Fieldcrest MILL WHISTLE

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Profit and Prosperity

Has it ever occurred to you that when business operates at a profit we have prosperity? And that when business is not profitable we have "hard times" or depression? It can't be any other way.

An industrial or business enterprise must take in more money than it pays out. If it doesn't take in more than it spends, then bankruptcy is sure and it's "curtains" for that business and its employees and others who are dependent on it for support.

A business must earn a profit. For there's no such thing as operating at a "break-even" point for any considerable length of time. If a company is just breaking even and earning no profits, only a narrow line separates it from bankruptcy and all of its dire consequences.

A business has no money coming in except from the sale of products or services, or money invested by stockholders or otherwise borrowed. But who would be foolish enough to invest their savings in a business that continually ran at a loss? Or who would lend money to a company that had no hopes of making a profit? It just wouldn't be good sense.

So you can see that a business must stay "in the black." It can not operate long at a loss or at the break-even point. When no profits are being earned there can be no dividends to stockholders to encourage them to put more money into the business. Nor can there be capital for the heavy expenditures necessary to expand and modernize the business and make its future secure. Also, without profits there is no money to pay for increased wages, better working conditions, vacations with pay, pensions, recreational facilities and other employee benefits that progressive, profitable industry wants to provide.

As Samuel Gompers, pioneer American labor leader once said: "The greatest crime against the working man is the business that doesn't make a profit." The welfare of a company and its employees is directly dependent upon the ability of the company to operate at a reasonable profit. So remember this the next time you hear someone sounding off on the subject of profits. These facts of life in business can't be wished away or made any less real than they are.

The Citizen and the Gold Standard

A complete explanation of the "gold standard" is not practical within these brief articles, but its principal purpose in the United States, as far as the citizen is concerned, is easy to understand: **it is a device designed to prevent the government and the banks from arbitrarily increasing the supply of money.**

Under the gold standard, the supply of money is limited by the supply of gold and if the people think there is any cheating taking place, they can present their paper money and demand gold.

This keeps the money supply "honest," and, gold being hard to get, prevents rapid increase in the money supply.

The gold standard is the best method ever devised to prevent government from increasing the money supply.

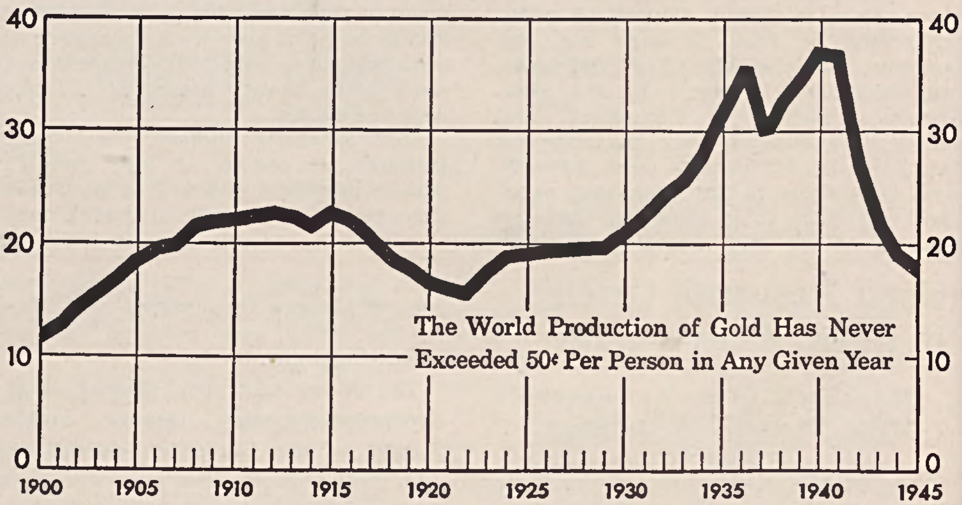
Without the gold standard, money is worth whatever the government wants it to be worth, thus giving the government powerful control over the lives of the people through being able to control the "value" of their labor and their savings.

Historically, every dictator has had to abolish the gold standard before he could completely control the people.

When the money supply is constitutionally controlled by the people, government must remain the servant of the people.

World Production of Gold

In Millions of Fine Ounces



This is the fourth in a series of 10 articles dealing with money and its uses in our economic system. The articles are based on the book "Money," written by Fred G. Clark and Richard Stanton Rimanoczy and published by D. Van Nostrand Company. The American Economic Foundation (295 Madison Avenue, New York City) has granted permission to publish the series.