

## DEMOCRACY IN CRISIS

Address by Chester C. Davis, President of the Federal Reserve Bank of St. Louis,  
at the luncheon of the Scottish Rite Club of St. Louis,  
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Up to a year ago we in the United States were certain of many things that weren't true. We lived in a make-believe world comforted by illusions we thought were realities. We thought, for example, that a nation which minded its own business and respected the rights of its neighbors would be left free to work out its destiny in its own sphere. Our actions proved that we considered peace among men the normal state of affairs.

These made up the keystone of our thinking on international matters. That keystone weakened before the horror that swallowed the peace-loving Scandinavian democracies and the well-ordered life of the Low Countries; that has overwhelmed France, and swept over China, the Balkans, Greece and the Mediterranean, and is now hammering away at the East. Its last remains crumbled away at Pearl Harbor Sunday morning.

A new rule in international affairs is being demonstrated today over the earth. It is the rule of military power in which nothing else counts. The demonstration hasn't ended yet. It is still spreading. There is no limit to its growth except restraint imposed by greater power.

The trouble is, we haven't realized - we actually do not realize yet, what this means. We are still under the spell of feeling that someday, somehow, something will click, and we will find ourselves back once more in the comfortable old groove.

It is time we faced a few unpleasant truths. As groups and as individuals we want our privileges and immunities untouched. We have talked of sacrifices, but we have really wanted the other fellow to make them.

In my months in St. Louis, about the only signs I have seen of real deep emotional indignation or moral uneasiness have been over the shortcomings of labor leadership in the defense crisis. Yet other groups have fought just as hard as organized labor to preserve their privileges and immunities, and to protect their future.

The time has come when the special interests of all groups must be subordinated to our common goal of winning through to final victory.

The principal factor that is going to pinch us hardest as civilians in the months and years ahead, and that will limit the speed and scope of Armament production, will be shortages of aluminum, steel and copper, produced at home - rubber, tin and other essentials, normally imported. The metal situation is not due to a shortage of supplies underground; it is not due to a scarcity of men to work the mines and smelters; but it is due to the workings of our economic system which has been based on limitation of supply to the needs of a controlled and profitable market, rather than on real needs founded on the potential capacity of the people to absorb and use goods.

Up to date the people of this country have not appreciated the real significance of this war. Notwithstanding all warnings, we have continued to think of this as a foreign war; something alien and apart from us. Most of us have continued to think in 18th and 19th century terms. We have talked about total war, and all-out mobilization, without the slightest realization of what we meant.

We are fast learning that the old concepts of international relations and international behavior have gone, probably forever.

Because the dimensions of the world have shrunk, it was impossible for any nation to avoid the impact of the present struggle. The conditions that confront

us are not to our liking and they are not of our choosing. We can only face them with the determination to back with national unity the leaders who bear the heavy burdens of responsibility. We can cement that unity with understanding, and if we are fortunate, we may profit from lessons which the past and present have spread plainly before us.

It is a mistake to oversimplify or belittle the challenge that confronts us. The defeat of one dictator, or a set of dictators, is our first task, but it won't end the job. It will merely mark its real beginning. We do not want to fight merely to restore once more the old order in Europe and Asia. We have had convincing proof that it cannot work. I doubt if there is a man in this audience who is willing to die to reestablish it. On the other hand, there are few who would hesitate to lay down their lives if they knew that by that sacrifice they were contributing substantially to a future that will provide justice and peace.

Our greatest common mistake today is our failure to realize what is happening in the world. This isn't just a war in the sense of past wars. It is a world-wide revolution. It is a revolution, moreover, that feeds on the mistakes of democracies. Hitler has had strength back of him because of the economic failure of free, democratic governments to substitute plenty for scarcity through providing full employment for the manpower and resources of the world.

Hitler is hateful to every free man, but no truer word has been said than that you can't defeat him by force alone. We can only understand that if we see, clearly and finally, that we are in a world revolution and that the basic struggle is over its form and leadership. Anything short of that understanding has no more meaning than has the mad struggle of a quarter century ago as we look back upon it now.

We believe that democracies embodying the institutions of human freedom can guide that world revolution better than can dictatorships that deny freedom. But the challenge is breath-taking. In the long run future democratic leadership cannot meet

it unless it performs better than it has done in the past. It cannot meet the challenge if it is content to rest on the efforts and the devices of the past which have produced the paradox of scarcity and want where the materials and the opportunity for abundance exist.

The people of the United States must understand the implications of the world crisis and they must see clearly the consequences of our own behavior. Without that common, general understanding, leadership will be powerless to deal with the tremendous difficulties that are ahead. These are times when understanding and vision are the only alternatives to discouragement. This is the time for cooperation, not disunity; it is the time when we need clear-sighted, optimistic courage.

The world isn't what we would like it to be. It isn't anywhere near as good as we thought it was. But the destiny that shapes our ends sees farther than we can. As long as the spark of freedom and dignity for individual man lives, there is hope that today's pain is but a phase in the evolution of a new and better world - one in which freedom of thought and the institutions of free men have survived.

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