

Mr. Roosevelt's National Income

PRESIDENT ROOSEVELT, assuring us that the country is not "going bust," points to an increase in "national income" from over forty billion dollars in 1932 to sixty-eight and a half billion in 1939 as proof of his statement.

It is assumed, in his statement and by others who have used this phrase, that "national income" bears some relation to our national economy. But, in view of the recognized facts that ten million or more of our people cannot find jobs, that public relief must be maintained on a national scale and that capital in very large amounts is unemployed, there seems to be very little relation, if any, between "national income" and national economy.

Perhaps the answers to a few questions raised by the President's statement may disclose the cause for this discrepancy.

In computing "national income" do the accountants deduct the national tax burden? If not, are incomes derived from taxes added to incomes derived from production?

For instance, is the income enjoyed by public officials—the 800,000 on the federal pay roll plus the larger number on State and local pay rolls—added to the gross income of the workers whose production is taxed to pay these incomes?

Are payments made to those on relief, to C. C. C. youths, to make-work enrollees, included in "national income"?

That such is the practice seems to be revealed in the President's explanation of the economic "recession" in the latter part of 1937; he attributed this to the reduction in the government's spending a few months before. Also, in his figures he adds to "cash farm income from sale of products" an item called "from benefit payments." Obviously, then, he includes in "national income" the incomes derived from tax levies and the incomes derived from production.

If A earns \$15 at his productive work, from which he pays tribute of \$3 to B, and \$3 taxes to C, is the "national income" \$21? Production has not gone up. The production of one worker has been divided with two non-workers. A is poorer by virtue of the division.

Another question. Dividends, the figures reveal, have gone up. Now, dividends on the stock of the U. S. Steel, the A. T. & T., and similar monopolistic enterprises are partially payments on land monopoly. The monopoly rent item in these dividends adds to the income of the security holder, but reduces the purchasing power of the incomes of those

who pay the rent. In computing "national income" is there any distinction made between dividends resulting from the use of capital—which would be "interest"—and dividends which result merely from privilege?

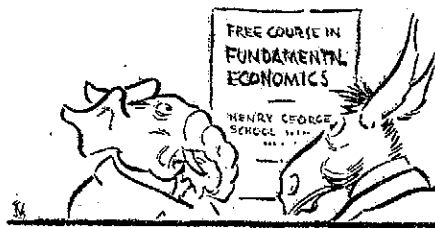
Racketeers, since Al Capone went to jail, now fill in income tax reports. Are their incomes—which are out-and-out robbery—included in "national income"?

The answers to these questions might reveal the discrepancy between "national income" figures and unemployment facts.

One statistic published by the President is quite revealing. The one item that had gone down since 1932 was "interest received by individuals." He explained that this was due to two facts: interest rates had gone down, and so had the debt burden of the country.

When the demand for production goes down, the demand for capital goes down. Slackening in the demand for capital means lower interest rates. So, Mr. Roosevelt's figures on reduced interest payments mean only one thing: production has gone down.

And the national economy—which means employment, eating regularly, riding in automobiles, paying the dentist, enjoying life—will never go up until production goes up. Everything that the New Deal has done has retarded production; nothing that the G. O. P. candidates have promised will result differently.



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