

Catch-Words Versus Jobs

By W. D. HOFFMAN

"The present emergency challenges American democracy." With this as a keynote, the American Association for Economic Freedom, under excellent sponsorship, is making a drive for further planning and regimentation with the announced goal of substituting "an economy of abundance for the present economy of scarcity." Among those on the association's literature are William Allen White, Rt. Rev. Msgr. John A. Ryan, Bishop Francis F. McConnell and Rabbi Stephen S. Wise, all men identified with liberalism. Endorsing the general objectives of the New Deal, this group takes the position that "the NRA, dominated by shortsighted Big Business men, refused to consider the President's urgings and inaugurated a regime of restricted production and controlled prices."

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Starting thus laudably, the association sets forth its program for solving the vexing problems confronting the democracy. "Can industry plan itself?" the association asks, and answers the question negatively, asserting increased governmental action is necessary. "American democracy now faces the most severe test of its entire existence," says W. Jett Lauch, acting chairman. "It must not only meet the challenge of Fascist and Communist dictatorships, which deride us for our failure to restore prosperity and employment for all our workers, but it must renew the faith of its own people in its efficacy—must demonstrate that under the democratic process an economy of plenty, re-employment and adequate standards of living for all classes can be established and maintained."

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These aims are stated in "A Program for America—End Unemployment, Increase National Income, and Lower Taxes—An Economy of Abundance," from the **New Republic**. Few will quarrel with the objectives. The interesting feature of the program is the specific recommendation

for government action. This is seen to be a wide system of regimentation. "New government agencies would have to be created to effectuate the plan." These are (1) An Industrial Reconstruction Commission, (2) A National Planning Board, (3) Industry Councils, (4) An Assurance and Marketing Corporation, (5) A Capital Issues Banking System, (6) A Licensing System.

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These are all imposing and high-sounding, indeed; they would create many more \$10,000-a-year jobs, which might be justified if they forwarded real reconstruction. But examination of the duties of these agencies under the plan will reveal either great vagueness or activities further hampering the laws of supply and demand, from which we suffer acutely now. "Coordination" is the word most commonly appearing in the detailed outline of duties.

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Commission No. 1 would be "directed to administer the law," as though there were not already administrative officials charged with that duty. But it would be "guided by the principle that the economic resources of the nation are to be utilized as fully as practicable in the promotion of the general welfare." This is a desirable objective, but there is no specific proposal here as to how utilization of resources is to be realized. No change of present laws is suggested—laws that permit 100 per cent monopolization of the nation's resources, of timber, mineral, soil, water power and centers of trade. Thus this commission will be a dream commission, unable to move in any direction other than toward the public payroll.

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Commission 2 is directed "to develop a general program for the coordination, stabilization and orderly expansion of the major industries in interstate commerce." Again there is no proposal of means, no implementing. How a commission can bring about "orderly expansion of the major industries" is not stated. It will occur to most of us that such orderly expansion will follow automatically now if there is a demand for the product of such major industries and not before. The commission in no way is empowered to create this demand, even if that were possible.

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Commission 3 is empowered "to recommend expansion programs for their industries, subject to supervision, adjustment, coordination and application by the commission." Here we have more imposing words. The President himself, through all the depression, has not only been empowered to "recommend expansion," but he has done so, and he has called in the leaders of industry, including the utilities, and has beseeched them to expand, with what result we know. Thus this would be merely one more commission with nothing to do but "recommend" and dream of "coordination."

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Commission 4 (a corporation) would assist in "such handling, carrying, warehousing, insuring, marketing and distributing of products as may be necessary; to assure industry against loss in realizing the actual necessary costs of increased production under quotas established by the commission." To insure this would mean only one more subsidy at public expense. Also "to assist businesses in procurement of bank credits." Actually any sound business can procure bank credits now; in fact, the banks are bulging with idle funds seeking a safe investment in any business that is not sick. Further, No. 4 would "ensure funds to cover continuing costs of operation,



a production-cost assurance tax of 2 per cent on net value in the major industries shall be collected by the government" for "maintenance of the production-expansion programs." Thus business is to be taxed in order to expand itself. This is bootstrap lifting in reverse.

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Commission 5 (Board of Banking Governors)—"The Capital Issues Banking System applies to institutions of investment banking and underwriting only." Here is one more high-sounding agency that at first glance seems to offer a correction of abuses in the banking system, but actually is limited to doing just about what the Securities and Exchange Commission now does, with the exception that it can make capital loans. It assumes, of course, that such loans are needed, regardless of all the incentive given by the Roosevelt administration to industry to expand, through loans, subsidy and otherwise. The fact that credit to sick borrowers who may never pay back has already been overdone does not occur to those who framed this proposal. Where a dollar is to be made, there investment will flow, always, without such an institution as this. If money-lending holds the key to recovery, we would have been out of the depression long ago. What is lacking is not credit, but sound business behind the borrowing. Assuming that banking facilities may be the great lack of America (which

is not so), then these planners are approaching the subject timidly, indeed, with such a milk-and-water program as this. If the government is to go into banking directly, it might start with its present Postal Savings Bank and permit loans and the issuance of checks there. That would require no imposing new agency.

Commission 6 (Licensing system through Industrial Reconstruction Commission)—"No articles, commodities or goods produced in the major industries shall be shipped, transported or delivered in interstate commerce, if produced, manufactured, processed or distributed by any business which has not been licensed by the Industrial Reconstruction Commission." Just one more licensing, hampering, fining scheme of which the country has seen too much in recent years. More interference with trade.

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This is the sum total of the plan which the American Association for Economic Freedom offers for the salvation of democracy in this hour of trial. Its claim is: "For the specific plan outlined herein, it may be said that it is a complete proposal in all legislative details and forms. It leaves nothing 'to be worked out'—a weakness of most of the plans thus far presented to the Congress and called to public notice." This is apparently said seriously, without humor. This is the panacea offered

for "an economy of abundance."

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Need anything more be said? Here is a program seriously offered, couched in magnificent, polysyllabic words, seizing on catch phrases such as "economy of abundance" to impress American liberals while proposing a battery of commissions empowered to do nothing except hinder and hamper trade and extend a few loans, the latter not even a drop in the bucket compared with those extended by the New Deal. There is no whisper of monopoly here, no attack on exploitation, no suggestion of ending unemployment with jobs, no method advanced for increasing purchasing power. It would appear that the eminent sponsors of the American Association for Economic Freedom have been bunkoed. Instead of economic freedom, what is offered is further economic penalizing and restriction. Instead of bread, the hungry are given a stone. The mountain has labored and brought forth a gnat.

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It is unfortunate, indeed, that men of such humanitarian instincts do not realize the relation between joblessness and a locked-up Earth (monopolized natural resources), and that any real move for economic freedom must begin with a correction of a system of land tenure that permits the few to control the source of wealth production, making "an economy of scarcity" inevitable.