

# Babson Says Debt Will Hurt Middleman Least

ROGER W. BABSON.

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International Bureau.

Boston, Mass., May 7. I am sending letters from readers concerning over the ultimate effect of national debt. They wonder if the huge debt and inflation will affect their business and profits. Hence I shall devote a few lines to a brief analysis.

**What About Our Debt?**

The national debt now amounts to \$180,000,000,000. The amount that depends on the length of the war.

A large part of the war phase of the debt will last until November, 1945. It will take a year or more to pay off our national debt at its present rate of inflation. At the end of that time a proper administration should have been able to reduce the debt rapidly. We may then see some reduction in the size of our debts, especially, however, something has got to be done. Where is the money coming from?

The same which which to reduce our national debt cannot be pulled out of thin air. It must come from somewhere. The only real producer of income consists of its products. And it is the mines, its oil wells, its gas wells, its embankments, its canneries. In the aggregate, the business is worked and made available through the efforts of the farmers. Hence, I believe in the end that the farmers and other land owners, through increasing taxes, will have to take care of the bulk of our national debt. The other taxpayers and others who pay the debts of the nation, the land, the miners, the oil wells, the other legitimate min-

demen will be pretty much exempt.

**What About the Investor?**

The investor—particularly the one who is living upon rents and interest—will surely get struck. In fact, as inflation rises and long before we make an honest attempt to minimize its evil effect, bondholders will especially feel the pinch. In spite of legislation, commodity prices will continue to rise and the investor's so-called "unearned" income will continue to buy less. Furthermore, his taxes upon the dividends and interest which he receives will continue high. Unless the man who is now dependent solely upon such income for support can get some kind of job to supplement his unearned income, he will be out of luck.

The average wage earner who has invested in war bonds at a discount will automatically increase his capital over a ten-year period and hence will be a little better off than the investor who has spent his income. Furthermore, wages are now approaching a peak and either will decline, as I pointed out in my article of two weeks ago, or else be counterbalanced by higher inflationary prices. All attempts to fix rents, wages or prices by legislation or regulation is the bank. In the end, both farmers and wage workers get only what they raise and manufacture by their sweat and toil. The bad, but this is true!

**Who Is in the Best Position?**

Considering all of our farmers, workers, investors, manufacturers, jobbers, retailers and other types of businesses, the merchandising group are most favorably situated. This is the group that buys from the manufacturer and sells to the ultimate consumer. They include the chain stores, department stores and the smallest shopkeepers. Those selling household goods, paints, plumbing fixtures and every other article come under this category. Did you ever ask yourself why salesmen have never formed a labor union? The answer is "because they get the cream automatically without labor union."

In the sight of God, Vice President Wallace is absolutely correct in believing that we should build up the industries of foreign countries and lower our tariffs on goods coming into the United States from these countries. This, however, presents the very serious alternative of shutting off our own people, or the peoples of other nations, from earning a living. Already our wide-awake manufacturers have discovered that by having a plant in one foreign country they can sell the products of that plant to the people of a second foreign nation far cheaper than they can manufacture the same goods in the United States and export them. The next step will be for them to harness this cheap foreign labor to make goods for importing into this country.

**Advantages of the Middlemen.**

The merchant, however, under the capitalist system, cares little whether the goods which he sells are made in the United States or in Europe or Asia; he sells them just the same and gets his profit. When he can't make a profit he sells something else. He receives a tax bill and mails a check in payment meteror; but this tax money does not come out of him. He merely adds it to the price of his goods and passes the tax along to the farmers, wage workers and investors. All this means that with a huge government debt and a capitalist system, good merchants and their employees and those who invest in their securities should be the best off during the next 20 years.

**Red Charge Poies With Spying Inside Russia**

(Continued from Page One.)

sponsible for the rapture of relations and, therefore, it is for the Polish government to take concrete steps and one cannot discuss the question in the abstract. How, when and in what direction depends on concrete conditions.

**Miners Are Working For Government**

(Continued from Page One.)

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**"It's The Way You Feed Him That Keeps Cupid Busy"**

(Continued from Page One.)

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**Americans Drive Close To Salamaua**

(Continued from Page One.)

defenses where Field Marshal Sir Archibald Willcox's forces had dug in to meet the monsoon rains after falling back from the Muaya peninsula.

On the China front, imperial Japanese headquarters asserted that 7,200 Chinese troops had been killed and 2,500 captured in a five-day offensive in Szechuan province, where the Japanese are driving into the heart of China's "rice bowl."

Vanilla, the most useful member of the orchid family, is grown largely in Mexico.

**ALWAYS INSIST ON**

**BAMBY**

**Enriched Bread**

## Two Injured In Fight At Oak Grove

Two men were injured, one of them reported seriously, in what sheriff's offices said was a free-for-all fight about ten o'clock Thursday night at the Oak Grove service station, three miles south of town on the Oak Ridge highway.

John McNeely, unconscious and unconscious, was taken to the hospital by some friends, and the officers said, receiving the first aid improved at Marion Hospital. Later today, though not yet conscious, A. B. Semster was also taken to the hospital for treatment of a cut in his seriously blisters as a result of the fight.

The other man, Charles McNamee, the latter a later, was felled in jail on assault charges in default of \$1,000 bail each.

All of the group said to be here from either North Henderson or South Henderson.

Officers said they were told by F. S. Price, director of the service station, that the trouble started in the dance hall in the place but could not give any details.

Sheriff E. V. Gottrell, Deputy J. C. Knapp, Deputies J. R. Adams, V. R. Ottens, L. V. Johnson and J. D. Peck and Highway Patrolman Mac Byrd were on the arrests. The sheriff and several of his deputies had been to a Negro school commencement at the hill, and were on their way down the road. Passing the Oak Grove, they saw the gathering and breaking up of the Negro army camp and adjutant. They hoped to arrest the men and discovered the troupe. McNamee and Hale were brought to jail, and an ambulance took Moore and Semster to Marion Hospital.

No arrests were set for the hearing, but it was hoped to have a trial in Monday's calendar if the accused men and witnesses were able to attend. Several girls were said to be at the dinner where the trouble started.

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