

More Whistling In The Dark

By W. D. Hoffman

With Babson's Reports and other investment services predicting a new boom of big proportions, based largely on the upswing in the stock market, a pre-election era of "good feeling" had begun to replace the summer doldrums, at least among speculators, if not in the business world. Investment counselors argue that the country has been on a starvation basis, that inventories are at bottom and goods about used up, a phase that usually precedes a production spurt, through "necessity." Also they do not overlook the billions being poured out by Washington into trade channels, combined with vast credit expansion that could accelerate the "coming boom."

In spite of the bitter lessons administered to the prosperity-just-around-the-corner school, there are still some investment counselors, so-called, who believe good feeling and wish psychology are dominant factors in recovery. Most of them, however, have been taught to hunt for something tangible, like government spending. In almost every case they assume that loosening of credit and outpouring capital are causes of prosperity. In a result they see the cause, forgetting that betterment must start with production of wealth, not follow it, that capital does not employ labor, but labor exerting itself on land employs capital.

To the extent that land values are deflated and made less prohibitive to the whole industrial organism we shall have revival. It is very probable that a speculative upswing is in the making, that a boomlet if not a boom will follow the additional buying made possible by the placement of vast sums of government (?) money in every city and hamlet of the country. Just as the citizen beset by debt starts buying anew when he refinances his obligations, even though the refinancing may have been done at the office of a loan shark, so there inevitably will be more buying when once Uncle Sam's purse strings are loosened and

money made available. Yet just as the mounting debt to the loan shark portends an evil day to be faced in future, the debt owed by all of us (the government) may well give us pause in counting on any boomlet or boom of lasting duration. To escape such an evil day the temptation of any administration in power will be to enlarge the debt, to refinance on increasingly difficult terms, and when that is no longer possible to resort to the historic resort of all governments—repudiation of the debt through inflation of the currency.

While whistling in the dark, trusting to some necromancy of financial manipulation to bring revival, it behooves us to consider that borrowing from the future offers no real solution to the problem. To trust to this method alone, merely postponing the evil day of reckoning, is to proclaim, "After us the deluge." Stripped of its complexities, the problem is one of jobs. Unless something permanent is done to reduce unemployment, through restoration of opportunity, our economic order will break under the strain.

And what is opportunity? It is more than a word, to be bandied about vaguely with no conception of its import. It is the gateway to wealth production. Man-power and machinery, labor and capital, alike depend upon an open gateway before they can produce. The gate today is barred and locked. Beyond the gate are the raw materials of nature from which our usable wealth must be fashioned by man-power and machinery. Standing at the gate with the padlock key in hand is monopoly. Clamoring at the gate are the millions of unemployed; nor can the idle machinery, with dead smoke-

stacks and cobwebbed wheels, be moved through that gate. Monopoly, holding title to the raw materials of nature, entrenched completely with the disappearance of the frontier, block the way, permitting only its kindred groups of associated capital to operate. In consequence only a fraction of the population can be engaged to work, supplying the limited market that is itself the result of meagre employment at inadequate wages. Opportunity is denied. To open that gate, permitting access to nature's storehouse, would restore opportunity, engage labor and capital to the full, create vast new wealth in proportion to earnings, release new purchasing power and bring a recovery that would be permanent.

Opportunity may be defined succinctly as Earth-access. It is the Earth (land) factor which is most completely monopolized. To break that monopoly, the mother of them all, it would be necessary only to recognize Earth-holding as a right to be shared equally by all, through payment to society of the value of such holding each denies to others. Natural advantage is always attached to land in some form, measured by the value of land. A levy on such value would not only equalize the rights of all to the use of the Earth (nature), but would make possible the abolition of all other trade-stifling, home-destroying, business-killing taxes.

The vital nature of private appropriation of nature's gifts to man will some day be recognized by our lawmakers because it is so obvious. Meanwhile we seem to be doomed to muddle along with millions in misery and want, trusting to some legerdemain of spending, saddling the debt on our children, to create another speculative boom, which, bursting, will leave us worse than before. If the republic does not go down in the process we shall be fortunate. It is at least worth while, for our own satisfaction, to understand the great underlying causes of what is happening about us.

