

The Future: A Losing Gamble Unless...

by CLAYTON C. BAUER

IT WAS the best of times. It was the worst of times. It was right now. Are we in a recession? Bosh, cry the optimists, personal income has risen to new highs. Economic indicators are up decisively — take courage. The pessimists moan and quake. Industrial production is down, down. Consumer-appliance and auto sales are slipping. Management is loath to increase capital outlays above those of '66, despite the nation's need for greater commerce. Building permits are up, the optimists chortle. But the viewers-with-alarm say the tight money policy nearly throttled the building industry.

Where are we headed? There's no agreement even as to where we are. The experts are no more expert now than they have ever been. Roger Babson is remembered as one adviser who pulled his money out of the stock market three months before the crash of '29. The other thousands are forgotten save as victims of a speculative mania. One realist, Walter C. Hill of Atlanta, accurately forecast the Florida bust of '25 in print, because sucker money couldn't keep up forever with soaring real estate prices. The experts who lost their shirts on swamp land were legion.

Business does not have the capability to read the economic future, computerized or not. Computers cannot think for themselves. What computers have been taught anything about the iron law of rent, the law of wages, or how to draw conclusions from a comparison of a hundred years of land prices in Chicago, New York or Los Angeles, or with general business prices for the same times? Computers don't give right answers unless they are fed the right questions and right information.

One thing is certain — when business is uncertain or apprehensive it tends to tighten its investment purse strings. Such a time is now.

If there is any question here as to where the slowdown is taking us, there is none regarding Europe. An infectious blight seems to be spreading over that continent. England affords a classic example of a shaky economy unwilling to face up to its problems. Its tragedy was increased when a Labor premier mistakenly threw his own supporters out of their private employment in an attempt to restore the nation's financial soundness. Is the economy being stabilized when there is joblessness and misery for workers? The Netherlands slumps. De Gaulle in France has no magic to boost the slipping sales of autos and can reap no benefit from the buried gold.

Germany, having discharged Dr. Erhard its former economic wizard, so-called, learns that the once-powerful Krupp interests are wallowing in financial troubles, and its famed Volkswagen works is laying help off in droves.

Many people believe that the U. S. has outgrown depressions, having purportedly built into the economy all necessary safeguards against protracted slumps. Gottfried Haberler, a Harvard professor, stated the case for this view in *Think* magazine, "I do not say that the business cycle is dead. I do say that deep and long depressions are a thing of the past."

How deep is the sea when you can drown in six inches of water? Deep enough, eh?

This professor considers the government a fine stabilizer of the economy, since its expenditures on goods and services have doubled since 1930. But

it pays nothing out that it has not taken from your pockets and mine. New York maintains a pension fund for its state employees. That fund pays far less than, say, a credit union run by the teachers of one of the state's central schools.

Some folk put their faith in the Federal Reserve System. Properly directed, they say, it can iron out the ripples in the economy. It has enormous power and can deflate or scarcen your money, but it is no more infallible than the men who govern it.

What is significant is that recessions are still with us. We can expect one about every three or four years. Inventories allegedly are not the problem. The desires of people have not diminished, but their buying power has. With cutbacks and layoffs the former earning levels cannot be maintained. Somewhere, as work has stopped, the checks have decreased or ceased, and coffers are empty. Continued slow home, auto and appliance sales mean for the businessman trouble in paying his bills. At length he too finds he must lay off people, and finally he is foreclosed.

The dollar bill has been traditionally an evidence of wealth produced and services rendered. Workers are probably as willing as ever to serve and produce, but they cannot draw from themselves the materials on which they would impress their labor. They can only alter those materials which nature provides, or what the political economist calls "land"—earth, air and water. The price which we must pay to use or alter these natural resources is rent. Because most land is claimed and treated as a private monopoly, we are given the sight of whole communities paying handsomely to a relatively few landowners for the

privilege of sharing the earth with them.

What happens if the landowners deny access to the land? That happened in Spain during the era of Cortez and Pizarro, when the conquistadors looted the Americas of gold, silver and precious stones, Spanish landowners — the nobility — used much of their plunder to raise armies, subvert princes and conquer Europe, flinging the rest away on unparalleled luxuries. They locked out the peasantry, not caring to be bothered with such plebeian details as the raising of olives or grapes. During the half century it took for the gold to run out, peasants and artisans lost their loyalties, skills and pride. Spain sank to the level of a third rate power in two generations and never regained its glory.

General land speculation is as cruel and blighting of worker welfare as Spanish and French lockouts of ancient times. Speculation always ends by raising rent to a point where the land user cannot afford to operate. Home builders know that building materials are not much out of line with those of twenty years ago, but site values have soared by hundreds, even thousands, of percent.

Those who have had the good fortune to become acquainted with *Progress and Poverty* must realize we cannot forever defer the inevitable depression caused by land speculation. All signs point to an orgy of speculation. Buyers in the stock market are going for chancy penny stocks. In the broadcasting field there is a ready market for construction permits and certain municipal building franchises. Try to buy land around some of our cities. But beware. Depressions are far from dead.

