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Otto H. Kahn

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**FRENZIED
LIBERTY**

—
**THE MYTH OF
“A RICH MAN’S WAR”**

**BY
OTTO H. KAHN**

EXTRACTS FROM ADDRESS
GIVEN AT THE UNIVERSITY
OF WISCONSIN, JAN. 14, 1918

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LIBERTY

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Part One
Frenzied Liberty

We are engaged in a war, an “irrepressible conflict,” a most just and righteous war for a cause as high and noble as ever inspired a people to put forth its utmost of sacrifice and valor. To attain the end for which this peace-loving nation unsheathed its sword, to lay low and make powerless the accursed spirit which brought all this unspeakable misery, sorrow and ruin upon the world, is our one and supreme and unshakeable purpose.

That is the purpose of the people of Wisconsin as it is the purpose of the people of New York and of every other State in the Union. I give no credence to and have no patience with those who would measure as with a thermometer the loyalty temperature of our communities. Some dreamers there may be, here as everywhere, so immersed in their dreams that the trumpet call of the day has not yet awakened them.

[6]

Some politicians there may be, here and elsewhere, so obsessed by the issues which heretofore were good election assets and so unable to shake off the inveterate habits and the formulas and calculations of a lifetime, that they are unable to recognize and to share in the sudden flaming manifestations springing from the deep of the people’s soul—and after a while, looking around for their usual followers, find themselves in chilly loneliness.

Some there are, a small minority always and getting smaller every day, among Americans of German birth or descent who lack the vision to see their duty or the strength to follow it, and who stand irresolute, hesitant and dazed.

The vast and overwhelming majority have acted like true men and loyal Americans. They are entitled to claim your sympathetic understanding for the heartache which is theirs and they are entitled to claim your trust. It will not be misplaced. I am taking very little account of that insignificant number of men of German origin who, misguided or corrupt, dare by insidious and underground processes to attempt to weaken or oppose the resolute will of the Nation. There are too few of them to count and their manoeuvres are too clumsy to be effective. But let them be warned. There is sweeping through the country a mighty wave of stern and grim determination, which bodes ill for anyone standing in its way.

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One element only there is in our population which does deliberately challenge our national unity. I mean the militant Bolsheviki in our midst, the preachers and devotees of liberty run amuck, who would place a visionary class interest above patriotism and who in ignorant fanaticism would substitute for the tyranny of autocracy the still more intolerable tyranny of mob-rule, as for the time being they have done in Russia.

If it were not for the disablement of Russia, the battle against autocracy would have been won by now. As so often before, liberty has been wounded in the house of its friends. Liberty in the wild and freakish hands of fanatics has once more, as frequently in the past, proved the effective helpmate of autocracy and the twin brother of tyranny. [8]

Out-czaring the czar, its votaries are filling the prisons with their political opponents, are practising ruthless spoliation and savage oppression, and are maintaining their self-constituted rule by the force of bayonets. Riot, robbery, famine, fratricidal strife are stalking through the land.

The deadliest foe of democracy is not autocracy but liberty frenzied.

Liberty is not fool-proof. For its beneficent working it demands self-restraint, a sane and clear recognition of the practical and attainable and of the fact that there are laws of nature which are beyond our power to change.

Liberty can, does and must limit the rights of the strong, it must increasingly guard and promote the well-being of those endowed with lesser gifts for the struggle for existence and success, it must strive in every way consistent with sane recognition of the realities to make life more worth living to those whose existence is cast in the mould of the vast average of mankind; it must give political equality, equality before the law; it must throw wide open to talent and worth the door of opportunity. [9]

But it must not attempt in fatuous recklessness to make over humanity on the pattern of absolute equality. If and when it does so attempt, it will fail as that attempt has always failed throughout history. For an inscrutable Providence has made inequality of endowment a fundamental law of nature, animate as well as inanimate, and from inequality of physical strength, of brain power and of character, springs inevitably the fact of inequality of results.

Envy, demagogism, utopianism, well-meaning uplift agitation may throw themselves against that basic law of all being, but the clash will create merely temporary confusion, destruction and anarchy, as in Russia; and after a little while and much suffering, the supremacy of sanely restrained individualism over frenzied collectivism will reassert itself. [10]

Under the system of wisely ordered liberty, combined with incentive to individual effort whereof the foundation was laid by the far-sighted and enlightened men who created this nation and endowed it with the most sagacious instrument of government that the wit of man has devised, America has grown and prospered beyond all other nations.

It has stood as a republic for nearly a century and a half, which is far longer than any other genuine republic has endured amongst the great nations of the world since the beginning of the Christian era. Its past has been glorious, the vista of its future is one of boundless opportunity, of splendid fruitfulness for its own people and the world, if it remains but true to its principles and traditions, adjusting their expression and application to the changing needs of the times in a spirit of progress, sympathetic understanding and enlightened justice, but rejecting the teachings and temptations of false, though plausible prophets. [11]

More and more, of late, do we see the very foundations of that majestic and beneficent structure clamorously assailed by some of those to whom the great republic generously gave asylum and to whom she opened wide the portals of her freedom and her opportunities.

These people with many hundreds of thousands of their countrymen came to our free shores after centuries of oppression and persecution. America gave them everything she had to give—the great gift of the rights and liberties of citizenship, free education in our schools and universities, free treatment in our clinics and hospitals, our boundless opportunities for social and material advancement.

Most of them have proved themselves useful and valuable elements in our many-rooted population. Some of them have accomplished eminent achievements in science, industry and the arts. Certain of the qualities and talents which they contribute to the common stock are of great worth and promise.

But some of them there are who have shown themselves unworthy of the trust of their fellow-citizens; ingrates, disturbers, ignorant of or disloyal to the spirit of America, abusers of her hospitality. [12]

Some there are who have been blinded by the glare of liberty as a man is blinded who after long confinement in darkness, comes suddenly into the strong sunlight. Blinded, they dare to aspire to force their guidance upon Americans who for generations have walked in the light of liberty.

They have become drunk with the strong wine of freedom, these men who until they landed on America's coasts had tasted nothing but the bitter water of tyranny. Drunk, they presume to impose their reeling gait upon Americans to whom freedom has been a pure and refreshing fountain for a century and a half.

Brooding in the gloom of age-long oppression, they have evolved a fantastic and distorted image of free government. In fatuous effrontery they seek to graft the growth of their stunted vision upon the splendid and ancient tree of American institutions.

We will not have it so, we who are Americans by birth or adoption. We reject these impudent pretensions. Changes the American people will make as their need becomes apparent, improvements they welcome, the greatest attainable well-being for all those under our national roof-tree is their aim; but they will do all that in the American way of sane and orderly progress—and in none other.

Against foes within no less than against enemies without they will know how to preserve and protect the splendid structure of light and order which is the great and treasured inheritance of all those who rightly bear the name Americans, of which the stewardship is entrusted to them and which, God willing, they will hand on to their children sound and wholesome, unshaken and undefiled.

The time is ripe and over-ripe to call a halt upon these spreaders of outlandish and pernicious doctrines. The American is indulgent to a fault and slow to wrath. But he is now passing through a time of tension and strain. His teeth are set and his nerves on edge. He sees more closely approaching every day the dark valley through which his sons and brothers must pass and from which too many, alas, will not return. It is an evil time to cross him. He is not in the temper to be trifled with. He is apt very suddenly to bring down the indignant fist of his might upon those who would presume on his habitual mood of easy-going good nature.

When I speak of the militant Bolsheviki in our midst as foes of national unity I mean to include those of American stock who are their allies, comrades or followers—those who put a narrow class interest and a sloppy internationalism above patriotism, with whom class hatred and envy have become a consuming passion, whom visionary obsessions and a false conception of equality have inflamed to the point of irresponsibility. But I am far from meaning to reflect upon those who, while determined Socialists, are patriotic Americans.

I believe the Socialistic state to be an impracticable conception, a utopian dream, human nature being what it is, and the immutable laws of nature being what they are. But there is not a little in Socialistic doctrine and aspirations that is high and noble; there are things, too, that are achievable and desirable.

And to the extent that Socialism is an antidote to and a check upon excessive individualism and holds up to a busy and self-centered and far from perfect world, grievances to be remedied, wrongs to be righted, ideals to be striven for, it is a force distinctly for good.

Still less do I mean to reflect upon the labor union movement, which I regard as an absolutely necessary element in the scheme of our economic life. Its leaders have acted with admirable patriotism in this crisis of the Nation, and on the whole have been a factor against extreme tendencies and irrational aspirations.

Trades unions have not only come to stay, but they are bound, I think, to become an increasingly potent factor in our industrial life. I believe that the most effective preventive against extreme State Socialism is frank, free and far-reaching co-operation between business and trades unions sobered and broadened increasingly by enhanced opportunities, rights and responsibilities.

Business must not deal grudgingly with labor. We business men must not look upon labor unrest and aspirations as temporary "troubles," as a passing phase, but we must give to labor willing and liberal recognition as partner with capital. We must under all circumstances pay as a minimum a decent living wage to everyone who works for a living. We must devise means to cope with the problem of unemployment and to meet the dread advent of sickness, incapacity and old age in the case of those whose means do not permit them to provide for a rainy day.

We must bridge the gulf which now separates the employer and the employee, the business man and the farmer, if the existing order of civilization is to persist. We must welcome progress and seek to further social justice. We must translate into effective action our sympathy for and our recognition of the rights of those whose life, in too many cases, is now a hard and weary struggle to make both ends meet, and who too often are oppressed by the gnawing care of how to find the wherewithal to provide for themselves and their families. We must, by deeds, demonstrate convincingly the genuineness of our desire to see their burden lightened.

We must all join in a sincere and sustained effort towards procuring for the masses of the people more of ease and comfort, more of the rewards and joys of life than they now possess. I believe this is not only our duty but our interest, because if we wish to preserve the fundamental lines of our present social system we must leave nothing practicable undone to make it more satisfactory and more inviting than it is now to the vast majority of those who toil. And I do not mean those only who toil with their hands, but also the professional men, the men and women in modest salaried positions, in short, the workers in every occupation.

Even before the war, a great stirring and ferment was going on in the land. The people were groping, seeking for a new and better condition of things. The war has intensified that movement. It has torn great fissures in the ancient structure of our civilization. To restore it will require the cooperation of all patriotic men of sane and temperate views, whatever may be their occupation or calling or political affiliations. It cannot be restored just as it was before.

The building must be rendered more habitable and attractive to those whose claim for adequate houseroom cannot be left unheeded, either justly or safely. Some changes, essential changes, must be made.

I have no fear of the outcome and of the readjustment which must come. I have no fear of the forces of freedom unless they be ignored, repressed or falsely and selfishly led.

But this is not the time for settling complex social questions. When your house is being invaded by burglars you do not discuss family questions. Let us win the war first. Nothing else must now be permitted to occupy our thoughts and divert our aims.

When we shall have attained victory and peace, then will be the time for us to sit down and reason together and make such changes in political and social conditions as, after full and fair discussion, free from heat and passion, the enlightened public opinion of the country deems requisite.

Part Two

The Myth of
"A Rich Man's War"

Since Pacifism and semi-seditious agitation have become both unpopular and risky, the propagandists of disunion have been at pains in endeavoring to insidiously affect public sentiment by spreading the fiction that America's entrance into the war was fomented by "big business" from selfish reasons and for the purpose of gain. In the same line of thought and purpose they proclaim that this is "a rich man's war and a poor man's fight" and that wealth is being taxed here with undue leniency as compared to the burden laid upon it in other countries.

These assertions are in flat contradiction to the facts:

Nothing is plainer than that business and business men had everything to gain by preserving the conditions which existed during the two and a half years prior to April, 1917, under which many of them made very large profits by furnishing supplies, provisions and financial aid to the Allied nations, taxes were light and this country was rapidly becoming the great economic reservoir of the world.

[24]

Nothing is plainer than that any sane business man in this country must have foreseen that if America entered the war these profits would be immensely reduced, and some of them cut off entirely, because our Government would step in and take charge; that it would cut prices right and left, as in fact it has done; that enormous burdens of taxation would have to be imposed, the bulk of which would naturally be borne by the well-to-do; in short, that the unprecedented golden flow into the coffers of business was bound to stop with our joining the war; or, at any rate, to be much diminished.

The best indication of the state of feeling of the financial community is usually the New York Stock Exchange. Well, every time a ship with Americans on board was sunk by a German submarine in the period preceding our entrance into the war, the stock market shivered and prices declined.

When, a little over a year ago, Secretary Lansing declared that we were "on the verge of war," a tremendous smash in prices took place on the Stock Exchange. That does not look, does it, as if rich men were particularly eager to bring on war or cheered by the prospect of having war?

[25]

But, it is said, the big financiers of New York were afraid that the money loaned by them to the Allied nations might be lost if these nations were defeated, and therefore they manoeuvred to get America into the war in order to save their investments. A moment's reflection will show the utter absurdity of that charge.

American bankers have loaned to the Allied nations—almost entirely to the two strongest and wealthiest among them, France and England—about two billions of dollars since the war started in 1914.

These two billions of dollars of Allied bonds are not held, however, in the coffers of Eastern bankers, but have been distributed throughout the country and are being owned by thousands of banks and other corporations and individuals.

Moreover, they form an insignificant portion of the total debts of the Allied nations; they are offset a hundredfold by their total assets. Even if those nations were to have lost the war it is utterly inconceivable that they would ever have defaulted upon that particular portion of their debt, because, being their *foreign* debt, it has a special standing and intrinsic security.

[26]

It is upon the punctual payment of its foreign obligations that a nation's credit in the markets of the world largely depends, and the maintenance of their world credit was and is absolutely vital to England and France. Furthermore, the greater portion of these obligations was secured by the deposit of collateral in the shape of American railroad and other bonds, etc., which were more than sufficient in value to cover the debt.

But let us assume for argument's sake that the Allies had been defeated and had defaulted, for the time being, upon these foreign debts; let us assume that the entire amount of Allied bonds placed in America had been held by rich men in New York and the East instead of being distributed, as it is, throughout the country. Why, is it not perfectly manifest that a single year's American war taxation and reduction of profits would take out of the pockets of such assumed holders a vastly greater sum than any possible loss they could have suffered by a default on their Allied bonds, not to mention the heavy taxation which is bound to follow the war for years to come and the shrinkage of fortunes through the decline of all American securities in consequence of our entrance into the war?

[27]

Is it not perfectly manifest to the meanest understanding that any business man fomenting our entrance into the war for the purpose of gain must have been entirely bereft of his senses and would have been a fit subject for the appointment of a guardian to take care of himself and his affairs?

II

Now as to the allegations concerning taxation: 1. The largest incomes are taxed far more heavily here than anywhere else in the world.

The maximum rate of income taxation here is 67%. In England it is 42½%. Ours is therefore 50% higher than England's and the rate in England is the highest prevailing anywhere in Europe. Neither republican France nor democratic England—containing in their cabinets Socialists and representatives of labor—nor autocratic Germany have an income tax rate anywhere near as high as our maximum rate. And in addition to the federal tax we must bear in mind our state and municipal taxes.

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2. Moderate and small incomes, on the other hand, are subject to a far smaller rate of taxation

here than in England.

In America, incomes of married men up to \$2,000 are not subject to any federal income tax at all.

In England the tax on incomes of \$1,000 is 4½%

In England the tax on incomes of 1,500 is 6¾%

In England the tax on incomes of 2,000 is 7⅞%

(These are the rates if the income is derived from salaries or wages; they are still higher if the income is derived from rents or investments.)

The English scale of taxation on incomes of, say, \$3,000, \$5,000, \$10,000 and \$15,000, respectively averages as follows, as compared to the American rates for married men:

	In England	In America
Income tax rate on \$3,000	14%	⅔ of 1%
Income tax rate on 5,000	16%	1½%
Income tax rate on 10,000	20%	3½%
Income tax rate on 15,000	25%	5%

(If we add the so-called "occupational" tax, our total taxation on incomes of \$10,000 is 6¾%, and on incomes of \$15,000, 9¾%.)

In other words, our income taxation is more democratic than that of any other country, in that the largest incomes are taxed much more heavily, and the small and moderate incomes much more lightly than anywhere else, and incomes up to \$2,000 for married men not taxed at all.

3. It is true, on the other hand, that on very large incomes as distinguished from the largest incomes, our income tax is somewhat lower than the English tax, but the difference by which our tax is lower than the English tax is incomparably more pronounced in the case of small and moderate incomes than of large incomes. Moreover, if we add to our income tax our so-called excess profit tax, which is merely an additional income tax on earnings derived from business, we shall find that the total tax to which rich men are subject is in the great majority of cases heavier here than in England or anywhere else.

4. It is likewise true that the English war excess profit tax is 80% (less various offsets and allowances) whilst our so-called excess profit tax ranges from 20% to 60%.

But it is entirely misleading to base a conclusion as to the relative heaviness of the American and British tax merely on a comparison of the rates, because the English tax is assessed on a wholly different basis from the American tax. As a matter of fact, Congress has estimated that the 20% to 60% tax on the American basis will produce approximately the same amount in dollars and cents as the 80% tax is calculated to produce in England. (I know I shall be answered that we have twice the population of England and twice the wealth. But it must be borne in mind that a far larger proportion of our wealth is represented by farms and other non-industrial property and that a far larger proportion of our people than of the British people are engaged in agricultural pursuits which are not affected by the excess profit tax. I believe it will be found that the total wealth employed in business in America is not so greatly superior to the total wealth similarly employed by Great Britain.)

The American excess profit law so-called taxes all profits derived from business over and above a certain moderate percentage, regardless of whether or not such profits are the result of war conditions. The American tax is a general tax on income derived from business, in addition to the regular income tax. The English tax applies only to excess war profits; that is, only to the sum by which profits in the war years exceed the profits on the three years preceding the war, which in England were years of great prosperity.

In other words, the English tax is nominally higher than ours, but it applies only to war profits. The normal profits of business, i. e., the profits which business used to make in peace time, are exempted in England. *There, only the excess over peace profits is taxed. Our tax, on the contrary, applies to all profits over and above a very moderate rate on the money invested in business.*

In short, our law-makers have decreed that normal business profits are taxed here much more heavily than in England, while direct war profits are taxed less heavily. You will agree with me in questioning both the logic and the justice of that method. It would seem that it would be both fairer and wiser and more in accord with public sentiment if the tax on business in general were decreased and, on the other hand, an increased tax were imposed on specific war profits.

5. Our federal inheritance tax is far higher than it is in England or anywhere else. The maximum rate here on direct descendants is 27½% as against 20% in England. In addition to that we have State inheritance taxes which do not exist in England.

6. Of her total actual war expenditures (exclusive of loans to her Allies and interest on war loans), England has raised less than 15% by taxation (France and Germany far less), while America is about to raise by taxation approximately 28% of her total war requirements (exclusive of loans to the Allied nations and of the amount to be invested in mercantile ships, which, being a productive investment, cannot properly be classed among war expenditures.)

Much is being said about the plausible sounding contention that because a portion of the young manhood of the Nation has been conscripted, therefore money also must be conscripted. Why, that is the very thing the Government has been doing. It has conscripted a portion, a relatively small portion, of the men of the Nation. It has conscripted a portion, a large portion, of the incomes of the Nation. If it went too far in conscripting men, the country would be crippled. If it went too far in conscripting incomes and earnings, the country would likewise be crippled.

Those who would go further and conscript not only incomes but capital, I would ask to answer the riddle not only in what equitable and practicable manner they would do it,^[1] but what the Nation would gain by it? [34]

Only a trifling fraction of a man's property is held in cash. If they conscript a certain percentage of his possessions in stocks and bonds, what would the Government do with them?

Keep them? That would not answer its purpose, because the Government wants cash, not securities.

Sell them? Who is to buy them when everyone's funds would be depleted?

If they conscript a certain percentage of a man's real estate or mine or farm or factory, how is that to be expressed and converted into cash?

Are conscripted assets to be used as a basis for the issue of Federal Reserve Bank Notes? That would mean gross inflation with all its attendant evils, dangers and deceptions. [35]

Would they repudiate a percentage of the National debt? Repudiation is no less dishonorable in a people than in an individual, and the penalty for failure to respect the sanctity of obligations is no different for a nation than for an individual.

The fact is that the Government would gain nothing in the process of capital conscription and the country would be thrown into chaos for the time being. The man who has saved would be penalized, he who has wasted would be favored. Thrift and constructive effort, resulting in the needful and fructifying accumulation of capital would be arrested and lastingly discouraged.

I can understand the crude notion of the man who would divide all possessions equally. There would be mighty little coming to anyone by such distribution and it is, of course, an utterly impossible thing to do, but it is an understandable notion. But by the confiscation of capital for Government use neither the Government nor any individual would be benefited.

A vigorously progressive income tax is both economically and socially sound. A capital tax is wholly unsound and economically destructive. It may nevertheless become necessary in the case of some of the belligerent countries to resort to this expedient, but I can conceive of no situation likely to arise which would make it necessary or advisable in this country. More than ever would such a tax be harmful in times of war and post-bellum reconstruction, when beyond almost all other things it is essential to stimulate production and promote thrift, and when everything which tends to have the opposite effect should be rigorously rejected as detrimental to the Nation's strength and well-being. [36]

There is an astonishing lot of hazy thinking on the subject of the uses of capital in the hands of its owners. The rich man can only spend a relatively small sum of money unproductively or selfishly. The money that it is in his power to actually waste is exceedingly limited. The bulk of what he has must be spent and used for productive purposes, just as would be the case if it were spent by the Government, with this difference, however, that, generally speaking, the individual is more painstaking and discriminating in the use of his funds and at the same time bolder, more imaginative, enterprising and constructive than the Government with its necessarily bureaucratic and routine regime possibly could be. Money in the hands of the individual is continuously and feverishly on the search for opportunities, i. e., for creative and productive use. In the hands of the Government it is apt to lose a good deal of its fructifying energy and ceaseless striving and to sink instead into placid and somnolent repose. [37]

Taxation presupposes earnings. Our credit structure is based upon values, and values are largely determined by earnings. Shrinkage of values necessarily affects our capacity to provide the Government with the sinews of war.

There need not be and there should not be any conflict between profits and patriotism. I am utterly opposed to those who would utilize their country's war as a means to enrich themselves. Extortionate profits must not be tolerated, but, on the other hand, there should be a reasonably liberal disposition toward business and a willingness to see it make substantial earnings. To deny this is to deny human nature. [38]

Men will give their lives to their country as a matter of plain and natural duty; men, without a moment's hesitation, will quit their business and devote their entire time and energy and effort to the affairs of the Nation, as a great many have done and every one of us stands ready to do, without any thought of compensation. But, generally speaking, men will not take business risks, will not venture, will not be enterprising and constructive, will not take upon themselves the responsibilities, the chance of loss, the strain, the wear and tear and worry and care of intense business activity if they do not have the prospect of adequate monetary reward, even though a large part of that reward is taken away again in the shape of taxation. [39]

Reverting now to the subject of the conscription of men, I know I speak the sentiment of all those beyond the years of young manhood when I say that there is not one of us worthy of the name of a man who would not willingly go to fight if the country needed or wanted us to fight. But the country does not want or call its entire manhood to fight. It does not even call anywhere near its entire young manhood. It has called, or intends to call in the immediate future, perhaps 25% of its men between 20 and 30 years of age, which means probably about 4% of its total male population of all ages. In other words, it calls only for such number of men as appears indicated by the needs of the country, and as corresponds to a prudent estimate of the task before it.

I am far from meaning to compare the loss of income or profits with the risk of life or health to which men on the firing line are exposed, or to compare financial sacrifices to those willingly and proudly borne by the youth of our land and shared by those near and dear to them. But I do believe it to be a just contention—not in the interest of the individual, but of the welfare of the community—that the same principle which is applied in the case of the conscription of men should hold good for the conscription of income or profits; i. e., so much thereof should be taken by the State as is required by a prudent estimate of the task before it and as best promotes the accomplishment of that task, bearing in mind that the preservation of the country's economic power is next in importance for winning the war to its military power. Vindictiveness, extremist theories and demagogism ought to have no place in arriving at that estimate.

I have no patience with or tolerance for the "war profiteer," as the term is understood. The "war hog" is a nuisance and an ignominy. He should be dealt with just as drastically as is possible without doing damage to national interests in the process. But neither have I patience with nor tolerance for the man who would use his country's war as a means to promote his pet theories or his political fortunes at the expense of national unity at a time when we should all be united in mutual good will and co-operative effort.

And if we do talk about the formula, "conscription of men—conscription of wealth," let it be understood that we have called less than 5% of the Nation's entire male population, but have called from incomes, business profits and other imposts falling principally on the well-to-do, approximately 90% of our war taxation, not to mention the contribution to the Red Cross, the Y. M. C. A. and other war relief activities.

Let me add in passing that *the children of the well-to-do have been taken for the war in proportionately greater numbers than the children of the poor*, because those young men who are needed at home to support dependents or to maintain essential war industries are exempted from the draft.

Moreover, to an overwhelming degree the sons of the well-to-do have not waited to be conscripted. They have volunteered in masses—a far greater percentage of them than those in less advantageous circumstances. That is merely as it should be. Having greater advantages, they have corresponding duties. Not having dependents to take care of, they can better afford to volunteer than those less fortunately situated.

But the patriotic zeal of the sons of the well-to-do in coming forward to offer their lives to the country does give a doubly false and sickening sound to the ranting of the agitator who would arouse class hatred—who calls this "a rich man's war and a poor man's fight" when an overwhelming percentage of the sons of the men of means have eagerly and freely offered themselves for military service, when *the draft exemption regulations discriminate not, as in former wars, in favor of the rich man's son but in favor of the poor woman's son*, and when capital and business pay more than four-fifths of our war taxation directly and a large share of the remaining one-fifth indirectly.

I do not say all this to plead for a reduction of the taxation on wealth, or in order to urge that no additional taxes be imposed on wealth if need be. There is no limit to the burden which, in time of stress and strain, those must be willing to bear who can afford it, except only that limit which is imposed by the consideration that taxation must not reach a point where the business activity of the country becomes crippled, and its economic equilibrium is thrown out of gear, because that would harm every element of the commonwealth and diminish the war-making capacity of the Nation.

The question of the individual is not the one that counts. The question is not what sacrifices capital should and would be willing to bear if called upon, but what taxes it is *to the public advantage* to impose.

Taxation must be sound and wise and scientific, and cannot be laid in a haphazard way or on impulse or according to considerations of politics. Otherwise, the whole country will suffer. History has shown over and over again that the laws of economics cannot be defied with impunity and that the resulting penalty falls upon all sections and classes.

I realize but too well that the burden of the abnormally high cost of living, caused largely by the war, weighs heavily indeed upon wage earners and still more upon men and women with moderate salaries. I yield to no one in my desire to see everything done that is practicable to have that burden lightened. But excessive taxation on capital will not accomplish that; on the contrary, it will rather tend to intensify the trouble.

We men of business are ready and willing to be taxed in this emergency to the very limit of our ability, and to make contributions to war relief work and other good causes, without stint. The fact is that, generally speaking, capital engaged in business is now being taxed in America more heavily than anywhere else in the world. We are not complaining about this; we do not say that it may not become necessary to impose still further taxes; we are not whimpering and squealing and agitating, but—we do want the people to know what are the present facts, and we ask them not to give heed to the demagogue who would make them believe that we are escaping our share of the common burden.

May I hope that I have measurably succeeded in demonstrating that the allegations with which the propagandists of disunion have been assailing the public mind are without foundation in fact. And may I add, in conclusion, that the charge of “big business” having fomented our entrance into the war is one which, apart from its intrinsic absurdity, is a hateful calumny. Business men, great or small, are no different from other Americans, and we reject the thought that any American, rich or poor, would be capable of the hideous and dastardly plot to bring upon his country the sorrows and sufferings of war in order to enrich himself.

Business men are bound to be exceedingly heavy financial losers through America’s entrance into the war. Every element of self-interest should have caused them to use their utmost efforts to preserve America’s neutrality from which they drew so much profit during the two and a half years before April, 1917. Every consideration of personal advantage commanded men of affairs to stand with and support the agitation of the “peace-at-any-price” party. They spurned such ignoble reasoning; they rejected that affiliation; they stood for war when it was no longer possible, with safety and honor, to maintain peace, because they are patriotic citizens first and business men afterward.

The insinuation that “big business” had any share in influencing our Government’s decision to enter the war is an insult to the President and Congress, a libel on American citizenship, and a malicious perversion or ignorant misconception of the facts. Those who continue to circulate that insinuation lay themselves open to just suspicion of their motives and should receive neither credence nor tolerance.

¹. It is true that a few years ago a capital levy was made in Germany, but the percentage of that levy was so small as to actually amount to no more than an additional income tax, and that at a time when the regular income tax in Germany was very moderate as measured by the present standards of income taxation.

Transcriber's Note:

Any obvious errors in spelling or punctuation have been corrected.

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