

MR. ECCLES TRIES A TOTALITARIAN TRICK

Just by way of proving to millions of undernourished, ill-housed and ill-clothed Americans that they have nothing to worry about, Chairman Marriner Stoddard Eccles of the Federal Reserve Board reminds us that the total of public and private debt "is no greater today than it was in 1929." What has happened, or is happening, according to Eccles, is that Uncle Sam is putting to use "otherwise idle funds of individuals and corporations" borrowed and spent by the government. This latter-day noble experiment has broken another record—the national debt now exceeds the 40 billion dollar mark.

Mr. Eccles may be a master of finance, but if he made this argument seriously he has a good deal to learn about elementary economics. It is the unfortunate circumstance that under our political leaders of recent years—Republicans as well as Democrats—financial theory has oriented economic policy; whereas economic theory, being basic, should dictate financial policy.

Government debts and private debts have decidedly different significances, and it is inconceivable that Mr. Eccles should not realize this. The debts of private business are acquired and utilized, by and large, for the purpose of direct economic production. Production creates demand. Demand creates a need for further production, and in turn production creates demand. This is the natural economic cycle, as fundamental in our social structure as is the diastolic-systolic rhythm in the

functioning of the heart. The vast government debts of the past few years were acquired, in the main, not for direct purposes of economic production, not to satisfy existing natural demands in normal economic competition, but for extra-economic purposes; for supporting so-called "made work" not directly indicated in the natural economic order. What is the result? In spite of "made work" for millions, the unemployed roles remain as large or nearly as large as they were in the depths of the depression—because only production of goods in demand can satisfy that demand, and only satisfied demand can create the need for further production. The motion of just keeping busy is a sterile occupation, something of a vacuum in the economic process.

Perhaps it would interest Mr. Eccles to know that this is a world of human desires, not of manipulated finance. People want things, material goods, and they want the opportunity to acquire those goods freely. There is only one way to give them that opportunity—open up to them on a basis of equality the natural resources of the earth. Then you will not have to juggle figures to assure starving men and women that they are exaggerating their distress;

there will not be any starving men and women.

Perhaps it would interest Mr. Eccles to know further that this policy of confusing government and private debt is a basic feature of the totalitarian states; the dictators, too, say government can step in and assume management of the economic functions which nature has assigned to individuals; the dictators, too, say one arbitrarily organized government fund can serve efficiently in place of many privately managed funds.

And still further, Mr. Eccles, don't you agree with practically every writer on social subjects, ranging from extreme left to extreme right, that man's political and spiritual rights are directly affected by the terms of his economic life? Don't you see that when government assumes to direct the economic functions of the people it, *ipso facto*, assumes a control over their spiritual lives?

* President Roosevelt quoted the same argument in his opening address to the present Congress.

SIDNEY J. ABELSON

