

The State's Voice

A PAPER FOR THINKING PEOPLE

VOL. I.

DUNN, N. C., OCTOBER 1, 1933.

NUMBER 18

Economic Fundamentals Lie Deep

The people have really again become concerned in the study of economic principles. More than four years ago, when I wrote almost exactly what had been happening, what was happening, and would necessarily happen, as the event has proved in practically every instance, I could not get a serious consideration of the articles from even the stronger editors of the State. Every line of the articles was based upon observation and logical inference. Yet the reception of those articles may be illustrated by the remark of an editor when asked if he had read them. "I have glanced over them," he replied, "but I think things will go on just as they have been going." He knows better now, as do tens of millions of others and as a result a new disposition toward the examination of the fundamentals of economics exists.

Yet I am convinced that many of those who think that they are studying fundamentals, or basic principles are, still digging in layers far above the mudsills or the pilings underlying the economic structure.

"The Same Old Editorial"

In one of the earlier numbers of the State's Voice, I discussed some of these basic principles. But repetition is necessary. Joe Turner, the long-time Raleigh editor, had the right idea of the necessity of repetition. He had a principle which he wished to impress upon the state. One time after another he repeated his arguments in editorials under this or that title. Finally, when no new title suggested itself, he repeated his arguments under the heading, "The Same Old Editorial." Harping upon the same string becomes tiresome, but that is the secret of successful propaganda. The revolution in prohibition sentiment is due to a continual harping of the interested parties on the string of prohibition failure. And that is my only hope to secure the attention of even a few to my conceptions of real fundamentals. No longer is needed a clarion call for the study of fundamentals. My bald statement of the summer of 1929 that there were two groups in particular who did not know what had happened and was happening, big business men and the members of the administration, including congressmen, is now readily accepted. But, just as the supposed leaders in those earlier years were satisfied with a study of mere superficials and needed to be aroused to digging for rotten foundations in the economic system, they now should be warned that the basic principles lie deeper than they even now conceive, and that their repair work, in the long run, will be as ineffectual so long as confined to mere secondary principles as their former tinkering with superficials were.

The Mudsill Of Sound Economics

In my front-page editorial of the issue of September 15 and in the editorial of September 1, entitled, "How Long Shall North Carolina Permit a Caste System", I called attention to practices that prevent a just division of the common wealth of the people, and even a full production of such wealth. But there are practices based upon a fallacious foundation of the whole scheme of economics. They are resting upon a mudsill utterly rotten, one which must be replaced with a sound timber or solid stone before any of the economic structure can be safe against the winds and tides, the earthquakes, of the recurring economic seasons or cycles. As the tariff and other tinkering were of unavailing effectualness in the days of mere superficial study of economic principles, and prevailing practices proved utterly futile against the storms that had been gathering for decades, so will all the replacements of upper though deeper lying, foundations prove futile in the long-run. Like the house built upon the sands, the tumble must come. It may be long between the stress of storms that devastate what has been considered safe, yet Virginia Beach, Norfolk, New Bern and other North Carolina and Virginia communities now know that they were counting upon unsafe conditions when the real test should come. Galveston learned its lesson a third of a century ago and is safely ensconced behind its great sea wall—no makeshifts would satisfy Galveston.

The Fundamental of Fundamentals.

The mudsill, the pilings, the solid rock foundation, of a true system of economics is a true conception of the relations of the present and the future. And that lies in this simple and obvious fact: **THE FUTURE CANNOT SHARE THE RESPONSIBILITIES OF THE PRESENT.**

The present may, and does, assist the future, but the remote future only in the provision of permanent structures, equipments, clearings of lands, soil improvements, inventions, and development of sound thinking and practices. The more or less immediate future is, of course, dependent upon the present. The autumn's harvest depends upon the spring's sowing; the herds of three years hence are the calves of the present.

Fallacious Safeguards For the Future.

On the other hand, there is a great misapprehension of the effectiveness of certain supposed safeguards for the future as there is of the possibility of sharing the responsibilities of the present with the future. When the future of forty years hence becomes the present, neither gold nor silver, bonds nor mortgages, laid up now as security for that distant day will add one grain of corn or wheat, one pound of meat, one ell of cloth, one shingle, one drop of gasoline, one watt of power, or any item of anything imaginable as helpful or needful to the generation then surviving. And such attempted provision for the future serves only to disturb the equilibrium of economic production and distribution and to harass a portion of the population to no purpose under the sun. And the foregoing is as applicable to endowment funds and insurance reserves as to any bond or gold nugget laid away for the future by an individual.

Viewed From the Viewpoint of the Whole Social Body

It would seem hardly necessary to suggest to one of mental calibre sufficient to comprehend the principles involved in this article that the foregoing does not apply to the individual's welfare but to that of the whole social body. Yet to prevent any one's jumping at the conclusion that I am unmindful of the full implications of these suggestions, I here do incorporate the limitation. Yet if some one unborn discovers himself in possession of a gold nugget laid up for him forty years before, he may be assured that the foresight of his benefactor is at the expense of the generation in which the gold is spent for consumable wealth. Nothing has been created by the hoarding; only recognized right to share in the wealth of his day enables the individual to profit from the foresight of his benefactor of years gone by. And that would be just as true whether the nugget had been circulating in the channels of commerce with interest accruing to the remote legatee as if hoarded all those years. Indeed, the former would have resulted in a greater inroad upon the common store of goods by the legatee, to the severer loss of the whole social body. Nothing in either case has been added to the present of the actual spending of the nugget. Hence, it should be clear that society's safeguards against future poverty lies wholly in the spheres indicated above.

The Present Distress Due to an Impossible Attempt to Transfer Responsibilities in the Future

Of course, every attempt to provide for the remote future comprehends an attempt to make the future share the cost of present expenses. And so long as society does not recognize its right as superior to that of any or every individual and so long as the individual sees his future unguarded by the delayed assumption of the social body of its right and its accompanying responsibility, the individual is justified in seeking to safeguard the future for himself and family, though such an attempt invariably menaces the whole well-being of the future social body and thereby, to some extent, threatens the very reverse of what he has sought in his attempt at provision for the future. At this very moment, for illustration, colleges and insurance companies are finding part of their endowment or reserve funds become a handicap rather than an asset, and only the revolution which is in progress, under the direction of President Roosevelt, has prevented a much larger

proportion of those assets thus deteriorating. For example, I passed, with a friend, a vacant building in Louisburg. The friend remarked that the building belongs to Wake Forest College. It was not only vacant, but apparently would remain so, so far as a profitable tenant is concerned. It had been taken in on a foreclosure, and instead of affording income is demanding outgo for insurance, taxes, and upkeep. Yet, according to the reasoning above and to follow, the situation which caused the vacation of the property is largely due to the very prevailing process of attempting to provide incomes for the future.

As pointed out above, every attempt to provide a future income, except that of sheer hoarding, comprehends an attempt on the part of the borrower to foist upon the future his present's burden, and so long as individual initiative remains, such borrowings for building homes and so forth will be necessary. But such are minor and individual loads for the future, and may be justified on the ground that the provision of a home is a necessary task for every family, and that the borrowing and immediate building of the home is less a violation of the principle enunciated in this article than would be the gradual hoarding of funds for several years and their then expenditure in the goods and labor of that day, which method means that each of the former years has undergone a slight disturbance of its equilibrium in consumption and thus produced a degree of shortage or waste of production.

Government the Great Offender.

Government, especially the supreme sovereign, is the great offender against this principle. Any enterprise undertaken by the government is not an individual enterprise but a public one. It is, if a sound or sane expenditure, for the benefit of the whole public. Not one item of material or labor can go into the enterprise except that at the moment actually or potentially existing. And every item of labor and material as used must come from an existing surplus, and, if wisely expended, from a surplus that does not necessitate scrimping or suffering by any soul because of the withdrawal of such labor or material from private or individual enterprise or process of consumption.

That was true of the expenditures of the world war as much so as for the least public enterprise. Not one item of material and labor expense of that war could possibly be drawn from the future. The laborers and the materials, from shoes to ships, existed at the moment when used, and it was labor and material that could be spared from private enterprise. Instance as proof the great surpluses that were found to exist when the war was over and the extravagance that prevailed in America while the war was in progress—never did the world see so many silk shirts!

The world war was fought in its present. Yet, human short-sightedness conceived that its cost could be, in a great measure, transferred to the future. Hence the burden of seeming debt, which in America, at least, is nothing but a crisscross of debts between the members of the great national family. Yet all the resources remain; all the potentialities of labor, an abounding supply of materials, and all that is needed to restore normal processes is the cutting of the artificial debt cords which fetter the members of the whole social body. It is just as if the right arm had the left bound up so as to suffer and become incapable of exertion on the ground that it is due the right for something that the right had in excess when the loan was made. The whole body is thus bound about with disturbing cords because this or that member claims the whole owes it, or some members claim that other members owe them. The consequence is the body and members alike have become paralyzed and all suffer together.

The War Extravagances Would Have Been Negligible

The waste of material and labor in the war was immense, but it was material and labor that could be spared, and actually was spared, and if the U. S. government had simply realized that the future could not contribute a whit to the expenditure and

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