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TWENTY-FIVE years ago this country was engaged in a great war, which it helped win. We participated in the war because we thought it made a difference who won it. We helped win the war, but we did not help win the peace. We ignored the advice of Woodrow Wilson, who said prophetically, "There is only one honorable course when you have won a cause—to see that it stays won."

As a member of a family that has contributed sons to every major war in which this country has ever engaged, including the first World War, I was deeply impressed by the wisdom of Woodrow Wilson's postwar plans. I knew the anxiety that prevails in a home when its sons are in a war, the horror of war, the economic dislocations, the problems to which it gives rise, and I wanted to see the postwar world constructed in such a way that war would not happen again, or, at least, not so frequently.

War, I came to know, has many causes, but in the main, it comes down to this fact. We live in a small world, a world of many nations that modern improvements in transportation have made very near to one another. What one nation does affects neighboring nations, because like neighbors, we live close to one another. There is no longer such a thing as isolation, and if any one continues to believe that there is, he had best take counsel with the facts. Each nation in our congested world has great ambitions for its people, its trade, and its future, and these ambitions bring them into conflict with their neighboring nations. Since each nation is a law unto itself under our so-called doctrine of national sovereignty, conflict has come to characterize our international relations, and world-wide wars are of increasing frequency.

In an earlier day when there were fewer nations and they were farther apart because of slowness of transportation facilities, the rival ambitions of nations did not so often come into conflict. But in modern times, what one nation wants and attempts to get brings it into almost instantaneous conflict with other nations. Unlike the situation in the domestic community where we have laws governing the relations of neighbors, and agencies to enforce those laws when they are violated, in the world at large, which we might liken to a community of nations, there are no generally accepted laws and rules of conduct and no effective agencies to enforce them against the outlaw nations. In short, the international world continues to operate under almost anarchical conditions. Every nation does that which is right in its own eyes, and might, not justice, determines the outcome.

The task of the twenties and thirties was to create law and law-enforcing organizations in the realm of international affairs if another world war was to be prevented. In this country and in other countries, the generation that lived through the period failed to appreciate the task to be done, and it was not done. As we look back now, we see the opportunity we lost and realize our tragic mistake.

We are again at war. There is no time to recapitulate our mistakes or to assess blame. For those who seem disposed to waste energy on efforts to blame each other and the government for things done or not done, we commend the words spoken by Winston Churchill while he was recently in Washington. Said he, "If the present criticizes the past, there is not much hope for the future."

Our immediate task is to win the war, and to that purpose our every strength must be bent. And win it we will, regardless of the cost in men, money, material, blood, sweat, and tears. We will win it because we are not accustomed to losing. Victory is our habit. We will win it because we have the resources and the indomitable will to win it. We will win it because we realize that to live in a world with German totalitarianism on one side and Japanese totalitarianism on the other would be intolerable, and simply unthinkable. And, this above all, we will win it because it makes a difference who wins it, and that difference is *who* is going to control the immediate future of this world, we or they, and *how,* by democratic means or dictatorial ones.

And when we win the war, let us also win the peace, and see that it stays won.

How shall we make sure that the peace stays won? The answer, in general, is (1) by international reconstruction and (2) by domestic economic planning. Both are part of the same problem, because no longer can a clear line be drawn between domestic and international problems. Inasmuch as the adoption of a successful program in the postwar era depends on our planning in advance, it is not too early to begin thinking about it now. My purpose here is to suggest briefly the outlines of the general problem.

International reconstruction will demand the establishment of a strong international federation of states to enforce the peace by appropriate economic and military means. This is the task we failed to accomplish in the twenties and thirties, and we must not neglect it again in the forties and fifties. We, the United States, must not after the war withdraw from the international scene to an illusory isolation in the hope of escaping our international responsibilities. We must not do this because such a negative step would be suicidal. It would leave a weakened world without the leadership of the strongest force in it, and in a short time we would find the storm of international chaos beating upon our shores with a fury greater than at present. We must abandon in the postwar period the notion that any effort to help organize the world to keep it peaceful is impractical idealism. Either we help do it or we reap the result of not doing it, which is frequent cataclysmic wars.

The establishment of a federation of states will take time. It cannot be accomplished as soon as the war is over. There will be an interim when peace comes, a period of transition, in which the victor states will jointly have to assume the task of international reconstruction. The immediate tasks of feeding, clothing, and housing great populations, of preventing complete economic and social breakdown will be so great as to absorb all available energies. The world, for the time being, will find itself unable to set up a new world order in this chaos. The victors will have to take the immediate responsibility for the mobilization of necessary supplies, their transport to the war-torn regions, and their distribution. As one of the victors, we will find ourselves well equipped to do our part of the work through our war controls of shipping, materials, priorities, and finance. The task will be to our interest because it will provide us with a desirable economic shock absorber in the tapering off of our own war production.

During this interim, the most difficult problem will be the treatment to accord the defeated Germans. We cannot exterminate 80,000,000 people or deny them a corner of Europe. The wisest policy would be for the victor states to maintain control over any German regime until the people and their economic system are reconstituted for self-government. "What we really want," as George Soule has said, "is not merely protection against future German aggression, but a Germany against which protection is unnecessary."[1] Mere victory over Hitler will not produce this result. But, once victorious, the victor states have the power to bring it about if they wisely use suitable means.

After the transition period is over and the people in the various war-torn countries are back at peacetime pursuits under the leadership of democratically led governments, the time will arrive to evolve an international federation to enforce the peace. The aim of this federation of states, and in it our weight should be great, should be to bring law and order, based on economic and political justice, to the international world. The federation should not, if it is to justify its existence, be a mere debating society, but an organization well equipped with the necessary military, naval, and air strength to quickly enforce its decisions against the law-breaker. Neither should the federation be dominated solely by the idea of resistance to change. It should be willing to adjust international political and economic injustices so that people in each nation will have the opportunity to live and work fruitfully. In the long run that is the best insurance against the rise of Fascist or Communist dictatorship.

The second way to see that the peace stays won is by advance planning for domestic economic reconstruction.

One of these days this war boom will be over. In a year or two, or perhaps four or five, nobody knows, when the Nazis have been beaten and the Japanese have been taught that treachery does not pay, the golden flood of defense orders which has created this boom will come to an end. Millions of jobs will vanish and a huge draft army will return home seeking civilian employment, jobs that they have been promised will be open when they come back. What will happen then?

Already there are those who are predicting that we are due for a

[1] George Soule, "The Lessons of Last Time," *The New Republic,* CVI (Feb. 2, 1942), Supplement. This popular pamphlet should be read by those interested in postwar planning. It suggests many things that will need to be considered.

depression that will make the crash of 1930-1932 look like a minor dip. But it need not happen if we plan in advance to prevent it. Obviously, unless we anticipate what is coming and prepare for it, millions will scramble in vain for the privilege of earning a living, and suffering and despair will sweep the country. What can be done?

Fortunately, the problem is appreciated in Washington; and a number of agencies, principally the National Resources Planning Board and the Economic Defense Board, have given it much thought. The outlines to the problem have recently appeared in a book by a noted Washington correspondent,[2] who has maintained close touch with the agencies charged with postwar planning.

The blueprints for preventing postwar depression that these agencies have drawn do not call for changing radically the nature of our economic system. They call for private industry to carry the ball as far as possible, the whole way if it can. The government, however, will play a part; the size of the part will be determined by how well business and labor succeed in getting the job done.

Among the things that can be done during the war to ease the postwar adjustment are the control of prices, the prevention of unjustified inflationary tendencies, the encouragement of voluntary savings, and, if necessary, a forced savings plan, and the reduction of the consumption of unessential goods. A huge savings program and the rigid rationing of consumers' goods alone will create a purchasing power and a backlog of orders of considerable magnitude in helping tide us over the postwar period. But these and other measures that we are now employing and will adopt as the war continues will not be sufficient by themselves to prevent a postwar collapse.

The first essential in any postwar program to keep America prosperous is the maintenance of wartime production levels in the years of peace. Many will instantly think that a suggestion of this kind is simply impossible. If it is impossible, then a postwar collapse is inevitable. What then? The people have served notice in three presidential elections as to how they feel about poverty and unemployment in a land of potential plenty.

But it is not impossible! Hitler has shown us that it can be done

2 Blair Moody, *Boom or Bust* (New York: Duell, Sloan and Pearce, 1941), a stimulating work on postwar planning. The latter part of this article is largely a review of Moody's book.

and what he has done with his dictatorship we can do with our democracy.

Where, you want to know, is the market? If the people haven't the money, how can they buy the goods produced?

The market is the 80,000,000 Americans who before the war boom were members of families that earned less than $1,500 a year, whose average income was $826 a year—$69 a month.[3]

The Brookings Institution, one of the most intelligently conservative economic research organizations in the country, has for years been demanding that we quit restricting production, use our powers to produce, make profits through greater volume and more sales rather than through sustained wide-profit margins. This would improve standards of living by giving everyone, including the 80,000,000 whose unfilled needs could maintain industry with profits for a long period, the benefits of an expanding economy.

Let those who consider the achievement of the task impossible, says Moody, imagine what sort of town Detroit would be today if the motor-car makers had decided that a similar program for their industry was impossible. By adopting a program of ever improving their products, made at good wages but sold at a steadily falling price, they have given other industries an example.

Maintaining full production at wartime levels in the years of peace will not be without its difficulties, but they will be small in comparison to those that we will face if we fail to do it. And how else can we attain our war aim of "freedom from want" if we fail? Wendell Willkie saw the outlines of the problem when he said in his 1940 campaign, "Only the productive can be strong, and only the strong can be free."

The second essential in our postwar program is to assure the head of every American family who is ready to work for fair pay, a job. Full employment will have to become a permanent policy of the government, boldly declared and followed. This is necessary not only for the worker's sake, but for the sake of industry, which must have consumer purchasing power to sustain production. The very act of keeping production at a high level will maintain millions of jobs. "Give the people jobs," says Marriner Eccles, the head of the Federal Reserve System, "and they will consume. Let them consume and the demand for goods would be sufficient to keep the economic plant in full operation."

[3] *Ibid.*, pp. 6-7.

The third feature of the program to keep the economic system stable in the postwar era must be a sound backlog of public works projects to be undertaken whenever private industry does not keep men employed. These are now being formulated by various federal and state agencies. "We can buy fuller employment," Milo Perkins, former manufacturer, now head of the Economic Defense Board, points out, "with cheap long-term credit, government credit, and private credit, for such projects as modernizing the railroads, toll highways, reforestation, and rehousing rural America. We can start with an inventory of jobs we need to have done, and figure out how long it would take, how many men to do each job, and the cost. We need these things, which would pay for themselves. None of these jobs should have any relief stigma attached to them."

But who will pay for these huge outlays to slide the continuous capacity production of wartimes over into a peacetime economy? Can we afford the program?

The answer is we can better afford a program that keeps industry and agriculture busy and men at work than one which allows depression and idleness.

"The notion that we cannot finance our own production is quite without foundation," says Dr. Alvin H. Hansen, Harvard economist and economic advisor of the Federal Reserve System and of the National Resources Planning Board. "Every cent expended, private and public, becomes income for members of our society.

"We can afford as high a standard of living," he asserts, "as we are able to produce. We cannot afford to waste our resources of men and materials. We cannot afford to use them inefficiently. But we cannot afford idleness.

"The idleness of the decade of the thirties was responsible for the loss of $200,000,000,000 of income.

"The public expenditures required to rebuild America, to provide needed social services, and to maintain full employment can be provided for out of the enormous income which a full utilization of our rich productive resources, material and human, makes possible."

The only way the budget ever can be balanced and the public debt reduced is to increase the level of prosperity so that the yield of taxes will bring revenue up to expenditure, even though this process actually raises the level of expenditure. That is the way deficit spending could

be ended permanently—ended because once a high level of income was achieved from greater private employment, taxes would more than offset the greater amounts spent by government.

But are not taxes high enough now? Would not that be more than the taxpayers could swallow?

What we are really concerned about, as the head of the Federal Reserve System points out, is not so much what we pay in taxes, as what we have left over *after* we pay the taxes. The proposition is not to raise tax rates. It is to increase the national income, the base against which the rates are levied.

If national income is allowed to drop after we stop making guns and tanks, the *percentage* of that income which will go to the treasury each March 15 will be unbearable. If national income rises, on the other hand, even if the government spends more to make it rise, the taxpayers will have more left when they get through paying taxes.[4]

These propositions are only in outline form and represent only the barest beginnings of the plan to prevent depression in the postwar period. Doubtless they will be modified with time and improved, and the details of their administration worked out. On the other hand, they may never be accepted by the American people and made government policy. We may elect to do nothing so thoroughgoing and allow ourselves to slip into another depression that would make the last one seem like a happy memory. It all depends on what the people, who represent political and economic power in the community, want to do.

We can accept the defeatist attitude, do nothing, and collapse. We can, if we want to, help lay the plans for continued production and employment, and peacetime prosperity. We have the knowledge; it remains to be seen whether we use it.

[4] *Ibid.*, p. 305.