

The Open Court

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Devoted to the Science of Religion, the Religion of Science, and the
Extension of the Religious Parliament Idea

Founded by EDWARD C. HEGELER

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ANATOLE FRANCE IN CLAY
(Photo from Wide World Photos)

Frontispiece to The Open Court

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AFTER THE BONUS,—PENSIONS

BY ROLAND HUGINS

THOSE who imagine that the soldiers' bonus has been safely side-tracked fail to take account of two outstanding facts: first the number of world war "veterans" in the United States, roughly, about five millions of men, and second, the traditional and almost universal weakness of ex-soldiers for public funds. The opponents of the measure appear to believe, because they have won the first battle, that the campaign is over. Such, however, is not the opinion of the veterans themselves; they have announced officially that they have only begun to fight, and that they intend to batter at the doors of successive Congresses. The bonus will remain a political issue until it is paid, or until its tireless advocates drop it in despair.

Behind the bonus, looms the military pension, a bigger and more important problem. Adjusted compensation is to the front now; pensions will be agitated hotly ten or fifteen years hence. The two sets of demands, superficially alike, are really of a separate economic order. Some of the basic economic aspects of the bonus have received scant attention from the more rhetorical of its advocates. Undoubtedly a tremendous amount of mush has been spread over this whole question. We have heard gabble about the duty and justice of making the slacker who stayed at home and worked in a factory and wore silk shirts divide his gains with the patriot who wore khaki and went to war; and we have heard counter gabble about the iniquity of lowering the hero, by the process of paying the hero a few hundred dollars, to the level of the profiteer. We have heard warm eulogies on the hardy lads who marched fearlessly into the mouth of Hell, and cold statistics on the number of men who volunteered, the number who were drafted, the number who were sent to the front, and the number who never got beyond the

training camps at home. Here is the language of prejudice and passion rather than of persuasion. Whatever sound contentions there are for granting a bonus may be stated in more sober and prosaic terms. These contentions seem to me to be the following:

The enlisted men did suffer, economically, in comparison with the man who during the war period kept his old job or got a new one in civilian life. The margin of difference was not great, but neither is the proposed amount of adjusted compensation great. The American soldier received in cash one dollar a day or \$30 a month—not counting the allowances added by the Government to his allotments to relatives. His food, maintenance and clothing cost the Government about \$2 a day: a total compensation of \$3 a day for each day in the year. This sum was less than the wage paid to most workers during the war period. According to the best figures available, those of the National Bureau of Economic Research in its report on "Income in the United States, 1909-1919," the average per capita income of persons gainfully employed in the United States for the year 1918 was \$1,515. (It may be noted that the purchasing power of this \$1,515 at the 1913 price level was \$943—but that is beside the point.) The corresponding figure for 1917 was \$1,397, and for 1919, \$1,690. Under the bill recently vetoed by President Harding each soldier and sailor would have received—not however in cash—an adjusted service credit of \$1 for each day's service in the United States and \$1.25 for each day's service overseas or afloat, exclusive of the sixty days already covered by the two months' extra pay given each soldier and sailor at the time of his discharge. On this basis the total compensation of a private soldier, his pay plus his maintenance, plus his bonus, would reach a yearly rate of \$1,460 for service in the United States, and \$1,551 for service overseas. These totals do not appear to be excessive.

Furthermore, a sound precedent in this matter should be set for the future. Under modern conditions, every person is called upon to play some role in the national defense—or aggression. Why should soldiers and sailors, who do that work which is most difficult, irksome and dangerous, be the only classes which are grossly underpaid? In wartime, there is a scarcity of men and goods, resulting in a rise, even without the help of currency inflation, of both wages and prices. Nearly every wholesaler, jobber, merchant and shop-keeper reaps unusual profits, part'ly by the simple process of selling at the new price levels goods obtained when costs were lower. Again, most manufacturers, great and small, find themselves over-

whelmed with orders at good margins; they enter that paradise, which they dream about in peace times, where industry is stabilized, competition is suspended, and all plants are worked to full capacity. Finally, those who own natural resources in minerals, oil, coal or timber, make fortunes. In this situation the soldier, who is liable to wounds, exposure, and death, and certain of fatigue, discomfort, and insults is given a bare subsistence. That cannon fodder should be cheap, while business men have license to profiteer, seems natural only because we are used to the arrangement; it has no sanction in decency or right.

A severe economic depression has weighed upon the country during the last two years, and as a result many ex-service men have fallen in arrears. To these numerous needy ones a few hundred dollars would come as a blessing and a boon. How silly it is to talk sentimental blather over an Unknown Soldier, who is admittedly dead, while refusing to do anything concrete for thousands of known soldiers who are alive and in distress!

The foregoing constitute the chief reasons why, to my mind, a bonus should be paid. There remain the fiscal considerations,—the amounts to be disbursed, and the sources of the money. The bill recently defeated, so narrowly that it is certain to be resuscitated, is badly drawn. In fact it is furtive and evasive, and at the same time clumsy. It seeks to postpone payment as long as possible, and entirely avoids any mention of ways and means. It would lay on the Government, according to the Treasury estimates, an obligation of over four billion dollars; yet out of that four billion only sixteen millions would be paid in cash. The rest would be spread out in the form of adjusted service certificates, of farm, home and land settlement aid, and of vocational training. The advantages of these schemes are largely illusory. Although they delay settlement, they vastly increase the cost in the long run. For example, the great majority (seventy-five per cent) of the veterans are expected to choose the certificate plan, because they can borrow money at the banks on their certificates, up to one-half of the face value. The worth of a certificate is to be determined, to quote the language of the bill, in this fashion: "a service certificate (will have) a face value equal to the sum of (1) the adjusted service credit of the veteran increased 25 per centum, plus (2) interest thereon for twenty years at the rate of four and one-half per centum per annum, compounded annually (such amount being approximately equal to 3.015 times the adjusted service credit of the veteran.)"

So here we have most of the obligation to be laid on the Government multiplied by three, simply in order to float a dubious scheme for postponement. The authors and sponsors of this measure apparently forgot the fable of the dog who lost his meal by jumping after too big a bone. Surely four billions of dollars is a staggering sum; but a little arithmetic, happily, will demonstrate that the expense of a bonus need not be nearly so large. The total number of men entitled to receive adjusted service pay, that is, the total number of ex-soldiers, sailors and marines minus certain excluded classes, is 4,458,199. Suppose that each of these men were offered a check for, let us say, \$350,—a gift which few would scorn. The total cost of that sort of bonus would be \$1,560,369,650, or in round numbers, a billion and a half. Again, suppose that each veteran were given his adjusted compensation in cash at the proposed rate of \$1 for each day of service in the United States and \$1.25 for each day of service overseas or afloat; what outlay would then be necessary? The total cost, as I reckon is on the basis of the official statistics, would be \$1,671,500,353, or in round numbers, a billion and two-thirds. This latter plan would be fairer than a flat uniform dole to each veteran, for under it every man would be compensated in proportion to the length of the time he served; so that some would receive as low as \$50 and some as high as \$800, with the average a little under \$400. And if, as the bonus bill proposed, the maximum basic credit for any one person were limited to \$625 for overseas service, and to \$500 for home service, then the total cost would be shrunk somewhat below one and two-thirds billions. Whatever approach is used, this conclusion stands out clearly; that of the four billion dollars estimated for the bonus, approximately two and a half-billions can be saved by paying in cash. Query: Why talk of anything else but cash?

Of course, even a billion and a half of dollars does not grow on bushes; it would have to be raised by taxation sooner or later. But some consolation may be drawn from the reflection that had the war lasted out the year 1918, had it, in other words, ended on December 31, 1918, instead of on November 11, the direct additional monetary cost to this country would have been \$2,200,000,000, exclusive of all loans to allies and associates. More exactly; the cost of a cash bonus would be equivalent to about five weeks of such war as the United States was waging before the Armistice. And plenty of hotheads have complained because our army did not

attempt to "march to Berlin." The only real extravagance is war. In comparison to it all other national outlays are trifles.

If a resolute search were made, numerous methods of raising a billion and a half could be discovered: for example, (1) another Victory loan, (2) a tariff for maximum revenue at the ports instead of a tariff for maximum domestic prices; (3) a stiff sales tax, or (4) a capital levy. It is said that the tariff schedules recently put into effect will add three billion dollars yearly to consumers' prices: that is twice the sum needed for a cash bonus. Or again, what possible objection can there be, from the point of view of public policy, to forcing the 2,000 new millionaires created by the war, along with the former millionaires who quadrupled their fortunes, and the smaller fry who made only a paltry half million or so,—what objection can there be to making these fat parasites pay through the nose? It is true that during the war the Federal Government fixed prices, and imposed a steep excess profits tax. It is also true that billions of dollars ran through these sieves, and that more billions were siphoned away surreptitiously. Our profiteers have not yet been made to disgorge.

My fundamental contention is this: that in problems of this sort, involving disbursements to soldiers and ex-soldiers from the public treasury, we should be guided by principles, rather than suffer ourselves to be swayed this way and that by sentimental pleas, or to be pushed about by political exigencies. The soundest principle which we can follow is, to my mind, the principle of compensation. The soldier is worthy of his hire. He should be paid a wage equal at least to the wage paid other laborers in wartime. And when that wage has been paid the obligation, so far as monetary payment goes, has been liquidated, unless, indeed, the soldier has suffered wounds or other disability in the discharge of his duties. The state, which sends men into war, ought to make full and adequate provision for those whose physical or mental powers are impaired in that service. The Government of the United States, it can be said to its credit, has recognized its obligations to war-maimed men without reservation, and now discharges that obligation more generously than has any other nation in the history of the world. It undertakes, furthermore, to provide properly for the dependent relatives of those who fall in battle, or who die from disease or disability contracted in military service. From 1917 to the end of the fiscal year 1922, the Federal Government paid to world war veterans and their dependents, in the form of military and naval

compensation, and military and naval insurance, the sum of \$687,-879,088, and furthermore expended \$115,164,931 for hospital and medical services and \$299,768,105 for vocational rehabilitation; a total for these three items of \$1,102,812,124.

All payments of the kind we have just enumerated are made in settlement of obligations incurred; they are but just compensation for services. At this point, however, the score is wiped clean. No veteran, discharged in sound health and returned to civilian pursuits, has any claim to be supported, or even partially supported by the Government for the rest of his life. Nor has he any preferential right, that is, any right not shared by every other wage earner, to a pension in his old age. Here, too, we need a principle to guide us.

Perhaps the most significant passage in the message of President Harding vetoing the bonus bill, transmitted to Congress September 19, 1922, was the following:

"It is essential to remember that a more than four-billion-dollar pledge to the able-bodied ex-service men now will not diminish the later obligations which will have to be met when the younger veterans of today shall contribute to the rolls of the aged, indigent and dependent. It is as inevitable as that the years will pass that pension provision for World War veterans will be made, as it has been made for those who served in previous wars. It will cost more billions than I venture to suggest. There will be justification when the need is apparent, and a rational financial policy today is necessary to make the nation ready for the expenditure which is certain to be required in the coming years. The contemplation of such a policy is in accord with the established practice of the nation and puts the service men of the World War on the same plane as the millions of men who fought the previous battles of the republic."

"It will cost more billions than I venture to suggest," said the President. Quite right! It will cost more billions than anyone dares to imagine if the five million veterans of the World War, and their widows, are to be pensioned at any such rates, and under any such lack of plan or rule, and with any such complete disregard of individual needs, as has characterized the administration of Civil War pensions. And yet pensions of some sort will certainly be paid. Does anyone believe that when the young veterans of today become aged and in some proportion indigent, they will be allowed to starve and freeze, or left to the uncertain mercies of the poor laws? That a nation pretending to be civilized should shamefully neglect any

of its old and infirm, veterans or non-veterans, male or female, would scarcely be credible if we did not have ever before us the notable example of the United States of America. Possibly the very vastness of this impending pension problem will force this country, at last, to face the economic realities of old age dependency.

Practically every nation in Christendom, except the United States, has some system of old age pensions or insurance—England, Germany, France, Italy, Australia,—most of the rest. Even in many of the so-called backward countries family tradition insures kindly care for the elderly. In China the old people sit in the sun and laugh; but in America they do not laugh, and few know or care what becomes of them. One characteristic American method of dealing with a social problem is to run it underground out of sight; let the surface of life seem fair and we are content. The indigent old are never much in evidence, and if their distress is too acute they can seek refuge in a poorhouse.

I quote from the report of a social worker after visiting a typical city Home for the Aged:

“Perhaps the most striking thing of all is the horror of the huge dormitories with the beds nearer together than in the usual hospital wards. That people can sleep in such huge dormitories so close together seems incomprehensible. . . . In spite of long years of tenement visiting, I could stand no longer the sight of such depressed, hopeless, sad, vacant, wretched faces.”

Most poorhouses become shabby retreats for dull misery. The inmates, besides bearing the burden of their own weariness and pain, are often subject to petty tyranny, to abuse and to cheating. For example, inspectors and investigating commissions frequently discover, and relate in their reports, that the attendants feed themselves far better than the aged folk entrusted to their care. Official reports on State charitable institutions disclose such instances as this: “an old woman dying of cancer on the floor on a pallet made of old worn-out quilts. By her side was a bowl of soft-cooked rice, with flies walking around the bowl. The old woman told the officer:

“Somehow I can’t get no liking for my food. I can remember once some sardines and some crackers tasted mighty good to me—and I believe I could eat that, but they can only give me corn pone, bacon and soft rice.”

Most old people, however poor, however feeble, loathe the disgrace and the shame of going to the poorhouse. They fight against it; they do any kind of menial work to escape it. But the super-

annuated find scanty employment for their failing strength. Here are the conditions in a New York tea room and restaurant:

"The waitresses had to be young and strong, but the women who worked in the kitchen were middle-aged or old, women who should have been at the leisure time of life. The thought of one's own mother or grandmother in such a position was unbearable, but here was somebody's mother or grandmother picking chicken bones amid slops or washing dishes at breakneck speed on through a long day of intolerable heat. And all for a sum so tiny that it meant but a poor bed to sleep in and poor food after the day was over.

"I can do my stent of dishes with the best of them," quavered an old lady of seventy, obviously in need of food, begging the Orge for a job one morning.

"Aw, run along! What can an old hag like you do?" was the answer."

Of course there are plenty of well-fed fools who will say that the foregoing examples are exceptional. Unfortunately they are reproduced by the thousands every day in the year in this broad land. Elderly derelicts, however, soon sink out of sight; defeated, discouraged, exhausted, they creep away to die, and it is little wonder that many of them anticipate the end by suicide. But what kind of a civilization is it which permits that kind of a thing?

Ample experience has demonstrated that the most effective way of mitigating the rigors of senility is a straight-out old-age pension system. Pensions directly relieve distress and they are free from the stigma which attaches to most other forms of poor relief. All the advanced nations have embraced them. But in the United States a perverted individualism, resolving itself into a callous adherence to the doctrine of "the devil take the hindmost," has so far prevented their adoption. In this wealthiest nation the wealthiest classes, who regard any increase of taxation as the worst of all governmental crimes, cry out "paternalism" and "socialism" on this proposal. Fallacious arguments, though they have been refuted time without number, still pass muster here. It is contended that old age pensions destroy thrift and undermine character. But the officers of the regular army and of the navy have retirement pensions, and fat ones. Are their characters undermined by the prospect of an ample income in their old age? For the average workingman with a family to raise and educate, the accumulation of savings against superannuation is simply impossible. That old age dependency is due chiefly to improvidence, intemperance, thriftlessness

and extravagance is the mistaken notion of the comfortable and the ignorant. For the masses of the population a bleak old age of poverty is inevitable and unavoidable. Merits and deserts are irrelevant, so far as relief from distress is concerned. All the old are deserving.

The cost of a national old age pension system would be large, but by no means appalling. In Great Britain pensions begin at the age of seventy, and attain a maximum of ten shillings a week. If the old man or woman has an income of his or her own the pension is reduced or withheld, according to the amount of that income. In the year 1921-1922 the total cost of old age pensions in England, Scotland and Ireland, distributed to 1,002,342 pensioners, of whom 353,794 were men and 648,548 were women, was \$121,922,820. The maximum yearly pension in Great Britain, roughly \$125, undoubtedly would be too small under American living conditions. A pension of \$200 a year to each of the indigent old would be more nearly adequate and \$240 would be better. The Federal census of 1920 showed that there were in that year 2,864,740 persons of both sexes of seventy years or older in the United States, out of a total population of 105,710,620. A pension of \$200 for each and every one of these 2,864,740 old people would cost \$572,948,000 a year. But a few of them would have incomes of their own, and some would be supported comfortably by their relatives. If the number of pensioners were reduced by approximately 30 per cent, as would be the case if need were a qualification, the annual cost would be \$401,063,600.

The point of the matter, financially, is this: that already the United States is spending each year for Civil War Pensions alone more than half the sum needed to pension all the needy old in the country. In the fiscal year ended June 30, 1922, the Bureau of Pensions sent out pension checks aggregating \$253,807,583, of which \$236,151,244 went to veterans of the Civil War and their widows. Practically all the money now disbursed to Civil War veterans constitutes an old age pension for those whom it reaches, since the average age of Civil War veterans is at present seventy-eight. Between 1865 and 1922 the Federal Government spent for pensions, exclusive of all payments on account of the World War made through the Bureau of War Risk Insurance and the Veterans' Bureau, the enormous sum of \$6,246,898,676—six and a quarter billions. In 1902, when the number of pensioners reached 999,446, the maximum in our history, the total annual outlay was \$137,759,653, whereas in 1922, when the number of pensioners had fallen to

547,016, over four hundred and fifty thousand less, the amount disbursed in pensions had increased to \$253,807,583, over a hundred millions more. To continuous demands for increases either in the amount of dole or in the number of pensioners, Congress has replied with a series of prompt capitulations. The latest congressional move, blocked only by Executive veto, was to vote an increase of \$22 a month—from \$50 to \$72—to all Civil War veterans. Even at present 33,000 Civil War veterans receive \$72 a month, the law granting that sum in all cases where the veteran requires the care and attention of another person.

I am not quarreling with Civil War pensions as such. The basic principle is sound. Nearly everyone is aware, however, that the system has developed glaring defects. For one thing, the provisions on disability were gradually widened, through the insistence of veterans' organizations, until any injury or sickness, no matter how late in life incurred or how totally unconnected with military experience, was pensionable. Again, the record of applications was marked by innumerable instances of fraud, perjury and false personation, which the timidity of all Presidents except Grover Cleveland, and the laxity of all Congresses without exception, rendered easy and often successful. Further, age was made pensionable automatically, beginning at 62 years, and these age pensions were granted utterly without reference to need or circumstances. Greed and deception, consequently, have had large influence on the awards. It has not been infrequent to find Civil War veterans who were well and vigorous drawing substantial salaries as public employees, after having obtained their appointments under privileged conditions, and at the same time drawing large military pensions. The swinishness of those who condone such a misuse of public money is apparent when one stops to think of the shivering old men and women who in the meantime have been hawking trifles about the streets in a vain struggle to ward off starvation.

From both a humanitarian and a financial point of view, our pension practices for the last half century have been blameworthy: rapacity on the one hand and laxity on the other. Great Britain spends about one hundred and twenty-five million dollars a year to pension one million persons,—all her old who need aid. We spend twice as much money to pension half as many people—and leave four-fifths of our elderly folk to shift for themselves. In the future matters will certainly grow much worse, unless we grasp our present favorable opportunity to mend our ways and to create a

just and scientific old age pension system. At the end of the Civil War the veterans of the Union armies numbered a few thousand over one million. There are now about five million three hundred thousand veterans of the World War. Shall we multiply the mistakes of the past by five?

Yet clear and compelling as may be the reasons for the establishment of an adequate system of old age pensions in the United States, the likelihood of action is slim. At present there is no strong public opinion behind the proposal. We cannot hope for any independent initiative on this score from such time-serving, vote-hunting mediocrities as now fill most of the seats in Congress. Popular clamor could, of course, compel legislative action. But the clamor of the indigent old is too thin and feeble a voice to reach the ears of underbred and callous politicians.