

# This Road Leads To Collectivism

By Harry Gunnison Brown

We sell ourselves into slavery to "get ours." The American farmer was supposed to be the world's champion individualist. Whenever consideration was given to various forms of collectivism, of social planning and of regimentation, it was always supposed that the American farmer, at least, would refuse to agree to or compromise with any of them. But debt and depression and the New Deal have made even the farmers, or at any rate a very large proportion of them, amenable to regimentation and—who knows?—perhaps eventually to collectivism too.

And what is the New Deal's recipe? Is it not chiefly a sort of bribery? Those farmers who "coöperate" in cutting down the acreage planted to specified crops become eligible for maximum "soil conservation" and "parity" payments, greater than "non-coöperating" farmers receive, and for advantageous loans not available to the same extent to "non-coöperators." If these discriminations do not reduce crops as much as desired, the Secretary of Agriculture can declare market "quotas" on various agricultural commodities, e.g., wheat, corn and cotton, for each farmer (subject to a veto of growers if one third of the voters disapprove of this scheme for enabling them to get higher prices!). And if quotas are thus fixed for each farmer, penalties are provided for, in the form of fines, on non-conforming farmers, to the end that very few shall find it worth while to exceed their allowed sales. Of course there must be an army of officials to see that each farmer keeps within his assigned quota and to check up on the extent of "coöperation" in conforming to acreage allotments even if there are no quotas; and these officials must be paid by the government.

The American farmer an individualist and violently opposed to collectivism? The American farmer a man who would never submit to regimentation? Or does the old and supposedly very cynical remark that "every man has his price" apply to

economic groups who hope to be able to get higher prices for the products they sell from other groups?

Except as blinding partisan prejudice is aroused, it should require only the most rudimentary understanding of economic principles to enable men and women to understand that restrictions **diminish** the available number of jobs. If men are paid for **not** using their land and for **not** producing and are even fined for producing, they can obviously hire fewer employees and the opportunities for jobs must be reduced.

And now we have, in addition, the new wages and hours law which is intended to fix a level below which wages may not fall, however little the employee's labor may be worth. Certainly such a law must operate in the direction of making unemployment. If, for example, coal is worth, at the mine mouth, \$2.10 a ton, how can a man who is able to produce not more than a ton per 7-hour day from the mine where he works, be worth 40 cents an hour? If the law says he must be paid 40 cents, he cannot be employed. For what mine operator will hire a miner to produce \$2.10 worth of coal if he must pay the miner \$2.80? That would be, so far as the operator is concerned, like throwing 70 cents into the ocean! Nor will employment be assured by passing a law raising the price of coal. For this would compel many poor people to get along with less heat—to say nothing of its effects on industrial uses of coal—and would decrease the use of coal per person. Thus, coal mining jobs would be decreased.

It is worth noting that, according to a recent issue of the United States News, nearly half of all the workers in the South entering common labor jobs in July of 1937, received less than 40 cents an hour; about 20 per

cent received less than 20 cents an hour and "more than a few workers . . . took jobs paying less than 12½ cents an hour." What kind of optimist is it who can seriously believe that it is possible to bring wages for substantially all common labor in the South, up to 40 cents an hour, without causing a most extensive chronic unemployment,—unless we have a currency inflation that raises very greatly the general level of all prices and so makes the seemingly higher wages not really higher at all!

In general, prices cannot be raised—unless there is an expansion of circulating medium—except by decreasing production, and decreasing production means making unemployment.

The new wage level does, indeed, go into effect gradually and the law, as passed, makes certain exceptions. Some of these are made specifically, notably the exception of labor employed in agriculture. For of course our legislators, though they want very much to get the support of labor, do not want to antagonize the dear farm owners by insisting on the slightest increase of the wages of laborers on the farms, however low these wages may be!

Other exceptions are subject to administrative investigation and rulings. The administrative red tape involved will almost certainly prove to be an obstacle to the employment of workers. Also, the enforcement of the law, the discovery and prevention of evasions and the investigations into the desirability of allowing exceptions under various conditions, must necessarily require an army of government employees, as national prohibition did and as the Agricultural Adjustment Act does. This law, like the Agricultural Adjustment Act, at the same time reduces the ability of private industry to employ men and increase the number of public employees who look to the government for their jobs and salaries.

If the government merely restricted opportunities for employment in industry, by requiring wages higher than industry could pay and employ the available workers, the unemployed



might, though at the expense of more intense competition and lower wages, crowd into agriculture. Or if the government merely limited the opportunities for employment in agriculture, by paying the owners of farm land not to use it and, therefore, not to employ laborers and tenants to cultivate it, the workers kept out of agriculture might, though at the expense of more crowding and lower wages in industry, find employment in industrial lines. But when government adopts policies that restrict employment in both industry and agriculture,—there may be the most widespread distress. Not only may unemployment be produced in the numerous regulated industries, but the great and (perhaps) desperate crowding of workers into unregulated industries or industries not subject to Federal control, such as local retail trade, may make wages in these distinctly lower than before. But how many of those whose wages are thus lowered will ever have the slightest idea why their wages are lower or be inclined to blame a Congress which so loves the poor that it passes a law to raise wages? And who cares for the low-paid white collar worker anyway!

I am not, of course, trying to attribute all our present ills to these restrictive policies of government. (Some of the policies, indeed, are new and may yet be declared unconstitutional.) That credit deflation such as that of 1929-1932 and 1937-1938, operates to make acute business depression, I have repeatedly asserted; and I have also many times contended that a restoration of collapsed circulating media tends strongly to business revival. But such restoration of bank credit or other circulating medium must bring revival much more slowly and incompletely, if at all, when the other policies of government are mostly definitely depression-producing and job-destroying policies.

Our present administration is, whether consciously or not, discrediting individualism and promoting a reliance on government that may lead, in due time, to fascism or communism. For it is adopting policies that make more difficult the employing of labor by private industry. And at the same time it is

building up an army of government employees, paying out hundreds of millions for relief and for public works, and teaching millions of Americans to rely upon government aid and government jobs for a livelihood instead of upon private industry and agriculture and their own initiative and skill. **If this is not the way to discredit individualism and prepare the people for further steps towards socialism or communism, then what is?**

As the farmer is—so to speak—bribed by benefit payments and the prospect of higher prices, to accept regimentation, so the workers are—in effect—bribed by the promise of enforced minimum wages and by government jobs. It is true that sufficiently high wages enforced by law tend to increase unemployment; but those who are nevertheless employed are likely to believe the laws beneficial to them—despite sales taxes for the relief of the jobless—and so to favor the restrictive laws. Furthermore, the workers have built up—or the “intellectuals” of “liberal” proclivities have built up for them—an ideology often emphasized by their leaders, to the effect that it is necessary only to raise wages in order to increase prosperity and thereby expand employment. If, therefore, a formal increase of wages brings widespread unemployment and destitution, the workers and their “intellectual” sympathizers will not attribute this unemployment to the increase of wages but will argue insistently that the fault is that of the wicked capitalists for not paying wages high enough.

Thus, the combination of government interference and “proletarian” ideology, is likely to work to the discredit of private industry and to demands for a further expansion of the powers of government. Against this tendency, of course, is the tendency of voters to turn against any administration under which they suffer acute depression, regardless of any or all consideration of causes

and consequences! But we cannot be at all certain that such discrediting of a particular administration will seriously retard the trend to more and more reliance on government and less reliance on private industry.

The typical American industrialist is instinctively opposed to such regimentation as we have recently applied in the field of agriculture, as well as to government regulation of wage rates. But he, too, can be bribed. Though he may ballyhoo to the hills his alleged belief in individual initiative and the virtues of self reliance, and his abhorrence of government interference and coddling, he usually welcomes bounties and subsidies when they are offered to him,—yes, even lobbies for them; and he has, it appears, pretty consistently supported tariff interference by government, to protect his individual initiative (?) and courageous self-reliance (?) against foreign competitors and to enable him, thus, to charge American consumers higher prices for his output!

And if the typical American business man is opposed to the paying of agricultural landowners for holding their land out of use, he has certainly never been very vocal in objection to a tax system that promotes the private holding of land out of use by speculators. Yet such speculative holding, also, like the subsidized holding of the Agricultural Adjustment Act, decreases the efficiency of the production of wealth, decreases output, and decreases wages. And this tax system that relieves the land speculators, at the same time directly penalizes labor, penalizes thrift and penalizes individual initiative and enterprise.

Do our business men who prate so eloquently of untrammelled enterprise, of freedom from unnecessary restrictions and impediments, of the natural reward of thrift and efficient service, and of the virtues of rugged individualism and the spirit of self-reliance, really want what they seem to pretend they want? Or are they in a mental fog, so that they are utterly unable to think consistently or to comprehend the difference between black and white?

See: Economic Science and the Common Welfare, sixth edition, pages 127-128, 150-151, 377, 395; The Economic Basis of Tax Reform, pages 57-60.

