

# TODAY AND TOMORROW

BY WALTER LIPPMANN

(NOW THIS, NOW THAT)

NEW YORK (N. Y.) Feb. 6. (Exclusive)—The other day I read a piece in which someone thought it very funny that Secretary Wallace is telling the farmers to plant more crops this year: only four years ago Mr. Wallace was paying the farmers to plant less. I suppose that this seemed funny to the man who pointed it out because his idea of a man who knew his own mind and had real principles would be satisfied if Mr. Wallace gave the farmers exactly the same advice year after year, rain or shine. Yet in private life people do not think it inconsistent to put on overcoats and heavy underwear in the winter and as few clothes as possible in the summer.

No one has to write long explanatory letters to his disappointed friends explaining that he really is not without sincere convictions because he turns on the furnace when the weather is cold and the electric fan when the weather is hot. But in public life the idea has not yet got itself accepted that the right measures in one phase of the economic cycle may be the wrong measures in another phase. And as a result those public men who do try to change their policies, the way they put on or take off their overcoats, to compensate the movement of the economic cycle are forever being denounced by their old friends as backsliders and hailed by their old critics as repentant sinners.

Mr. Wallace is not the only man who is having the experience. Gov. Eccles is having it even more vividly. When he first became nationally known, he was the fervent advocate of heavy spending and an unbalanced budget. That was in the depths of the depression; and Mr. Eccles was the darling of the "liberals" and the bogey man of all the "sound" financiers. Now with recovery achieved and tending toward a boom, Mr. Eccles is the foremost advocate in Washington of a budget which will produce a surplus to reduce the national debt. For this he has been denounced by the more foolish liberals as a renegade and embraced by the unreconstructed conservatives as a sound fellow who has seen the light. But actually, and I can testify to this from personal knowledge, Mr. Eccles has not changed his principles at all. He always believed in enlarging the public debt to offset depression and in reducing the public debt to offset a boom. His principles have not changed. The economic season has changed, and Mr. Eccles would like to put the overcoat in the cedar chest and turn off the furnace. When winter returns he will no doubt get out the overcoat and turn on the furnace again.

The public will have to get used to the idea of public policy which varies with the economic seasons. For the one great thing that has been learned in the depression is that the violence of slumps and booms can be reduced by compensatory measures. No man invented this method of dealing with the business cycle and no government has been in the hands of men who thoroughly believed in it. Practical necessity and improvising rather than conviction have been the rule. But the man who has done more than any other living person to develop a scientific basis for this policy and to popularize it, is Mr. John Maynard Keynes. Few economists have ever exerted as

wide an influence on practical affairs in their own time. Recently Mr. Keynes has been publishing some articles in the London Times in which he tells what he would do now "that by painful degrees we have climbed out of the slump and are well advanced on the upward slopes of prosperity."

Except in one important respect, Mr. Keynes would now reverse the policies which he advocated during the slump. The one exception is that he would not make money dear because he has become convinced that the richer nations must remain permanently at a lower level of interest rates if full employment is to be maintained.

But whereas he was formerly in favor of large public works financed by borrowing, he is now in favor of postponing public works and of financing British rearmament chiefly out of taxes. "The boom, not the slump," he says, "is the right time for austerity at the Treasury. The boom, not the slump, is the right time for procrastination" in the spending agencies.

There is not space here to do justice to Mr. Keynes's articles by summarizing them. They should be studied by all who wish to understand the necessity for change of policy when recovery is at hand. What I should like to emphasize particularly is the importance of the general idea that many public policies must vary with conditions, that there is no one sound line which must be held through thick and thin, through boom and bust.

I think this principle applies also to desirable social reforms, and that as a general rule the right time to introduce reforms is when business is good and the wrong time when business is bad. Unfortunately, it is in bad times that most men are interested in reforms; in prosperous times they would rather let well enough alone.

But this is doubly shortsighted. The reforms made in a slump are an impediment to recovery. Worst of all, they are usually conceived in hysteria and executed with vindictiveness. It is during the good times that business can best stand the shock of important reform; it is then, too, that people are not so crazy, and reforms are likely to be more carefully considered. It is very important, therefore, to proceed with reforms in good times and not to let the need for them accumulate until there is a slump and an explosion of popular discontent.

If I am right in this, then now would be the time for business men to clear up a number of things which in another grave crisis may very well have serious consequences. I refer, for example, to the necessity of a sincere and cordial recognition of labor's right to be consulted and to negotiate about the conditions of work. This is the moment to grasp that nettle firmly. For the country ought not to run the risk of entering another depression with a militant minority of workers convinced that they have been denied their proper status as free citizens.

This is time, too, to deal effectively with the unfair trade practices and the monopolistic conditions which did so much to aggravate the depression. This is, of course, the time for reorganizing the administration branch of the government and for reforming the legislature by reducing the spoils system and

the pork barrel. It is the time for a widespread conservation policy, which incidentally is the surest way to raise the minimum wages of labor. This is the time, while retrenching actual expenditure, to work out the plans for future expenditures, and to balance the budget with a surplus so that when the times change, the government can again prime the pump with a deficit.

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