

## The World's Prime Economic Fallacy

The editor of Dunn's new paper proposes as a goal for government a condition under which everybody can get a sufficient wage or income to live comfortably upon and to lay up enough to take care of him in old age. That is surely a most desirable goal—one utterly sufficient when provision is made for disability.

The only trouble about it is that it is as impossible of achievement as the trisection of an angle. It is the cursed economic fallacy that has kept the world blinded for millenniums.

It is in contradiction to our oft repeated, and most obvious statement that the world not only must live from hand to mouth but prefers to do so.

It has been only a few short weeks since I discussed fully the insane practice of everybody's attempting to save "what isn't," while greatly disturbed when a world surplus—a real saving—occurs.

For years I have been harping upon the impossibility of the world's either getting in debt or laying up stores for the distant future. The only possibility of the present's doing anything for the distant future is in increasing the potentialities of production. That the past generation has done in wanton liberality. The world is prepared to produce wealth as needed as it never was before, but it is unwilling to pile up wealth for future use. This country has deliberately refused to do so, as instanced by the deliberate curtailment of production and the actual destruction of crops practically assured; by the destruction of pigs and brood sows, by the shutting down of factories when surpluses begin to accumulate on a large scale, and in other ways.

The story of the manna is a perfect parallel with the economic practice that prevails in the world, only there was no hindrance to everybody's gathering up a sufficiency of manna each day.

In world economics, the reproductive period for each of the necessary commodities corresponds to the day in the story of the manna. The excess of manna any day was utterly useless; and so is the excess of goods from any production period—save that the time allowance for distribution of the new production is naturally included in the former productive period. Any excess left after that, becomes an economic handicap. It is not needed in a world that each period is able and willing to produce all that is needed during the next consumption period. But, despite the fact that surpluses have occurred and become a nuisance, such surpluses thus far have been due to either an unbalanced production or to hindered consumption. That ten-million-bale surplus of cotton would not have existed if everybody who needed mattresses, bed clothing, clothing, etc., had been permitted to secure what he needed; similarly with respect to the distressful surplus of wheat, lumber, and almost anything else that has seemingly been produced in excess.

And the whole trouble lies in failure to see the impossibility of Editor Green's proposition and all others akin to it, for he is no blunderer than the multitudes.

By the hand-to-mouth process there can always be plenty for everybody. By the senseless scheme of everybody's trying to have enough during each production period and save for a future one-half the people are on the verge of starvation all the time, and few have benefitted from the fallacious practice.

Such saving as we have beyond such wise provision as improving the soil, building homes and fac-

ories when needed, and laying the foundation for future herds, is a delusion and a snare, and the cause of the present distressing condition. If it were possible to attain the goal suggested by Editor Green and sought by practically every human—and rightly so long as the world is blind to the fallacy of the generally accepted practice—it would be a happy world. But just a little common sense (apparently the most uncommon of all commodities) would show a bamboozled world that it is impossible for everybody to have plenty and to save enough to live comfortably in his old age.

Simply reduce the world to two families, each supplementing the other's production. The only way either can save is to decrease his use of his neighbor's supplementary goods, and thereby get him in debt for the part of the full quota of goods furnished him. But if the neighbor also seeks to save and fails to take his usual quota of his neighbor's goods, neither would have saved anything, except his excess of the goods usually supplied his neighbor. But he presumably makes plenty of those goods each year—certainly does or he would have none to exchange with his neighbor. He will not, therefore, pile up a surplus year after year of those goods which he readily produces each year in abundance.

If the goods are not swapped, but cash is paid by each for the excess, it turns out the same way. Each saves buying, say, \$50 worth of his neighbor's goods. Each has "saved" that much, but has failed to get an equal sum from his neighbor and their cash stands in the identical relation to each other as it did before the savings took place.

And thus it is when the world is full of people supplementing each other's production with part of his own. Only those can save who sell more than they buy, which results in a surplus left upon somebody else's hands. And he is the very fellow that doesn't need it, even if he could save it. But few articles are preservable for long periods—either deterioration sets in or the product is outmoded.

We have shown the result of an attempt on the part of everybody to save by stinting. Everybody cuts short his desirable consumption and nobody profits. If everybody actually makes more than he needs of everything, then production seeks its level with consumption, for surpluses of that kind are not any more desirable than was the surplus of the gleanings of manna to the ancient Hebrews—in the first place it decayed and in the second place there was a new supply for the gathering the next morning. It is quite clear, then, that all cannot have plenty and lay up for the future. But all can have plenty by nobody's trying to provide for the distant future's ordinary wants.

But there is the bane. The world has the foolish notion that everybody can get ahead, and all attempt it. The consequence is that those who have an economic advantage or are ruthless in their dealings with others, either charging too much for their goods or paying laborers too little, or manage in any way to get more per unit of brain, brawn, and capital than their fellows, does get ahead. Yet, honest as he may be, his savings are made at the cost of a disturbance in the ratio of production and consumption. For it may be laid down as an axiom that anybody can save only by selling more than he buys. In doing so he manifestly causes some one else to have to buy more than he sells or do without some of the things he actually needs. The former practice produces a world burdened with debt; the second a world full of the

half-paid or idle. Look about you and you will see the consequence of an attempt upon the part of everybody to get rich and of a few of superior skill, of ruthlessness, or possessed of natural economic advantages actually attaining that end.

What is the remedy? Simply, let the world recognize the fact that it lives from hand to mouth; that provision for the future cannot be made and if so is not desirable. Let plenty be produced each production period and let it be freely used—just as was each day's supply of manna.

Of course that means that man must be converted to a new course of action or be compelled to follow it. It also means that pensions must be provided for disability, for old age, and for widows. But those pensions will not be at all burdensome when plenty is produced for all and nobody is seeking to hog what can be of no real advantage to him under the sun. For what more does any man need than enough for each day and the assurance that in case of disability, of decrepitude from old age, or his death, pensions, not doles, will be forthcoming for every need?

Jesus Christ evidently meant something when He said: "Take no thought for tomorrow, for what ye shall eat or drink." Apply the language to the whole world and substitute *production period* for "tomorrow," and you will have the basic principle in a world economy that will mean plenty for all.

The attempt of all to get rich simply means that some do while the great majority suffer as a consequence.

But of course commonsense would have to be applied in working out schemes for needed capitalization—and I mean *capitalization*, not an accumulation of money to be loaned for that purpose. Capital is a product of only three factors—existing capital, existing material, and labor. But the fetish idea of money has stupefied the world to that point that it conceives that the accumulation of money must precede capitalization.

But how long it would take a world to see these apparently obvious facts is a question. For years I have discussed them. Probably forty people have really conceived what I am talking about. And a thousand might read this article and not discover what it is about. Jesus taught as he did 1900 years ago. Men who would fight if you suggested that God did not create man in a manner similar to that of boys' making a snow man, would resist as manfully any attempt to make them believe that it is their duty not to undertake to lay up for their old age, though the Master said plainly, "Think not of tomorrow—what you shall eat or drink. Men simply believe what they want to and discard what they do not wish to believe.

This is a long article, but it is about the most important economic principle in the world. Suppose you really read it. The language seems plain enough, but to really read it you must take off those colored glasses which make everything you see all the same color.

State employees who are not getting a living should have their wages increased, if they are really needed in the State's employ. But any man who is getting as much as \$1500 or \$1800 should have no increase at the expense of tens of thousands consisting of men and women who would support a moderate-size family three years upon such a sum and be happy that such a degree of prosperity had befallen them. And don't you forget that the sales tax is not the only tax that bears down upon the purchaser of even the commodities excepted from the sales tax levy.

### Cam Morrison Sounds Tocsin of War.

If there is anybody who has been hoping that John Sprunt Hill's defection from the prohibition forces would mean a lack of the sinews of war, his hopes should be shattered after the speech of Former Governor Morrison in the hearing on the Hill bill Wednesday.

Mr. Morrison gave warning that the prohibition forces of North Carolina would be organized not only to fight the Hill bill if it should go to a referendum, but also for battle for a real enforcement of the prohibition law after the Hill bill shall have been defeated. He declared that North Carolina will have "dry sheriffs," "dry solicitors," "dry recorders," and on up to "dry senators."

The former governor was at his best. It was worth a dollar to hear him, if only to know that such a flow of oratory is still available in North Carolina. From the standpoint of the opponents of the Hill bill, the speech was masterly and extremely effective. If Cam Morrison had the time and the strength to deliver such a speech in every community in North Carolina nothing else would be needed to defeat Mr. Hill's bill if it goes to a referendum.

But watch and see if an attempt is not made to contort one of two points in Governor Morrison's address. First, he paid a fine tribute to the fine young manhood of the State, and then blistered the so-called "Young Democrats" who in session at Asheville last summer recommended a legalization of the sale of liquor. Now the attempt is all too likely to be made to contort the former governor's exhortation of the "Young Democrats" into an "insult" to all young Democrats. As everybody should know, the organization called "Young Democrats" is largely an aggregation of self-seeking youngsters from 20 to 80 years of age. It will be remembered that this precious aggregation down at Wrightsville two years ago howled down the only "Young Democrat" present who dared to oppose the wet resolution passed by the group. Yet a few months later the "Young Democrats" were snowed under by a majority of 184,000, consisting in no mean measure of youthful Democratic voters. Mr. Morrison's statement that the so-called "Young Democrats" who had petitioned the legislature for a legalization of liquor represented a mighty small element of the youthful Democratic voters. The result of the election on November 7, 1933, clearly justifies him in that assumption.

The writer insists that no youthful Democrat be fooled by any attempt of the opponents of prohibition to pretend that Cam Morrison sought to belittle the masses of youthful Democratic voters in the State. On the contrary, he was most complimentary to the young people of the State, and by inference suggested that they do not need the protection of the bunch of their fellows who so largely willing to whet their own whistles seek to become guardians of the great mass of temperate and law-abiding youths. If there is any insult it comes from the so-called "Young Democrats" themselves, who, forsooth, assume that the masses of young people cannot be trusted to avoid the pitfalls of the blind-tigers.

Representative Fred Thomas got in a vote for 5 per cent beer. It would seem that he might have read the sentiment of Harnett county people better from the election returns of November 7, 1933.