

CHAPTER XXIII

PANICS AND DEPRESSIONS

This analysis accounts as no other explanation does for the present and past depressions. The depression ends when the exactions of privilege are lessened by the fall in land values and rents, and the reduction of prices by the trusts, and by the general reduction of wages. But the reduction in the price of commodities is greater than the reduction in wages, and the wage earner ultimately finds that his wages will buy more. This increase in purchasing power is in effect an increase of wages. Wage earners are thus able to buy more, and this increased demand makes it necessary for the manufacturers to employ more men, and the wages paid these men still further increase the total purchasing power. This process is cumulative. The manufacturer is able to show to his banker that his business has become profitable, the banker extends credit and confidence is restored. This growing prosperity is aided by the growth of foreign and domestic trade, the opening up of new territories, the discovery of oil or mineral deposits, the development of science, and inventions such as the gas engine, the automobile, radio and electricity, which increase the demand for labor and capital. Under all these influences wages

tend to increase and prosperity to be widely diffused. Thereupon the owners of these privileges increase their exactions. The value of land goes up which means increased rents reflected at once in increased prices of goods and services, and the various privilege owning trusts increase their prices and thus the cost of living is increased faster than the increase in wages. The purchasing power of the wage earners is thus decreased, and this results in lessened demand, and manufacturers are compelled to reduce their output and discharge workers. This process ends in a general depression with widespread failures, unemployment and disasters. Wild speculation also usually attends the end of the period of prosperity. Whereupon the former process is repeated only to be terminated again by the increased exactions of privilege. But the end of each depression finds a smaller percentage of our people, mainly the beneficiaries of privilege, in possession of a larger share of the real wealth of the country, the land and all natural resources, the buildings, the important patents, the railroads, the utility monopolies, and the staple businesses of the country. This condition will continue until the middle class is eliminated or largely reduced, and we have a small privileged class at the top, and at the bottom a mass of workers whose conditions grow steadily worse under the increasing exactions of privilege, until intolerable living conditions lead to a revolution. This is the history of civilization, which must repeat itself until privilege is abolished.

This is the principle which Lincoln developed in analyzing the essence of slavery, and which he saw can-

not be limited, confined or regulated, and must be
abolished or we become "all slave or all free."