

The State's Voice

State Lib
"Paper"

Issued Twice a Month

Subscription Price \$1.00 a Year

VOLUME 2

DUNN, N. C., Aug. 1, 1934

NUMBER 14

REBUILDING THE ECONOMIC SYSTEM A SLOW PROCESS

It Becomes Evident That It Is Not To Be An Escape From the Economic Wilderness in Which the Country Found Itself Lost But the Habilitation of that Wilderness For Permanent Abode.

The writer has frequently stated that the chief effect of the activities of the Administration during its first sixteen months was to make the people as comfortable as possible in the economic wilderness in which they had found themselves lost while a way out was being found. We have cited the inauguration of industrial planning, as faulty as that planning has necessarily been, as the one step toward escape. We are changing our conception of the situation. It is not to be an escape from the economic wilderness in which the country found itself helplessly lost, but the habilitation of that wilderness for permanent residence. There is no way out.

It is still true that the effect, if not the purpose, of the various emergency measures was to save the very lives of the people and to make them as comfortable as possible while decision as to the future was awaited. There is no doubt that the expectation of escape back to the old way was harbored in many minds. The writer's own conception was that a way to a new and better economic system, rather than one back to the old system of "dog eat dog", might be found. And our conception is still that of a transformed economic system, but of one appearing not through an exodus from the economic wilderness but, as stated above, through the comfortable habilitation of that wilderness.

A Slower But Less Disturbing Process.

Our modified conception accords with President Roosevelt's pronouncement that it is not revolution but evolution that must be depended upon for the country's economic salvation. The habilitation of a wilderness is a slow process, as is that of evolution. Habilitation involves evolution, but more. It is to be a directed evolution. Robinson Crusoe's first care was to secure immediate necessities; his first hope to escape from the island. Reconciliation to permanent abode gradually came, and with it a deliberate planning for the future. But his plans matured as the events directed, and may be said to have evolved. And those plans were as far as possible in accord with his former conceptions of what was desirable in a mode of life. That is, there was no abandonment of instincts. But the turning point was his acceptance of the new state of affairs and a readiness to adapt himself to the possible, and the possible to his greatest well-being.

The American people when they awoke to the fact that they were in the midst of an unexplored economic wilderness were fortunate in having at hand a plenteous reserve of food and clothing. The plenteousness of this very reserve, unfortunately, was due to the very cause which had transformed what had been formerly conceived as a happy economic state into the wilderness of our figure. That cause was the monopolization of the wealth and the credit of the American people by a few. Yet both were at hand to be appropriated by the people, either by violence (revolution) or by more gentle means.

The Greatest Discovery of the Age.

The latter method was made possible by the discovery of the age—the adequacy of government credit, a credit which comprehends all individual and corporate credit. That discovery was to the nation the equivalent of Crusoe's domestication of the wild goat. Unnationalized, the people's own "reservoir of credit", as Mr. E. W. Price characterized it in an article in the State's Voice at a time when few of us knew what he was talking about, had been corralled by the banking fraternity and other capitalists and had been turned, like a herd of wild goats, upon the fields and other domains of the masses. The beast that was formerly an agent of destruction by nationalization becomes the tame goat which is to sustain the Crusoe nation during its wilderness sojourn.

Thus far that newly recouped national reservoir of credit has been drawn upon very freely to prevent starvation during the exigency existing. But from the very beginning, it is evident, President Roosevelt was combining emergency relief with habilitation measures. The Tennessee Valley development is the most important and far-reaching of the undertakings

to afford employment and at the same time to lay the foundation of plenty with security for hundreds of thousands of citizens in the coming years and for future generations. The Penderlea development, at our doors in Pender county, is one of the smaller provisions which make for immediate sustenance of builders and for the comfort and security of the occupants of the small domains preparing.

Utter Freedom for National Credit.

Penderlea is one of the first of thousands of such communities which can and should appear at the "open sesame" of government, or national, credit. Yet either the exigency of the time or a possibly too scrupulous regard for the interest of capitalists who had monopolized the wealth and credit that belonged to the whole people under conditions which the New Deal now discredits has prevented the direct and immediate employment of the government credit. The government has borrowed funds to do in direct relief and indirect what it could do without recourse to borrowing and paying interest. The billions it has borrowed would have been inactive and practically non-existent without the government loans. Even those who now flinch at the idea of inflation would have had no adequate reason to fear the issue of sufficient currency to finance both the charitable and the constructive program of the New Deal, not only without a cent of interest to be paid by the government but instead of a debt of billions to be paid by the government but instead of a debt of billions with a profitable investment in such parts of the country as have been, or may be, used in loans to individuals and corporations, also in the construction of such buildings as save rentals and investments such as the Muscle Shoals development and others contemplated in the Tennessee Valley.

The existence of the accumulated capital hoards and the instinctive regard for vested rights and the disturbance which would accompany a disregard of those rights, however tyrannously acquired, will doubtless long clog the free and direct flow of national credit. But evolution will probably take care of that matter in the long run. If the New Deal really develops into an effective square deal the few will not again absorb the creations of the whole people to both their immediate and continuous pauperization, while time will serve to dissipate, in one way or another, the accumulations under the old regime.

The New Evolution the Reverse of the Old.

Evolution in the economic scheme is no new process. The evil of the old was that it evolved without social direction. Indeed, social experience was so limited as not to permit that knowledge which alone could have justified an attempt at the direction of the evolution. In the beginning of American colonization, and in great areas of the country until years not very remote, each home was largely self-sufficient. On the farm on which the writer was reared the home was fully 75-percent self-sustaining. Communities were more fully self-sustaining than the homes. Gradually it was conceived to be cheaper to produce and exchange specialties, directly or in a round-about way, for specialties produced perhaps a thousand miles distant. The South's specialty was cotton, and cotton it exchanged, perhaps by way of Europe, for western bacon.

It became the insane practice of individual, community, state, and the nation to attempt to sell more than it would buy, and thus to grow rich at the cost of pauperization of others. The nation kept up the practice successfully till it had drained other nations of gold to the white and then loaned on promises to pay in non-existent gold that other nations might buy more. The end of the rope has been reached. Even cutting the value of the dollar to almost half in terms of gold could not induce non-existent gold to our shores for goods. Individuals and corporations succeeded till they bled the masses white. The impasse was inevitable. Yet it is doubtful if one in a hundred of the population understands that it is impossible to create a condition in which each may secure

more from every other than he furnishes to every other, whether it be nations or individuals, and equally impossible to perpetuate an exchange of goods in which the one does constantly secure from the other more than he furnishes him with.

Rates of exchange and wages varying in ratio with the amount of money in circulation in the various countries maintained the insane idea longer than it would otherwise have lived, while, between the various producing elements of our own country, the fiction was kept alive in many cases by the coming upon the market of resources hitherto not in demand. Thus the timber supply of the south became a sacrifice to the fiction, serving to bridge the difference between the low-price value of cheap southern products and the high-price value of the goods for which they were exchanged.

Individual and community self-sufficiency was sacrificed. Goods were needlessly conveyed hundreds and thousands of miles, passing through several hands each way with freight costs and profits heaping up against the real exchangers.

Evolution in Reverse Gear.

It is manifestly the purpose of the administration to put the former sadly undirected evolution into reverse gear. The Valley of the Tennessee development and Penderlea, at the extreme, illustrate the mode of the reverse evolutionary direction. Again homes and communities are to be made happy and sufficient. Today, for instance, many states are dependent upon distant cities for many necessities which are needed by their people. The same is true of the coins used in buying the goods. In a sensible regime, practically every county, every considerable town, will have its furniture factory sufficient to supply the needs of its people. To-day the average family cannot convert a surplus of goods or of brawn into the cash sufficient to pay for furniture built a thousand miles distant and accumulating handling and transportation and profit charges every mile of that distance, while the goods from which he might hope to secure the funds must go through a similar process before reaching the consumer.

Exchanges at Home.

It might not be the manufacturer of the furniture himself who would want a porker raised by a farmer in the community, but with the community producing practically all its needs except tropical produce and that otherwise made impractical of production, somebody in that community would need the hog, and the price of that hog could ultimately go toward the purchase of the desired community-manufactured bed or lounge, and not half of it for a half-dozen handlings, three or four profits, and hundreds of miles of transportation. In short, the man needing the furniture would get it, as fully half the families in North Carolina are not now doing, for I believe it is true that in many a county there is not a comfortable chair or bed in half the homes.

Just as the present high price of electric equipment and current forbid the general use of electricity and the lack of general use necessitates high-priced current, so does the distance of actual hundreds of miles of space between maker and potential buyer and ten times as far in a round-about way in the exchange of the goods of one for those of the other forbid both the production of, for example, the furniture and its purchase by the would-be buyer.

The new process is to produce largely self-sufficient communities. The madness for great cities must cease to exist. In as far as possible even the individual must become self-sufficient. The President, adopting the Ford idea given expression several years ago, would see industrial plants and agricultural communities side by side, with the family through its work on the farm and in the factories becoming practically as self-sustaining as the average Southern family was sixty years ago. At the earlier date, the community craftsman would make the furniture that could not be satisfactorily produced by the house-

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