the resulting instability of international exchange facilities are a basic cause of war, because they dam up the resources of life, breed mass misery and discontent, and create a determination to take by military force the essentials of life which such barriers prevent their obtaining by peaceful means.
Bibliography on ECONOMIC NATIONALISM


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1 Corey - Decline of Capitalism, p. 15.
ECONOMIC DEPRESSIONS AND CRISES

In spite of the fact that living standards have increased a great deal during the last fifty years, any graph indicating economic trends will not show a straight line, but a jagged one with many ups and downs. This is a fact because of the economic depressions and booms. "From 1790 to 1925 the United States has experienced one year of depression for every one and one half years of prosperity."¹ This does not mean that the economic system follows a two and one half year cycle, the average cycle would probably be close to ten years. Neither is it a fact that depressions have been of equal intensity during this span of time. Prior to 1929 with exception of a few lows which are recorded in history as panics these depressions were not severe enough to cause much concern in the minds of ordinary people. However, instead of these depressions decreasing in frequency and intensity as many optimistically proclaimed that they would, the 1929 depression assumed such proportions as to become a world crisis. Beginning in the summer of 1934 production started a gradual incline which continued until autumn of thirty-seven at which time the trend started down and is at the time of writing still going down.

Economists of the capitalist school have in general held to the hope of controlling depression through currency manipulation.

¹Corey - Decline of Capitalism, p. 13.
Depressions are considered by one branch of the school to be the result of under consumption of commodities produced. J. A. Hobson, an economist whose ideas have been followed quite closely in Liberal and Labor social reform policies in England, puts forth the idea that the economic system gives the consumer just enough money to buy back the consumers' goods that are produced, if the selling price equals the cost of production. But the consumer does not spend all his money for goods, some of it he saves for investment purposes. Consequently, the amount left is not sufficient to buy back the supply of commodities at the cost of production, so a glut occurs; the price of some goods goes down below cost of production, this stops production and creates a depression.

A similar view held by another group of under-consumptionists is that consumers do not have enough money because the number of consumers commodities on the market is constantly increasing. Therefore the amount of money must be augmented in accordance with the increase in number of commodities to be sold.

Both groups of the under-consumptionist school endeavor to solve the problem by increasing the amount of money in circulation, either by a new issue or the expansion of credit. The New Deal has in general followed the conclusions of the last group. Their plan has been to get more money into circulation by lending to those who wish to invest; and providing
work, social services, and relief for the unemployed and low wage groups.

The English economist Keynes according to the principles enunciated in his book on "The General Theory of Employment, Money, and Interest" also allies himself, subject to some reservations, with the under consumptionists. He contends that "the boom which is destined to end in a slump is caused by the combination of a rate of interest, which in a correct state of expectation would be too high for full employment. . . . A boom is a situation in which over-optimism triumphs over a rate of interest which in a cooler light, would be seen to be excessive."¹

Keynes's solution to the problem is a socially controlled rate of interest with the emphasis on curbing investment through a declining rate of interest which would of course decrease the marginal efficiency of capital and should keep the boom from developing to such proportions that a slump would follow.² President Roosevelt has followed Mr. Keynes quite closely in his effort to regulate the amount of capital available for investment through the withdrawal of excessive federal reserves.

There is within the capitalist school a branch of over consumptionists. They believe depressions are caused by too

¹Keynes - Theory of Employment, Money, and Interest p. 322
²Ibid - p. 325
much currency, and consequently, too much demand. The banks lend too much money and this goes first to investors of capital goods; that is, for the production of machinery, dynamos, factories, etc., which are not immediately consumable. Consequently, there is heavy expansion in the capital goods industries. But the money doesn't stay in the hands of the producers of capital goods it is paid out for wages, materials, etc., and soon most of it is in the hands of consumers, which of course increases the demand for goods that can be immediately consumed. But there is no longer a heavy market for capital goods. This forces the capital goods equipment and men to transfer their productive machinery to the creation of consumers' goods. But often it is not possible to do that, as a result their machinery and men are idle. This cuts down demand in the consumers' goods department and hence the depression. The German economist Dr. Hayek is the principal exponent of the ever consumptionist theory. He does not seem to be very sure of having a solution for depression after he has explained it. However, he thinks a fixed quantity of money should be maintained. This is more nearly possible he holds if savings are increased, and the money spent for consumers goods decreased. In practice this amounts to cutting wages, salaries, and social services; taking purchasing power from labor and giving more money to capital for investment purposes. Thus there will be less chance of a strong consumers' demand attracting too much money from
the capital goods department and destroying the balance between production of capital and consumers' goods.

The Marxian school of economics does not believe there is a solution for depression within the framework of the capitalist economic system.

Depression and crisis, says the Marxist, is inherent in the profit motivated economic system. The primary trouble it is felt lies in the failure of the system to provide the consumer with sufficient means of purchasing the total amount of consumers' goods; it is natural that a system which is based on private profit and demands the accumulation of capital for investment in order to make profit should fail to pay back a sufficient amount in wages and salaries to the main body of potential consumers. However, explains the Marxist, if this were the only trouble depressions could be avoided through giving everyone a job with a big enough salary to buy back all the consumers' goods produced. But another trouble lies in the fact that the maintenance of a high rate of profit depends on scarcity. So when the amount of consumers' goods is increased as it would be in a state of continuous full employment, the rate of profit soon falls to zero or near enough to zero that production is stopped. So the Marxist contends that the capitalist economic system is caught on two horns of a dilemma with respect to depression and crisis. Profit in the last analysis depends on the consumer having enough
money to buy the consumers' goods that are produced; but when the producers expand employment and wages sufficiently to provide the required purchasing power the amount of goods is so increased that a disastrous fall in the rate of profit results.

Whether or not the Marxian school of economics is correct in its assumption the fact remains that no economist has yet solved the problem of depression, and the intensified and broadened state of depression known as crisis.

Lewis Corey estimated that the loss in goods and services which might have been produced plus that of unused capacity, labor, equipment, and materials reached a total of $260,000,000,000 during the five years of depression (1929-1934). This was more than the output of goods and services for the three prosperity years (1927-1929).¹

It is impossible to measure the loss in human values which accompany such stupendous material losses as those occasioned by the depression. Even though there are statistics endeavoring to measure increase in sickness and crime; deficiency in education, etc.; statistics cannot measure human values. Nor are we yet far enough away from the catastrophe to be able to gauge the extent to which the physical, mental, and moral fibre of America was sapped.

Depressions are related to war with respect to action

¹Corey - Crisis of the Middle Class. pp. 26, 27.
that may be taken in an effort to raise the rate of profit. The other relation is a psychological one in that the hardships of economic depression and crisis create a mass psychology favorable to war.

We have already noted how much effect decline in the rate of profit has in the development of depressions. It follows as a corollary, that increasing the rate of profit is a requisite for turning the business cycle upward. Some methods of attempting to do this are conducive to war. Undeveloped territories have a peculiar value in time of crisis because of the possibility of using them as a market to relieve the glut or as a source of cheap raw materials, either of which may, temporarily at least, increase the rate of profit. Thus the connection between depression and the drive toward imperialism.

If there is war anywhere in the world, and in this modern era it seems that there generally is war somewhere; depression accentuates a grave danger of spreading war. The markets of belligerent countries are particularly alluring when the home market is glutted. This problem is dealt with in full under the chapter on "War Profits." Suffice it to say here that the fact that the United States was entering a depression in 1914 was a powerful factor in entangling us in the mesh of trade which finally drew us into the World War. It also seems to be a fact that the primary arming of Japan was
accomplished by the pressure of British munition salesmen during the depression of 1894. ¹

Certain fundamental wishes in men lack the means of fulfillment in times of economic stress. If a man is out of work he is deprived of one of the most important means of satisfying his desire for creativity. If he lacks the essentials of life he probably will not be able to take care of the desire for new experience as it would ordinarily be taken care of with the means at hand for a constructive use of leisure time. When men are frustrated with respect to such fundamental desires they are usually easy marks for the war propagandists.

I remember a summer afternoon spent in Naples observing living conditions on a great hill overlooking the Mediterranean. On that hill thousands of poverty stricken people were crowded together under most adverse circumstances as regards squalor and filth. Yet on the door posts and walls of some of their homes were scribbled words of praise for il Duce. At twilight as I stood on the side of the hill and watched the milling multitudes in the narrow streets below; and tried to sense a little of the monotony and restriction of life which such conditions imposed, it was not difficult to understand why Mussolini could depend on these people to fight a war for him almost anytime he desired. It was not because Mussolini

¹Rauschenbush _War Madness._
gave them bread, but rather because he fed them upon military pageantry and led them to believe that as citizens of a great nation they were to have a part in building a vast new Roman Empire in southern Europe and in Africa. He catered to the common desire for creativity and adventure in men whose limited means of subsistence did not permit normal satisfaction of those desires. And because there is no higher leadership adequate to direct their loyalties and energies into actually constructive channels, Mussolini is able to harness them for the destructiveness of modern warfare.

And whenever and wherever economic depressions and crises come they bring in their wake mass unemployment and poverty which leads to frustration and promotes a mass psychology which has very little resistance to war propaganda.

So, as long as severe economic depressions periodically break the morale of millions of people, the odds are heavily in favor of the war-makers carrying the day. And any attempt to solve the fundamental problem of directing the interests, loyalties, and energies of the masses of men into wholesome, constructive, and creative channels cannot overlook the havoc wrought by economic misery, and the part which depression plays in creating that havoc.
Bibliography on ECONOMIC DEPRESSIONS AND CRISES


Those who glean the largest profits from war usually pretend to be the great patriots of the nation. They could not carry on their nefarious business if its true colors were displayed; so they attempt to drape it with the colors of the flag and to cover an audacious ruthlessness with the cloak of patriotism.

The late Basil Zaharoff, representative of the English munitions company Vickers, was a master at stirring up fear and distrust between nations and then playing the fear of the respective nations against each other. As a citizen of Greece, Zaharoff sold his own government one submarine, then warning Turkey of the purchase of her neighbor, he persuaded them that they should have two; at this point the ardor of Grecian patriotism reasserted itself and enabled him to sell Greece two more submarines to combat those he had just sold to Turkey.

Such antics remind us a little of the duPonts who have even gone to the trouble of putting out a motion picture to demonstrate how their chemicals contribute to the wellbeing of America, through providing people with the beautiful and useful things of life, but somehow forgot to mention their traffic in death-dealing chemicals, and are not at all anxious that people should know of their contract with a German firm, the United Rhenisch Westphalian Gunpowder Mills, providing for mutual exchange concerning all improvements in the process of making gunpowder. And this in spite of the fact that there is an open exchange of secrets between the United States Government and
the duPonts. The government knows of the du Pont contract with the German firm, but feels that it could not afford to buy up and keep secret the du Pont discoveries, because the price demanded to carry on such work is too high.

Thus is effected a mutual arrangement for the more efficient slaughter of both American and German youth in the interest of profit.

During the World War, German munitions operations were centered in the Briery Basin of Lorraine, a rich source of iron ore; just across the French border was Bruay and the coal basin of Pas-de-Calais which supplied French munitions. There was a tacit agreement between the belligerents to refrain from bombardments on either side. So important was the Briery Basin to Germany that British and French experts agree that Germany would have been defeated by the spring of 1917 had the Briery mines and smelters been put out of commission at the beginning of the war. But the Briery Basin was never effectively bombed. Investigations have since brought out the reason for this. "The same international industrialists of the Comites de Forges and the Stahlwerksverband who owned coal and iron in Lorraine also owned coal and iron in Pas-de-Calais, and they were able to keep their interests intact by directing the military operations of the German as well as the French governments."

"On December 23, 1913, I went to General Headquarters at Souilly to see General Guillaumant, who was my chief and who commanded the Second Army."

"I showed him the importance of the situation and asked him if it were not possible to employ the aviation of the Second Army to solve the question. Finally, I placed in his hands a detailed map of the Briery Basin on which were indicated plainly the principal establishments in full activity."

"Several days later we learned that a bombardment operation against Joeuf had been carried out by a squadron of the Second Army."

"But later we verified that no second bombardment followed. The weeks passed, and as soon as it was possible for me to revisit Souilly, I came there to inform myself of the reasons for the stoppage of operations. The Chief of Staff informed me that soon after the bombardment of Joeuf, General Guillaumat had received orders to cease operations for the two following reasons: first, because, it appears that Joeuf was not in the sector of the Second Army, second, because general headquarters reserved for itself the right to give orders of this nature to the bombing squadrons.........."

"I was profoundly astonished and chagrined, the more so because I knew from what my friends in the aviation service who had bombed Joeuf had told me, the operations had been done with relative ease, with efficiency and without losses."

"For twenty-seven months the Germans were allowed, without being hindered, to extract thousands of tons of iron ore for their war works."
"This verification is more tragic when we know that the Germans themselves recognized that if their mineral production was interfered with, the war was practically lost for them."

"There was a means of shortening the war, and this means was neglected for more than two years."¹

The British were also guilty of prolonging the War in a somewhat different manner, but with similar motivation. Rear Admiral Consett the British attache to the Scandinavian countries first called attention to the failure of the blockade to stop food and war materials from reaching Sweden. Much of this was shipped from Britain to Sweden, from whence it was transhipped to Germany. This was not stopped by the blockade until the war had been in progress two and a half years.

There were also large amounts of iron ore shipped from Sweden to Germany, via of the Baltic. This could easily have been stopped by economic pressure since British coal supplied the trains transporting the iron ore from mine to dock. But still worse was the trade in copper and nickel between Britain and Sweden. "In 1913 Britain exported 517 tons of copper to Sweden and in 1915, 1,085 tons. Sweden's importations from the United States were 9,559 tons in 1915.

and 13,390 tons in 1915. In 1913 Sweden sold Germany 1,215 tons of nickel; in 1914 - 3,690 tons and in 1915 - 2,304 tons.1

According to Rear Admiral Consett this Scandinavian export trade in food and minerals, much of which actually started from Britain or from United States via of Britain had an important part in prolonging the war.

"British business men were sending their sons to be murdered in the fields of Flanders while they themselves were engaging in trade in coal and oil and food and war materials which made it possible for Germany to continue the slaughter. Scandinavian business men were merely the go-betweens. British business insisted on continuing the trade with "neutrals" for money and for profit."2 And while Britain was prolonging the war rather than forego trade profits the United States was getting into it for the same reason.

When the War started in 1914 people in the United States felt that 3,000 miles of water isolated us quite completely from the danger of becoming involved in that war. At the time they were much more worried about the business of earning a living, because a depression had started and business was slack. The nations at war, however, needed large quantities of food, war materials, and munitions. The United States started shipping these things to both sides, but Britain's fleet kept most

1Seldes - Iron, Blood and Profits. p. 89.
2Ibid. p. 90.
of what we shipped to Germany from reaching its destination. Sharp protests availed nothing so we reconciled ourselves to building up a large war trade with the Allies. German's answer to the British blockade was the submarine, the effect of which was to supply a pretext for our finally entering the war on the side of the Allies.

Our actual entanglement, however, was not the result of submarines. We were caught in a mesh of trade.

At first most of the Allied purchases were paid for with gold. But this couldn't last since gold reserves were limited. Accordingly the Allies appealed to American bankers for credit to buy American goods. There was profit to be had here for both bankers and industry at large, so J. P. Morgan and Company took the lead in financing trade with the Allies. Our State Department warned the bankers against making loans to the Allies but credits were not mentioned.

Between November 1914 and the summer of 1915 banks in this country issued $65,000,000 in credit to France and $10,000,000 to Russia. By fall of 1915 these credits were used up and publicly subscribed loans were necessary. But the depression had vanished under the stimulus of war trade. In the years 1914 to 1916 American Corporations averaged two billion dollars a year more in profits than they had in the three previous years. ¹

¹ Headline Book, Foreign Policy Association, War Tomorrow, p. 10.
By October 1915 the warning of the State Department against loans had been forgotten and the first great war loan of $500,000,000 had been made to France and England. Even this was only a start and by 1917 total loans and credits to the Allies amounted to more than two billions of dollars.

It has already been mentioned that much of the money for those loans was subscribed by corporations and private individuals who had money to invest. And after these corporations and people had loaned their money to the Allies they were no longer neutral even though the United States as a nation had declared a policy of neutrality. United States citizens had backed Britain and France with large amounts of money and they were very anxious that the Allies should win, just as a gambler who puts his money on a certain horse wants that particular horse to win the race.

But American investors were not content merely to hope the Allies would win; they began to prepare the way for the United States to go to war on their side in case it should be necessary to assure their victory.

The following is a statement taken from the Congressional Record of February 9, 1917. It indicates the manner in which American public opinion was moulded in favor of preparedness and accounts for the misrepresentations of the press of the country as to the condition of the army and navy and the probability of the United States being attacked.
"Mr. Caraway: Mr. Chairman, under unanimous consent, I insert in the Record at this point, a statement showing the newspaper combination, which explains their activity in this war matter, just discusses by the gentlemen from Pennsylvania, (Mr. Moore):

In March, 1915, the J. P. Morgan interests, the steel, ship-building, and powder interests, and their subsidiary organization, got together twelve men high up in the newspaper world and employed them to select the most influential newspapers in the United States and a sufficient number of them to control generally the policy of the daily press of the United States. These twelve men worked the problem out by selecting 179 newspapers, and then began, by an elimination process, to retain only those necessary for the purpose of controlling the general policy of the daily press throughout the country. They found it was only necessary to purchase the policy, national and international, of these papers; and agreement was reached; the policy of the papers was bought, to be paid for by the month; an editor was furnished for each paper to properly supervise and edit information regarding the questions of preparedness, militarism, financial policies, and other things of national and international nature considered vital to the interests of the purchasers."

The money that had been lent to establish buying credits for the Allies stimulated American industry to boom
proportions; but it was a credit business and the saturation point was fast being reached. Private investment had gone in as deeply as it dared on war credits. But without credits the Allies could no longer buy; factories would be forced to close, thousands of men thrown out of employment, and the United States would face the prospect of a major economic depression.

"On March 5, 1917, Walter Hines Page, the American Ambassador in London, wrote an extraordinarily illuminating letter from London to President Wilson in which he said: 'The inquiries which I have made here about financial conditions disclose an international situation which is most alarming to the financial and industrial outlook of the United States... There is therefore a pressing danger that the Franco-American and Anglo-American exchange will be greatly disturbed; the inevitable consequence will be that orders by all the Allied Governments will be reduced to the lowest possible amount and that trans-Atlantic trade will practically come to an end. The result of such a stoppage will be a panic in the United States.... The financial and commercial result will be almost as bad for the United States as for Europe. We shall soon reach this condition unless we take quick action to prevent it. Great Britain and France must have a credit in the United States which will be large enough to prevent the collapse of world trade and the whole financial structure of Europe."
"If the United States declares war against Germany the greatest help we could give Great Britain and its Allies would be such a credit... A great advantage would be that all the money would be kept in the United States. We would keep on with our trade and increase it, till the war ends, and after the war Europe would purchase food and an enormous supply of materials with which to re-equip her peace industries. We should thus reap the profit of an uninterrupted and perhaps an enlarging trade over a number of years and we should hold their securities in payment.....

The pressure of this approaching crisis, I am certain, has gone beyond the ability of the Morgan financial agency for the British and French Governments. The financial necessities of the Allies are too great and urgent for any private agency to handle, for every such agency has to encounter business rivalries and sectional antagonisms. It is not improbable that the only way of maintaining our present pre-eminent trade position and averting a panic is by declaring war on Germany. The submarine has added the last item to the danger of a financial world crash. There is now an uncertainty about our being drawn into the war; no more considerable credit can be privately placed in the United States. In the meantime a collapse may come."

There is no doubt that some corporations and some private individuals did profit immensely by the war. At the

1K. page - National Defense pp. 127, 128
close of the war "United States Steel's assets stood enhanced by $771,000,000 and equalled the combined pay of 2,000,000 American soldiers while they were in France."¹ The World War increased the national debt 30 billions of dollars and created 22,000 new American millionaires.²

These large profits which created new millionaires and increased the assets of old ones came about largely as a result of the United States Government assuming obligations for the private loans made to the Allies. This was done when the United States entered the war; it had to be done if loans were to be forthcoming so that the war trade boom could continue. Out of the proceeds of the First Liberty Loan more than $400,000,000 was paid to Morgan & Company in satisfaction of debts owed to it by the British Government.³ "In short, the war debt created by the American Government amounted simply to the money transferred from the people of the country to the richest families, who owned the banks and industries. And, although Europe has since defaulted in its war and post war debts to United States, it has, except for Russia, Germany, and Austria, scrupulously paid off every cent owed to the American banks and bankers."⁴ Thus a financial burden of accumulative war costs which according to the Foreign Policy Association now

¹H. O'Connor – Steel Dictator p. 85
²Foreign Policy Report for April 1, 1937 p. 18
³Lundberg—America's Sixty Families p. 141
⁴Ibid p. 142
totals 55 billions of dollars must be born by the American people.\textsuperscript{1} On the other hand whereas the War ruined most of the royal aristocracies of Europe it created a new and powerful aristocracy of wealth in the United States. And this aristocracy is becoming an ever increasing threat to American democracy.

However, the mad desire for profit in relation to war did not stop when the war ended. According to Rauschenbush German rearmament in contradiction to the terms of the Versailles Treaty was permitted by the British Government; and Nobel, (dynamite king of England) was the determining factor in British policy. Nobel had apparently made a deal with the old German Chemical Companies on the basis of shared business.\textsuperscript{2}

There is very good evidence to the effect that the Geneva Naval Conference of 1927 was wrecked by an agent of the three biggest ship building companies in the United States - Newport News Shipbuilding Company, Bethlehem Shipbuilding Company, and New York Shipbuilding Company. The "Big Three" hired William B. Shearer paying him $25,000 to represent their interest at the naval conference. Shearer went about claiming to be a naval expert. With the help of the jingoistic press and certain American naval officers he disseminated violent anti British propaganda along with the facts and figures which

\textsuperscript{1}Headline Book - \textit{War Tomorrow} p. 16

\textsuperscript{2}E. J. Rauschenbush - \textit{War Madness} p. 61 - 64. A book based on Hearings and Reports of United States Senate Special Committee Investigating the Munitions Industry.
he claimed were supplied him by the Navy Department.\textsuperscript{1} So successful was he in upsetting the equanimity of the conference that a Geneva newspaper carried an article concerning his activities under the title "The Man Who Wrecked the Conference." It said in part, "if", as he says, "he was employed to wreck the conference, the opinion at Geneva would be that he had earned his money."

In a private letter to a Mr. Wakeman (an official of Bethlehem Company) Shearer wrote as follows, "Pursuant to our last private conversation and understanding in your office, that future negotiations would be with me direct, I wish to call your attention that as the result of my activities during the Sixty-ninth Congress eight 10,000 ton cruisers are now under construction. Further that owing to the failure of the Tri-Power Naval Conference at Geneva there is now before the Seventieth Congress a 70-ship building program costing $740,000,000."

The activities of our "renowned" shipbuilding companies at Geneva became known in 1929 when their agent sued the armament makers for money he claimed they still owed him.

Out of the resulting investigation and later hearings some light was shed on the lobbying of the munition interests in congress. Officials of the "Big Three" admitted spending $143,000 in lobbying for the Jones-White Merchant Marine Act.

\textsuperscript{1}\textit{Ibid} p. 77
Since then Brigadier General William Mitchell, foremost protagonist of American air service has twice declared it to be undermined by the Army and Navy lobby. In February 1934 William P. MacCracken, ex-Assistant Secretary of Commerce, arrested for contempt of an order from a Senate Committee investigating graft and corruption in airplane contracts was generally referred to as the "lawyer-lobbyist" for the larger air transport companies.\(^1\)

There is also evidence that the Army and Navy are working hand in hand with munition interests. The following incident illustrates this, as well as the domineering insolence of some munitions officials.

"In a memorandum about selling abroad, another du Pont official, after citing the help received from the Army and Navy in sales promotion and in research chided Congress for not giving the du Ponts all the orders they wanted and remarked 'This is our country and not the country of Congress.'\(^2\)

Thus something of the power of the munition interests as allied with the Army and Navy begins to be evident.

"There are Senators and Representatives in Washington (says Rauschenbush) who will tell you privately that there is nothing of importance which the Army and Navy want which Congress dares to refuse them and that this situation has been true for

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\(^1\)Iron, Blood and Profits p. 160  
\(^2\)War Madness p. 90
some years. They think the military is already in the saddle. They quote generals of high rank who have boasted of that in their cups.¹

Neither the Army and Navy nor the industries which profit by munitions have been tamed. The huge Naval appropriations bill before the present Congress is ample evidence of that. Note the resolution which Vinson has introduced before Congress. "It is declared to be the fundamental naval policy of the United States to maintain an adequate navy in sufficient strength to guard the Continental United States by affording naval protection to the coastline, in both oceans at one and the same time; to protect the Panama Canal, Alaska, Hawaii and our insular possessions; to protect our commerce and citizens abroad; to maintain a navy in sufficient strength to guarantee our national security, but not for aggression; to insure our national integrity, and to support our national policies.

"It is further declared to be the policy of the United States that an adequate naval defense means not only the protection of our continental coastline, the Canal Zone, Alaska, Hawaii and our insular possessions, but also a defense that will keep any potential enemy away from our shores."² No Navy could be big enough to meet the demands of such a resolution. Thus the sky is the ceiling for profits of ship-builders and munitions industries.

¹War Madness, p. 98.
It is not only in Congress that such interests are working. We saw how they controlled the press from 1915-1918. Mr. Shearer, on returning from Geneva, claimed that he was receiving $2,000 a week from Hearst to attack the League of Nations and the World Court. He announced that he had been the speaker and adviser for years for the National Security League, the D. A. R., American Legion, American Defense Society, and the National Committee of Defense. Undoubtedly the paid agents or those who make profits from war are still working in patriotic societies and poisoning the minds of many well meaning and earnest people.

Perhaps in the attempt to depict vividly the power exercised by certain groups interested in war profits, their demonic qualities have been over-stressed. It should be kept in mind that a world order which devotes as much of its resources to preparation for war as does our present one, definitely demands the services of those who profit by war, and that in a highly competitive economic system there is a tendency for the unscrupulous competitor to pull others down to his level since they risk the danger of being eliminated unless they are able to match his tactics.

However, war so disrupts the ordinary channels of trade that it imperils the livelihood of many whose occupations are not directly connected with the instruments of war. Our economic system cannot function if operations and sales do not produce the cost of production. The United States

1Iron, Blood and Profits.
depends on exporting approximately ten per cent of its economic output in order to keep its economic machinery running smoothly. War in Europe and Asia might interfere with the export market to the extent that the cotton planter in the south, the corn and wheat farmer in the Middle West, the steel industry on the Great Lakes, and textiles in New England could not make the cost of production. Thus the necessity of earning a living on the part of the groups thus deprived, might lead them to put pressure on the government with respect to trade, which might result in war.

The danger of war resulting from the pressure of those who demand profit is lessened by a public opinion fully informed as regards existing conditions.

The following points might well be stressed in this connection:

1. The desirability of legislation which will prevent our building up a large trade with belligerents.

2. The compulsion for those interested in public welfare to put greater pressure on the President and Congress than those whose actions are dominated by the hope of profit, if such legislation is to be enforced.

3. Warning the public against such bills as the Shepard-Hill-May Bill which, on the pretext of taking the profit out of war, provides for conscription of youth, regimentation of labor, and government mobilization of industry; but actually guarantees to entrepreneurs a certain rate of war profit to be fixed by Congress.
4. The necessity of a government plan to provide work on internal improvements to balance the loss in foreign trade which may result from a large scale war, if the United States is to keep out of that war.
Bibliography on WAR PROFITS


THE SECURITY OF NATIONS

The so-called great powers are participating in the mightiest, maddest race of history; a race in which billions of dollars' worth of the materials of life are annually being turned into the instruments of death.

An article in the New York Times of December 14, 1937, based on the League of Nations Armaments Yearbook, gives such a graphic picture of the world armaments race that I am including most of the article.

"World military expenditures in 1937 are almost three times as much as the amount spent annually in the pre-war period. The increase can be ascribed to two causes: First, an increase in permanent establishments, which amount to some 8,500,000 men, compared to 6,000,000 in 1913; second, the greatly enhanced cost of modern armaments due to the policy of army motorization and mechanization now followed by the governments of practically all countries."

"The Yearbook says that the world spent on arming in 1937, $7,100,000,000, old gold basis, or $12,000,000,000, devalued, compared to $5,600,000,000 in 1936, $4,500,000,000 in 1932, when the disarmament conference began, and $2,500,000,000 in 1913. It explains that these are minimum figures, based on peace footing expenditure admitted in army, aviation and navy budgets and excluding all other budget expenditure, even though it be for military organizations, public works of a primary strategic character, and the like."
"Whereas the United States war budget in 1937 was only 50 per cent more than in 1932 and the Japanese more than doubled in this period, the Russian increased nearly twenty times.

"The Yearbook shows that 1936 world naval tonnage built and building totaled 6,162,000 tons, against 6,013,000 in 1935 and 5,830,000 in 1934.

"After recalling that the September assembly described the arms race as a 'race toward grave and unknown dangers,' a League communiqué comments:

"'In judging the extent where to the arms race is reflected in the year book it should be remembered that it can contain only information on the organization of armies on a peace footing—since official publications contain no details of reserve material, etc. From this point of view the gaps in information revealed by a study of the Yearbook are of significance. Information is lacking, for example, regarding the present state of air forces of most of the great powers as well as the equally important figures of total budgetary expenditure in the case of several great powers.'

"As shown by the Yearbook, the latest official information on the number of great power military planes follows: Germany, no information; Russia, 750 planes in 1931, and a footnote adds that a commander of the air force declared in a speech in 1936 that this total had been more than quadrupled since then. France 'theoretically the same as in 1931,' 2,375,
but no figure given because the air force is being reorganized. Italy, 1,861 planes in 1934; Japan, 1,025 army planes in 1935 and 801 naval and coastal planes in 1931. The United Kingdom, 1,180 first line planes at the end of 1935, sixteen naval air squadrons in 1937. The United States, July, 1926, 584 navy planes, 2,380 'total authorized' army planes.¹

Thus the great powers of the world stake their claim to greatness not on the basis of provision for "abundance of life," but of abundance of death. They are great in their elaborate planning for the mass slaughter of millions and the destruction of Western civilization. The theory used to screen this vast preparation for death, destruction, and chaos is that adequate preparedness will minimize the danger of attack. Therefore, it is claimed, the best way to prevent war is to prepare for war. The basic fallacy here is that as long as the reason for aggression remains, certain nations will continue to be in danger because there can be no approximate equality of strength. A nation lacking industrial development or man power cannot compete on equal terms with a great power and no possible emphasis on armaments will compensate for the deficiency. A nation of comparatively equal strength with the potential aggressor may for a time prevent aggression through superior armament. But in the long run the principle which Jesus enunciated with respect to armed men guarding their houses applies equally to

nations. "When a strong man fully armed guards his own dwelling his property is undisturbed. But when somebody stronger than he attacks him and overcomes him, he strips him of the arms he relied on and divides the spoils." The strong nation armed will not always be the strongest armed nation. So far as there is any logic back of the present world armaments race, it is that security is to be found in having a larger army, navy, and air force than any nation or possible combination of nations that may attack. The possibility of security being attained in this manner is fiction, not reality. The "military mind" has throughout history been characterized by shallowness of perception. The contemporary "military mind" is doing splendidly in living up to tradition.

There are also those who argue from the basis of fear as a deterrent that armaments prevent war. When Nobel invented dynamite, he thought or rationalized himself into the idea that he had dealt war a death blow by making its potentialities too terrible to be risked. History does not bear out the contention that armed nations permanently refrain from conflict. Rather, it seems that large scale military preparations whet the desire of the militarists to put it into operation. Probably the same principle of human nature functions here as is evident when the girl with a new dress wants to go to a party and the fully trained athlete is anxious for a race. Anyway, the evidence of history is that when nations arm heavily for security they invite disaster.

1 Luke 11:21 (Goodspeed).
The true safety of nations depends not on armaments but on international cooperation based on mutual guarantees to respect the rights and security of each other. Such an arrangement at the present time presents grave difficulties because there is not sufficient integrity among nations to establish a feeling of confidence as regards one another. Nor can there be, as long as it remains the dominant policy of each nation to get and to hold as much as possible in the way of territory and economic resources. Mutual guarantees for the security of nations must rest on economic adjustment. Essential to such cooperation is the removal of tariff barriers, the stabilization of international exchange, and the placing of colonies under an international mandate. The first step toward security lies in re-integrating the nations of the world into one family from an economic point of view.

The League of Nations idea of a police force to maintain international law and order failed because the victorious nations sought to use that police force as the means of enforcing a treaty which had permitted them to grab whatever they desired for themselves. No police force could be strong enough to maintain peace between nations when injustice, bitterness, and greed has severed the bonds capable of holding them together. If within a family, mutual distrust and selfishness dominates to the extent that when they sit down to eat dinner the big brother grabs the pie and runs away with it, whereupon the sister trips him, and the smaller brother jumps on his stomach, you can be sure there will be no peace
in that family, regardless of how many policemen are on the beat out in front of the house.

The seriousness of the present situation is heightened by the fact that for the first time in history, science has so fostered technological development that it would be possible to produce enough to meet the needs of people in all nations, provided they were willing to cooperate in an international order. But in an age when science and invention have opened up such great possibilities of international cooperation, the trend is rather toward intense political and economic nationalism. And instead of science being used to foster abundance of life, it is prostituted to the making of diabolical instruments of death. Dr. Harry F. Ward points out that "while the civilizations of Greece and Rome probably faced decline without an alternative because they had expanded as far as the productive forces of their day would permit, Western civilization is declining when the productive forces necessary for advancement are available." It would seem also that there is sufficient intelligence to save our civilization if it were properly applied. The things which are most evidently lacking are the sense of social responsibility, public morality, and religious dynamic. In the absence of these qualities of life, the people of the nations will use their intelligence and the productive forces of science to slaughter each other rather than for cooperation in raising the common standard of life. As regards this problem, Dr. Ward says, "What civilization faces is more than
the upsurge of the dark depths of human nature of the primitive cruelty of the savage. It is cruelty made scientific, used deliberately for a purpose, the cold and calculated mass murder of helpless men, women, and children. This is infinitely lower in the scale of values than the unrestrained barbarism of the early days of man. Civilization is being inverted as well as destroyed.¹

The perversion of science made so evident by Dr. Ward in connection with war carries over into military strategy.

General Bratt of Sweden in his book, "That Next War," points out how the last year of the World War marked a turning point in military strategy. Formerly the order had been: 1. Crush the military forces of the enemy; 2. occupy the enemy territory; 3. break down the morale of the people.

General Bratt explains how the bombing plane and poisonous gas have revolutionized and inverted the order of strategy until it is now: 1. Break the morale of the people; 2. crush the enemy military forces; 3. occupy the enemy territory.

The use of the aeroplane in attacking the large cities of the enemy plays a double role in strategy in that it breaks the morale of the civilian population and destroys the factories and centers of transportation upon which the military forces are dependent for supplies.

Even as I write this, Barcelona is suffering from aerial bombing as no other city has ever suffered. The great-

est of havoc was wrought by a few thousand pound bombs mixed in with the two hundred and three hundred pounders which have previously been used in the bombardment of Spanish cities. Two thousand pound bombs are available for use in the next general European war. So this modern "inversion of civilization" brings the horror of war from the trenches to the home, and contemplates the mass slaughter of defenseless women and children as a part of military strategy.

Thus the defense of civilization as well as the security of people and nations depends on the type of ethical international relationships which are only possible when based on Christian principles of economics.
Bibliography on THE SECURITY OF NATIONS


important to consider the questions, "Can war ever be prevented?" and "How can fascism be stopped?"

Neither of these questions can be answered without a thorough understanding of the nature of fascism.

There is some dispute as to just what fascism is. In broad terms, there seems to be three different views concerning it. 1. Fascism is a form of socialism; 2. Fascism is a new economic system, neither socialist nor capitalist; 3. Fascism is a decadent stage of capitalism.

In our attempt to weigh the facts concerning these three positions, we shall first enumerate the characteristics of both capitalism and socialism.

Capitalism is an economic system of which the following are basic characteristics:

1. The accumulation of capital by private individuals.
2. Profit is the primary motive for production.
3. The instruments of production are privately owned by a comparatively small number of people, thus making it possible to exploit the many who constitute labor.¹

¹Definition arrived at in Dr. Bard's Seminar on "The Church and the Economic System" at Union Theological Seminary, 1936, First Semester.
FASCISM

In the chapter on "Imperialism," we dealt with the protection of foreign investments as the issue most likely to involve the United States in war, but suggested that the appeal made to the public would doubtless be "Stop the Fascist Aggressor!" Under the circumstances it becomes very important to consider the questions, "Can war stop fascism?" and "How can fascism be stopped?"

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In enumerating the characteristics of socialism, the following are important:

1. The management of capital is placed in the hands of the state, municipality, or cooperative groups responsible to the community.
2. Production is for use and not for profit.
3. The instruments of production are owned by and operated in behalf of the community.

First, we shall consider the argument that fascism is a form of socialism. Most exponents of this theory hold that it is what is called in Germany - National Socialism. In comparing the characteristics of the system in operation in Germany and Italy with those of capitalism and socialism we find that:

1. The state has not yet taken over the function of the capitalist in Germany and Italy. Capital is still in private hands, but subject to rigid state control.
2. The price and wage fixing system is sometimes taken as an indication that the profit motive no longer functions. Price fixing is merely an attempt to make the profit system work in an economy of scarcity by playing the economic advantages of one group over against another.
3. With a very few exceptions, such as the banks and railroads, the instruments of production and distribution are still privately owned in both Germany and Italy.

It would seem then that the claim that fascism is a form of socialism is based upon a misconception of what
socialism is, or upon a misunderstanding of what is actually happening in the fascist nations.

As for the argument that fascism is neither capitalism nor socialism but a new economic system, we have already seen that it cannot be correctly classified as socialism. Therefore, as regards its not being a stage of capitalism, it is usually found that the defender of this idea is thinking of capitalism in terms of free enterprise. Laissez-faire capitalism no longer exists, even in the United States. The growth of corporations, development of monopoly, and the measure of government control to which the economic system is subjected prevent its free operation on the basis of supply and demand. Yet no economist of any standing argues that the system now functioning in the United States is not capitalism. In fact, the primary purpose of the New Deal is to make capitalism work smoothly and efficiently. German National Socialism and Italian Fascism go much farther in restricting the free play of economic activity than the American New Deal. Nevertheless, Fascism cannot rightly be called a new system.

The fascist idea of the corporate state which places both employers and employees in associations, the divisions of which are vocational, and stresses cooperation between the two, even if it were more than a paper plan, which at present it is not, could scarcely be said to be more than an extension of the company union idea. And certainly could not correctly be considered as a departure from capitalism.
Probably the best way to consider the argument that fascism is a decadent stage of capitalism is to survey briefly the historical conditions under which fascism developed in Italy and Germany.

The economic chaos resulting from the World War contributed much to the development of fascism in both Italy and Germany. When an economic system fails to the extent that mass misery results, there is naturally an intensified feeling of insecurity and frustration. This is particularly prevalent among labor and lower middle class groups. Under these unfortunate circumstances, powerful leaders of finance and industry are likely to seize political power in order to enforce an economy of scarcity upon the people. In the two leading fascist nations in Europe this was done by putting at the head of the government a dictator who was able to command the support of a sufficiently large number of disillusioned people. In each case, as soon as the dictator took control, all legitimate labor organizations were crushed and the power of labor broken. The middle class did not receive quite such ruthless treatment, since the actual economic rulers must keep the balance of popular support in their favor, at least until the dictatorship was firmly established. However, from the start terrorism was used to stifle any opposition that might be offered.

The particular alignment which established Hitler in power was the Rhenish Westphalian heavy industry group, the
rich landlords, and the prestige of Von Hindenburg.¹ According to George Seldes, the Bank of Commerce, the League of Industry, and the Association of Industrial Metallurgy and Mechanics bought and paid for Mussolini's "march on Rome."² Politically, fascism takes the form of the totalitarian state, the enforcement of a rigid and complete control over the political, economic, and cultural life of the nation. Such a curtailment of civil liberties, of course, means the end of democracy. This is necessary for the continuance of the system. Democratic changes in the interest of providing an abundance for the majority would jeopardize the status of the controlling economic overlords. In the twentieth century mass economic misery is not patiently endured; it must be enforced. The group in control, of course, chooses to crush democracy rather than relinquish the system which has served it well.

Fascism and war are twin brothers. We have seen how its internal structure rests upon force. Outwardly, war is glorified as a means to economic recovery. The fascist nations are hungry nations. Food is an important consideration, and when the people ask, "When do we eat?" the dictators answer, "You don't eat until we get colonies with food and raw materials."³ Fascism affirms military conquest rather than inter-

¹Hoover, Germany Enters the Third Reich.
³Rauschenbush, War Madness, p. 2.
national cooperation as a method of meeting economic need. Consequently, the way of fascism is "the road to war."

The highly intensified nationalism of fascism is largely for psychological purposes. Hitler cannot give the Germans butter so he supplies the emotional dynamic of the Nordic Myth. Mussolini cannot give the Italians bread, so he feeds them on military pageantry and the hope of a rejuvenated Roman Empire. Hitler’s myth, however, is more practical than Mussolini’s, inasmuch as his emphasis on Nordic solidarity furnishes a pretext for interference in neighboring nations where people of Germanic descent live.

The ideas underlying fascism and those pertaining to stewardship present some remarkable contrasts.

1. Fascism says property is owned by the individual possessing it.

Stewardship stresses the fact that material possessions are owned by God and only entrusted to the possessor.

2. Fascism claims the right to prevent others from using property to which a claim is held.

Stewardship acclaims the responsibility of sharing property.

3. Fascism asserts that increased power means additional ability to dam up the vital life resources.

Stewardship holds that increased power brings with it greater social responsibility.

4. Fascism creates mass economic misery.

Stewardship promotes the "more abundant life."
5. Fascism rests upon violence. Stewardship fosters cooperation and intelligent good will.

6. Fascism declares that the institution takes precedence over the needs of the individual. Stewardship affirms that meeting the needs of individuals is more important than the continuance of an institution.

It is a well-established historical fact that economic systems evolve and that they are outgrown. The slave economy of Greece and Rome followed an Oriental Clan or tribal system. In due time slavery gave way to servitude and the feudal lord lived by the labor of the serf who was bound to the land. Later on, the discovery of the new world and the development of machinery demanded that the serf be taken from the soil to labor in factories, and the demand for money to be invested in manufacturing and commerce led to the development of a system in which the accumulation of capital became basic.

If the Old Testament prophet were placed in the midst of the modern world, it would not take him long to discover that technological development and the great improvement in transportation and communication which have come since the turn of the century are demanding the reorganization of society. He would know that this new and interdependent world would compel the old highly competitive forms to give way before new patterns of cooperation, if civilization is to escape
chaos. The main reason that the prophet would understand what is happening is that he had a conception of God working through history, which most moderns have lost.

We who live in this twentieth century face a situation in which the economic system that feeds most of the world is fast breaking down. Only in the Scandinavian countries is the capitalist system working satisfactorily; and this is due largely to the fact that the people effectively opposed monopoly and imperialism before they got a strangle-hold on their economy. It is quite probable that even in Scandinavia the decline of the system is only partially and temporarily arrested. What has been achieved, however, may be attributed to the influence of people's governments actually representing the vital interests of the majority; to the success of the cooperatives which have trained the people in combating vested interests, and to the truly democratic nature of their folk schools. Living standards in these nations have been raised a great deal, also, through the curbing of imperialist interests so that it has been possible to use their productive forces to create the goods of life rather than the instruments of slaughter and death. Consequently, the Scandinavians face brighter prospects for making a democratic and peaceful transition to a cooperative economic system than does the rest of the capitalist world. This is true because the people have already received a good deal of training in cooperative enterprise; and the extent to which cooperation is functioning even in their
capitalistic system will tend to prevent severe economic crises with their consequent dangers to democratic processes.

Unfortunately, the outlook in the United States is not so bright. Our economic system is not functioning as smoothly as theirs, nor are our people so well versed in practical economics and politics. Another distinct disadvantage in the United States is that for the most part practical economics lacks the savor of religion. Probably it ought to be recalled in this connection that the cooperative system which started in Denmark in the middle of the nineteenth century was the dream of a Danish bishop.

Following are some evidences of the decline of our economic system in the United States:

1. Since 1914 the rate of increase in production and since 1929 the volume of production has declined. This data refers to a world survey but has had definite repercussions in our own national economy.

2. The historic conditions under which production was increasing no longer exist.

   a. The exploitation of virgin areas of natural resources in the West is no longer a possibility. There is no economic frontier within our nation.

   b. There is no longer a rapidly increasing population.

   c. As a creditor nation, our foreign market is contracting rather than expanding.

3. The increase of private debt is already a serious factor and the public debt gives evidence of reaching alarming proportions. Since 1909, farm debts have grown from ten billion

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to twenty-four billion and business and individual debts have increased from thirty to ninety billions of dollars.¹

4. The share of production which capital has taken as profit is out of proportion to that paid in wages. "In the decade between 1919 and 1929, productivity increased 54 per cent, while real wages increased 26 per cent."²

5. Mass unemployment presents a persistent difficulty. Figures on unemployment during the depression run from ten to eighteen millions during various periods. A recent government survey indicated that three million men lost their jobs between November 1, 1937, and February 1, 1938.

6. Depressions are increasing in frequency and intensity. This problem is considered in the chapter, "Economic Depressions and Crises."

7. The economic system is failing to support its culture; that is, inadequacies are evident in education, art and science, support of professional and social services, and many other phases of our cultural life. Jerome Davis in his book, "Capitalism and Its Culture," provides an excellent treatment of this point.

When an economic system is in a state of decline, there is danger that added strain such as that which results from war or economic crisis shall hasten its decadence, and that fascism may result.

¹Goslin and Goslin, Rich Man Poor Man, p. 37.
²America's Capacity to Produce, Brookings Institute, p. 13.
We are now ready to note very briefly some of the developing forces in the United States which indicate fascist trends or at least a fascist ideology.

1. The power which a small group recently characterized as "America's Sixty Families" exercises in our economic and political system.¹

2. Evidences of local fascism such as that in Harland County, Kentucky, the company towns in the coal regions of Pennsylvania, and not so long ago in our neighboring city, Terre Haute.

3. The attempt to pass legislation which would curb civil liberties and promote regimentation; that is, the Tydings-McCormick Bill which restricts freedom of speech under the pretext of guarding against disaffection of the army and navy. The Shepherd-Hill-May Bill which, if passed, would automatically thrust a virtual fascist system on the nation in event of war. This Bill is dealt with in the chapter on "War Profits."

4. The existence of the Liberty League and other allegedly "patriotic" organizations which use patriotism as a screen for promoting jingoistic nationalism and private economic interest. Seldes refers to some significant facts concerning the members of the Liberty League as regards their connection both with big business and the two major political parties.

¹Ferdinand Lundbergh, America's Sixty Families.
"The United Press has made a survey of the industrial and financial empire which the members of the Liberty League direct or control and places a money value upon it of thirty-seven billions of dollars. The directors of the League are affiliated with all the great corporations, including United States Steel, General Motors, Standard Oil, Chase National Bank, Goodyear Tire, Westinghouse, Baltimore and Ohio, Mutual Life Insurance Company, American Telephone and Telegraph, and scores of similar concerns. . . ."

"The list of contributors to the Republican National Committee and the Liberty League is almost identical."  

Concerning the hold which the economic overlords get on the policies of political parties through furnishing campaign funds, Seldes refers to the testimony given before the Nye-Vandenberg Munitions Committee in which members of the du Pont family admitted that they supplied big money to both the Republican and Democrat parties.  

5. The tendency of government to assume an increasingly strong grip on industry, labor, and agriculture is in some ways similar to fascist tactics in Germany and Italy.  

6. The great increase in the United States Navy which aids the development of a foreign policy favorable to finance imperialism in the Far East.  

Such are the indications of an incipient fascism developing in the United States.

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2 Ibid.
Many religious people are laboring under the flagrant and dangerous misconception that fascism is favorable to organized religion. Fascism tolerates no religion which it cannot use. If a religion is sufficiently decadent to be pressed into conformity with the fascist mould and used as an instrument in its support, fascism reciprocates graciously. But true Christianity is diametrically opposed to fascism and there can be no compromise. Fascism supports a minority group in its effort to dam up the vital resources of life so that they are inaccessible to most of the people. True Christianity maintains the right of "the abundant life" for all. There can be no abundant life for the majority under fascism because of its inherent nature. And any religion which gains the favor of fascism does so only at the cost of casting out from itself nearly all that is worthy of the name Christian. Any illusion which remains concerning fascist tolerance of a Christianity that is vital and real should be dispelled by the treatment accorded Niemoller and other ministers of the Confessional Synod at the hands of the German Nazis.

We now come to the question: "What Can Christian People do to prevent a declining economic system from lapsing into fascism?" The history of fascism in Italy and Germany, as we have seen, indicates that it comes when the economic system deteriorates to the extent of effecting a mass psychology of frustration and despair. The prevention of fascism depends on keeping the economic system from reaching this low ebb. This necessitates retaining our civil liberties so that the
system may be progressively adjusted in the interest of meeting human need and the granting of a larger measure of economic democracy. Christian people need to re-think their ideas concerning the use and value of property. They must understand how a declining economic system affects the whole series of human relationships—economic, political, and international. They must be able to analyze correctly the basis of the trouble between employer and employe, German and Jew, Japanese and Chinese. The problem is that of bringing the rottenness of our political and economic structures under the judgment of the principles of Jesus and making whatever adjustment is necessary.

At a meeting held in the Free Synagogue of New York City in November, 1937, Dr. Harry F. Ward, referring to the chain of events in Manchuria, Ethiopia, Spain, and China, which he said were bound together by historic causation, spoke as follows:

"Underneath these great events is this stark fact, that the economy by which the world has maintained itself for two hundred years is unequal to the task of meeting the needs of mankind. The hungry nations feel the impact hardest and refusing to accept the process of orderly change, are increasingly compelled to coercion of its peoples.

"The sharp choice pushed on the human race is either to find an economic process that can increasingly meet the needs of mankind or be driven down the road to war."
He pointed out that all through history, religion had reflected such choices. "On the one hand," he said, "is the voice of the prophets of all peoples, crying against the ruin of the family and the taking away of the common right to land. On the other is institutionalized ecclesiastical religion, which has its heart where its treasure is, and, therefore, must be on the side of reaction."¹

Next in importance to getting Christian people to face the real issues that threaten our civilization with war and disintegration is the problem of getting them to look upon institutions as Jesus looked upon them; not as an end in themselves, but as a means to an end. Jesus faced this problem precisely, in connection with the Sabbath and his answer was "The Sabbath was made for man and not man for the Sabbath."²

The sacrosanct notion of orthodoxy with respect to an institution could not compel Him to turn from the need of healing in a man with a withered hand, even though his action aroused a storm of protest among the religious leaders of his day.

The third task for Christian people is that of taking definite action to stem the rising tide of fascism. Religion is too prone to deal only in the realm of ideals and leave action for others. The most effective check to fascism yet devised is a real people's party. In the United States both

¹Reported by New York Times, November 8, 1937.
²Mark 2:27.
major political parties are so tied up with vested interests that they cannot be counted upon to work against fascism, especially since those vested interests constitute the greatest fascist threat. The creation of a real people's party should not stimulate class struggle; rather, it should tend to bring the classes together in a common cause, the preservation of democracy. To isolate the small but powerful minority whose actual interests lie in opposing democracy is probably the only way to avoid serious class conflict, and a people's party if rightly directed might accomplish this purpose. It ought, therefore, to be the function of the Church to raise up strong leaders of keen vision and high purpose to take the helm in creating and directing a people's party for the preservation of peace and democracy.

Finally, we ought to consider the problem, "Can war stop fascism?" Because if the impending crisis in Europe and Asia assumes general proportions, the appeal made to the people of the United States to enter the war will doubtless be that of "stopping the fascist aggressor," regardless of the real issues. The idea that war can stop fascism rests on a fallacy. It assumes that fascism is peculiar to certain geographical areas and does not give proper credence to its manifestation as a decadent stage of the profit-motivated economic system. When this latter fact is seen clearly, it becomes quite evident that war only increases the strain on a system already rapidly declining. Thus war is very likely to hasten decadence and promote the spread of fascism.
The second error of those who would wage war to stop fascism is the assumption that the so-called democratic nations represent a united front against the fascist nations. This simply is not true. Among the great power group of so-called democratic nations there is not a single one in which the true interest of democracy is paramount to national interest. If Great Britain, France, and the United States had from the start presented a united front against fascism it might have been stopped by non-cooperative techniques largely in the economic realm, without much danger of war.

Let us consider some of the inconsistencies in the governments claiming to be democratic, which are distinct gains to fascism.

When a revolution against a legally elected government occurred in Spain, Britain took the lead in forming a non-intervention agreement which refused the Spanish government the right to buy freely the arms it needed to put down the insurgents. This agreement went against all precedent in international law. Furthermore, from the start, the Fascist nations openly flaunted the agreement and furnished the Spanish insurgents with huge quantities of arms. Consequently, the forces which actually represent the Spanish people are on the brink of defeat as a result of foreign intervention.

In spite of the fact that Japan is the aggressor in the Far East, she has since the start of the conflict continued to import large shipments of scrap iron and of crude oil...
from the United States.\textsuperscript{1} Although the United States government invoked its neutrality legislation to prevent shipment of munitions to Spain, which reacted against the Spanish Government, no adequate steps were taken to prevent Japan, as an aggressor nation, from receiving her war materials from the United States.

It has been the policy of Japan to convert her gold reserve into foreign currency for the purchase of war materials. And the nation which has bought most of Japan's gold has been the United States. Our treasury took $170,800,000 worth of Japanese gold from March to October of last year (1937).\textsuperscript{2} And it would have been very difficult for Japan to find a market for her gold had not the United States government come so nobly to her rescue.

"The United States and the British Empire together supply 63.2 per cent of Japan's imports and absorb 48.2 per cent of its exports. If France and the Netherlands are added the proportions become 68 per cent and 56.5 per cent." This gives some idea as to how effective a consumer's embargo against Japan might have been had public opinion been educated in these countries in the administering of non-cooperative techniques against the aggressor. Perhaps it might be well for American women to know that every pair of silk stockings which they buy furnishes Japan with exchange currency suffi-

\textsuperscript{1}"America's Role in Far-Eastern Conflict," Foreign Policy Report, February 15, 1938.

\textsuperscript{2}Article by Harry Archer in "Fight" Magazine, December, 1937.

\textsuperscript{3}"Can Japan Be Quarantined?" Foreign Policy Report, December 1, 1937.
cient to purchase four rounds of machine gun ammunition. A consumers' embargo is much less likely to lead to reprisals on the part of the aggressor nation than is national enforcement of sanctions, because when the consumers act to stop the flow of trade the navy does not need to enforce a blockade and the opportunity for incidents of a serious nature is eliminated.

"On January 11, 1938, the German steamer Crefeld sailed down the Delaware River with two hundred aerial bombs. Its destination was a German port, where part of the cargo was to be unloaded, probably for reshipment to Spain. The remaining bombs were to be sent on to Japanese army depots in China. This was the first shipment of a twenty-five-hundred-ton order of bombs for Germany and Japan. About the same time President Roosevelt appealed to the Red Cross to give a million dollars in relief to Chinese civilians."¹

There is no longer any doubt that the Chamberlin Government in Great Britain prefers playing power politics rather than attempting to form a truly democratic front against fascism.

In an article in Foreign Affairs, Nathaniel Pfeffer reports that Japanese estimates of capital needed for the industrial development of Manchuria vary from one half billion to five billion yen. But regardless of the amount, Japan

¹Article by Louis Fischer, "Road to Peace," Nation, February 26, 1938.
hasn't the capital. If Japan lacks the capital to develop Manchuria, how can she ever develop Northern China without British or American capital, even if she succeeds in conquering that territory? The refusal to export capital for the development of territories taken by aggression would be a serious blow to fascist nations, especially since Britain and the United States hold most of the capital available for investment.

If the youth of Great Britain and the United States were thoroughly aware of the help which their respective nations are continually giving the fascist aggressors through the urge which private profit and national interest supplies, an appeal to youth to risk their lives in a war to stop fascism would not be likely to meet with much response.

The chance for effectiveness of non-cooperative techniques to be employed against fascism the temporary character of such techniques must be recognized. They are of value only in opposing the ruthlessness of dictatorship and aggression. The permanent solution lies in reintegrating the nations which are at present fascist into the economic family of nations, thus abolishing the reason for their fascism. However, steps cannot be taken in this direction so long as any economic concessions made are likely to furnish increased strength for aggression. It is very likely that the people in the fascist nations would have a great deal more confidence in overtures made to them by people's governments than they have in imperialist dominated governments similar to those which were re-
sponsible for the Treaty of Versailles.

In the Chapter on "War Profits," we saw how the World War created in the United States a financial aristocracy with reactionary and fascist tendencies. Those who advocate another war to stop fascism overlook the fact that this war would strengthen still further this reactionary group and at the same time mark for slaughter the young leaders of our nation who would soon be fittest to solve the problems on which the continuance of democracy depends.

In concluding this treatment of fascism we must deal with a problem which many will raise. Is it possible to have economic abundance and at the same time retain democracy; or, will economic abundance for the many require a degree of planning which will abrogate liberty? Fascism as a planned economy must destroy liberty because it plans to maintain the interests of the few at the expense of the many. The planned economy of the dictatorship of the proletariat in the Soviet Union is almost equally devoid of political democracy. This is due largely to the fact that its promoters hold a philosophy of life which is very narrow in its outlook. When an economic system breaks down, people of all classes, with the exception of a small minority at the top of the economic structure find their welfare jeopardized and would profit by a transition to a more adequate economic system, yet Marx outlines a theory of class struggle which sets one class against another. In addition, the Marxists, through a misconception of religion, deprive their philosophy of the most powerful dynamic
for social change, and lacking that, it becomes necessary to rely on force and undemocratic coercion.

It must be admitted that transition periods subject democracy to grave dangers. These perils are all the more serious because of the deficiencies of education and religion in dealing with the problems of social change. But it does not necessarily follow that a socio-economic planned system means the loss of liberty. The hope for democracy lies not in a futile attempt "to hold an age back with our hands," but in pressing forward intelligently and courageously toward the new. There is no ready-made structure to take the place of the old. The new is merely in the process of birth while the old is decaying. It is not the function of religion to determine the form of the new system. The problem of structure belongs to the economist, sociologist, and political scientist. It is rather the task of religion to promote an awareness of what is happening, to aid in the remoulding of public opinion and the reshaping of the institutions of society so that there may be progress instead of regression. It takes a powerful dynamic to drive men forward to the new when the inertia of the old is holding them back. It is here that religion ought to make its greatest contribution by arousing the best that is in men and directing it into channels of unselfishness, cooperation, and intelligent good will.
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CONCLUSION

By way of summary the following points are important in applying the principles of stewardship to the problem of world peace:

1. The recognition that economic maladjustments between men and nations comprise the basic causes of war.

2. The realization that the stewardship principles of the New Testament offer powerful correctives to these maladjustments.

3. The bringing of the institutions of our social order, such as the economic system, the state, and the international system, under the judgment of the principles of stewardship.

4. The arousing of public opinion to an awareness of social responsibility and the necessity for social change.

5. The direction of human interests, loyalties, and energies into socially constructive channels.

6. The development of leaders with Christian insight and high intelligence who will be able to go out into the various phases of life and devise the techniques for laying the foundations and rearing the structure necessary for a peaceful world.