

# President Harding's Problems

President Harding enters the White House with the largest majority received by any chief executive in recent years and with the largest popular vote given to any man in history. This is a great distinction, but he will find awaiting him more difficult problems than any previous president has encountered. It may be worth while to consider a few of the more important of these problems.

First, the world awaits his word on international relations. Co-operation between the nations for the prevention of war hangs on his decision, providing, of course, the Senate supports him in his plans. He is pledged to an Association of Nations in which the United States will do its part without surrendering its right to decide for itself when and on what terms it will employ force in aid of any other nation. This means that Article 10 will be eliminated from the covenant, but that will not impair the value of the document. Article 10, while it kept our country out of the League of Nations and contributed largely to the wrecking of the Democratic party in the recent campaign, never was worthy of the attention given to it. It could not override the constitutional provision giving to Congress the right to declare war; the moral obligation which it purported to create was powerful as a disturber of the peace but quite impotent as a protection to other nations. Our Allies understood this and were anxious to surrender Article 10 and admit the United States on any terms that our country would name.

Whether President Harding will insist on dropping the word League and substituting the word Association does not yet appear, but he is a practical politician and is not likely to sacrifice substance to form. It is quite probable that Great Britain and France will give him a lead pencil and a sheet of paper and ask him to suggest the change desired. If he insists on changing the name it can be done very easily, but he is not likely to put other nations to any unnecessary trouble or to require any phraseology that will be embarrassing.

The President is committed to but two propositions in connection with International Peace. He is for co-operation with other nations for the prevention of war and he is against any terms that will impair the independence of this nation.

He has shown himself open minded and anxious to receive information from all sources before proposing any definite plan, and, happily, entirely free to follow his conscience in interpreting his obligation to the country. His nomination came to him in such a way as to make him more independent than nominees sometimes are and his majority was so large, that no man, no group, no faction can claim to have exercised a controlling influence.

But, while he is free to follow his personal convictions, he is not free to ignore the known sentiment of the country, and he knows what the sentiment is. A large majority of the members of the Senate, including Senator Harding, voted to accept the League with reservations—a majority of 18 on the final vote—and twenty more favored the League, but opposed the reservations. Only 19 Senators out of a total of 96 opposed the League entirely and that is probably a larger percentage of opposition than exists among the voters as a whole. An overwhelming majority of the American people demand some form of international co-operation; without it, it is impossible to hope for permanent peace. The enormous increase in expenditure for armaments proclaim only too clearly the fears of the world. Without disarmament we must expect returning wars, each more expensive and more bloody than the one before, until bankruptcy of the weaker nations makes them subject to the stronger nations. Europe is powerless to save itself. Land hunger, commercial greed, and the spirit of revenge are driving the nations of the Old World toward war. No one of them, or group, has the moral strength and the unselfish spirit necessary for the solution of the difficulty. Our nation alone has the influence and the disinterestedness to act as arbiter, and we will have more influence when we reserve the right to decide our action for ourselves than we would have if a foreign council could commit us to war and call our soldiers to battle.

Many of those who favored ratification without reservations, as long as that seemed possible, did so as I did—not because Article 10 was deemed wise but because it seemed better to go into the League at once and eliminate Article 10 afterwards than to risk the evils that might come

with delay. Now that the American people have issued their mandate all friends of the League will join the friends of an Association of Nations and hasten the carrying out of the voters' decree.

This is the first problem with which the new president will have to deal and every citizen who has the welfare of his country at heart will hope that he will act wisely and, by throwing our nation's influence on the side of conciliation, help to lay the foundation for an enduring peace.

The second problem that confronts the new occupant of the White House has to do with taxation. Revenue is the continuing question in Government; other questions may come and go, but taxation, like Tennyson's Brook, "goes on and on forever." It is more acute now than usual because of the enormous levies made necessary by the war. The people are crying out under the burden of taxation, and every important class of taxpayers is clamoring for a relief. The loudest clamor as usual, comes from those least deserving, namely, the profiteers, but it so happens that this is the class that has the ear of the public. "Repeal the excess profits tax," shouted Wall Street, and the shout is taken up by every organization under the influence of the profiteers. The cry was so loud that an echo came back from the Treasury department, and from the candidates of the two leading parties.

The argument relied upon to secure the repeal is that the tax is transferred to the consumer—a strange argument when it is remembered that the tax is not collected until after the profiteer has already collected it from the consumer. In the year 1921 the profiteers will give to the government a part of the excess which they collected in 1920. What reason is there to believe that they would collect less profit if the tax was removed? So far as logic can be invoked to decide the question the inducement to excess profits would be greater if they could keep it all than it is when they have to give a large per cent of it to the government, and yet this argument is brazenly advanced by those who seek to relieve the profiteer of this tax.

Another argument sometimes heard is that the excess profits tax discourages incentive—what incentive? The incentive to collect excess profits? If so it ought to be discouraged. We do not need to encourage unfairness in the business of the exploitation of society. Ordinary and reasonable profits are not subject to the excess profits tax—it is only the unreasonable and illegitimate profits upon which the excess tax is laid.

But more serious still, how are we going to support the government without revenue? If the excess profits tax is repealed we must either make up the deficit by some other form of taxation or suffer a reduction to the extent of the excess profits tax. Will the taxpayers consent to bear the burden they now carry in order to release the least deserving of taxpayers? Or, as is really demanded, will they consent to higher imposition upon themselves in order that the profiteering may be favored?

The substitute usually suggested by those who desire to repeal the excess profits tax is a tax on retail sales which would, of course, be paid by the purchaser. No matter what the profit of the manufacturer, wholesaler, jobber, and retailer—after all these have been added to the original price the government tax would be collected from the purchaser, leaving the intermediate profits, whether fair or unfair, untouched. A consumption tax overburdens the poor and underburdens the rich because people do not buy the necessities of life in proportion to their possessions or incomes. It takes as much food to supply the needs of the poor as of the rich and as much to clothe one as the other. While the rich spend more for food and clothing than the poor, the amount spent is not proportionate to the benefits which they receive under the protection of the government. A consumption tax, being paid out of the income, is, in effect, an income tax—a graded income tax, but the heaviest per cent is levied upon the smallest income, and the smallest per cent upon the largest income.

If the Republican party stands by its high tariff record and raises customs rates on imports, the poor will again be overburdened and the rich underburdened, and, in the case of tariff duties, the amount received by the government may be only a small part of the total amount collected from the consumers, because the increased price of the domestic article goes to the manufacturer instead of to the government.

If, in addition to imposing tariff on consump-

tion and a tax on retail sales, the Republican Congress yields to the entreaties of the rich and reduces the tax on large incomes without a similar reduction on small incomes, the average man may be aroused to a protest that will materially affect the fate of that party in the congressional elections next year.

President Harding will also find the profiteer question an embarrassing one to deal with. The profiteers were quite largely Republicans last fall and it is not easy to cope with such influential wrong doers when they are in one's own party. They will not be slow to point out to those in authority the contributions which they made to the party's success and they will be very much offended if any attempt is made to class them with the transgressors. And yet something must be done. We are creating anarchists by wholesale, or, at least, encouraging very radical ideas by the inequality exhibited in the punishment of crime. If a man steals a small amount of money or merchandise, he sins against society and no one pleads in his behalf. His trial is brief and his punishment both swift and severe. No one will complain of this if big offenders are treated in the same summary way. But, unfortunately, it is more difficult to apprehend and punish those who rob on a large scale.

Senator Calder of New York has recently estimated at one billion and a half the extortion practiced by the coal men in a single year, and yet, the criminals go unpunished. A man connected with the coal business indignantly denied Senator Calder's charge, and declared that the amount could not have been more than six hundred million. But six hundred millions is probably more than the total amount stolen by all the thieves in all the penitentiaries in the nation. If we have laws sufficient to protect the public from profiteering, they should be enforced; if the laws are not sufficient, new laws should be enacted. The present situation is not only a gross injustice to the masses but a real menace to the stability of our government.

We have a Federal Trade commission which is doing excellent work, but the information which it furnishes is not being utilized by Congress. The states should have trade commissions with powers adequate for the protection of the public from profiteers in the state, and each city should have a municipal trade commission for the protection of its citizens from local profiteers, but much of the big profiteering is nation-wide in extent and can be dealt with only by the Federal Government. President Harding will not be in office long before he and his attorney-general will realize the seriousness of the problem presented by the profiteer.

The decision of the Supreme Court declaring unconstitutional the law intended to prevent profiteering gives the President an opportunity to recommend a law embodying such remedies as he has in mind. The House and Senate also will be tested by this unexpected opportunity for constructive legislation.

A fourth problem of very large proportion is the one presented by the growing antagonism between labor and capital. On the one side we have a group of influential employers who are bent on destroying the labor organization and, on the other side, we have the labor organizations, conscious of the attempt that is being made upon their very existence. The labor leaders are not always wise but they have lots of companionship in their imperfections. They are not more liable to err than the leaders of the capitalistic forces, and can plead a more urgent necessity if in their efforts in their own behalf they are not always careful about the interests of others.

Democracy does not mean government by any class. Democracy rejects the idea of government by bankers, manufacturers, merchants, lawyers, lobbyists, laborers, farmers or any other group, but it must constantly be borne in mind that the men who cry out against government by a large class, like the laboring class—or the agriculturists, are the very ones who insist upon government by a small class. State conventions under the control of the commercial interests have sometimes declared in favor of a government by business men for the benefit of the business interests of the country—and their definitions of the business man included but a small percentage of the voters.

The safety of our government lies, not in the domination of it by any class, but in machinery which will enable the whole people to protect themselves from injustice at the hands of any fraction of the people. The number of persons directly affected by any industrial dispute is small compared with the total population. When, for instance, the country was threatened with a

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