

Hiram Johnson: Why Not a Dollar Draft? (1919)

The spirit of progressive liberalism manifested itself during the war years in many different ways. Hiram Johnson, the former reform governor of California who served in the Senate during World War I, spoke for many who feared that American involvement in the Great War might generate obscene profits for munitions makers. To ensure that corporate interests did not reap unfair gains from the war taxes imposed on the citizenry, Johnson proposed that the government make the defense industry contribute toward the expenses of the war. Although his proposed legislation failed, it reflected the effort by Progressives to regulate economic activity so as to serve the public interest.

From Hiram W. Johnson, "Why Not a Dollar Draft?" *Independent* (8 September 1919):386. [Editorial insertions appear in square brackets-Ed.]

The design that I believe the Congress should have in mind in relation to the taxation of war profits is that ultimately we may do that which is best for all the people of the nation, and that behind the line of trenches, which will be ours in the near future, we may have a contented people, a people not irritated by any sense of injustice or inequality in taxation, and that finally we may not only conscript the blood of the nation, but we may conscript a part of the wealth of this nation that is coined out of its blood. With a boundless enthusiasm we conscripted, in a very brief period, the youth of this land. With an enthusiasm that would brook no delay, we took our youth and sent that forth to fight for this nation, and to die, if necessary, upon a foreign soil. I ask that same enthusiasm for conscripting the wealth of the nation today to stand behind the lads that have gone forth to fight our battle over the seas. In asking this I ask nought that interferes with legitimate [business] enterprise or with going business concerns. I ask the conscription of war profits, and I ask a response as ready to the experience of Britain as was given in conscripting our youth.

Those who coin the blood of war are the ones best able to pay the expense of war. Those who make swollen war profits out of this particular exigency are those who ought to pay for the cost of this war. It is, indeed, to me quite a trivial thing to take from the swollen fortunes that have come from war in the last couple of years the little moiety that this bill, by the majority, takes. We are staggered when we think of the amount of money thus far required, this year, in the undertaking \$20,000,000,000. I confess that it is infinite to me. All this our people are willing to do. But in doing it, in accepting not alone the burdens placed on them, a burden greater than was ever placed upon any other people, but also with responding with their best beloved, and their blood, they ask that burden, as much of it as possible, be taken from those who make profits out of this war.

The war profits are derived from the war and the war alone. Let the war cease the first day of December next, or within the next year, and the war profits then cease. Is it wise statesmanship to look to a time in the future when there may be no war profits, to tax these particular swollen fortunes?

I submit there can be no future as to these war profits, because they are fleeting, ephemeral at best, lasting alone with the war, with the exigency, with the strife, and with the conflict, ceasing the very moment that the war ceases. So I insist that we proceed to take the largest possible share of the war profits that it is possible to take in this conjuncture of affairs and to devote those war profits to the prosecution of the particular enterprise which itself makes the war profits.

England today takes 80 per cent of the war profits there to run the war. Do you realize how much we take based on the minimum of \$3,000,000,000 for the last year? We take additionally under this bill, less than 20 per cent and England takes 80 per cent of war profits. I would not follow blindly, of course, the advice, either of allies or of neutral nations. I would not, of course, ask the Senate under any other circumstances to follow another nation in taking an undue proportion of war profits merely because that other nation did it. But, oh, how persuasive indeed, how convincing were the arguments of what England did when we dealt with our blood and how little convincing those arguments are when we deal with our wealth....

I insist that these taxes should be raised so that practically every dollar under this bill may be raised by war profits taxes, by income taxes, and by the taxes upon alcoholic beverages and the like, and that every consumer's tax that is in the bill, whether it be little or whether it be big, whether it touch one source or one class or another class, shall be eliminated, and we take the money from where we ought to take it—from the war profits made out of this great conflict!

REVIEW QUESTIONS

1. Was Johnson's argument persuasive? Why or why not?
2. Why did Johnson compare the United States to England?
3. How would a munitions manufacturer have responded to Johnson's assertions?