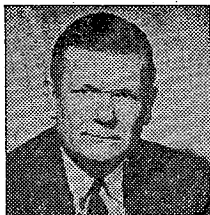


# PLAIN TALK *by Jerome Joachim*

THE 30 PER CENT devaluation in the dollar exchange value of the pound sterling is another example of the measures which unscrupulous officials use to keep themselves in power. Devaluation is a desperate expedient used to cheat creditors, delude labor and give windfall profits to debtors. To creditors, devaluation is like a settlement in bankruptcy. The real reason for British devaluation was to enable the socialistic government to dishonor the nation's promises to millions of life insurance owners and others who had sacrificed their right to consume in the past in exchange for promises of payment later.

Devaluation is also a temporary means of reducing real wages without incurring the opposition which would result if wages were cut by edict. Britain's economy, under socialism, cannot compete with nations operating under a freer economy. By thus forcing greater austerity upon her citizens, she will temporarily be able to compete a little better. Since devaluation does not create a greater incentive for workmen to increase their production, its effect can only be very temporary and merely postpone the day when Britain will demonstrate, effectively we hope, that socialism in anything but a totalitarian state, cannot begin to produce enough to keep the people alive.

Meanwhile we can hope that the U. S. will profit by England's experience. Despite Secretary of the Treasury Snyder's statement that "there is not going to be any change in the dollar value of gold" in the U. S. there is plenty of reason to believe that our government, guilty of many of the practices that are rapidly ruining England, will eventually use the same method to escape the necessity of mak-



ing good on its impossible to fulfill commitments.

Devaluation, which is merely an attempt to steal from the more provident citizens of a nation, is not as politically dangerous as it seems. Most of these citizens are older people. Because they have been prudent, they are often envied by those less provident. Many of them are

not in good health and often do not vote. Most of them will soon die anyway. To injure them does not bring the repercussions that politicians fear. Other principal beneficiaries of life insurance policies, trust funds, pensions, etc. are women and children. Unorganized and many of them too young to vote, they do not constitute a pressure group that can compete with the labor or farm bloc.

Since devaluation gives a temporary windfall profit to those who owe money and since the bulk of active voters in any nation have made financial commitments, politicians find it relatively easy to procure their assent to a scheme which temporarily lessens their problems. By such schemes politicians, who have committed their government to programs which cannot be made to work, give themselves a temporary reprieve against that fatal day when "the piper must be paid." In Britain devaluation will prolong the socialistic government by the simple expedient of stealing billions of pounds worth of purchasing power from that minority which has been sufficiently provident not to spend everything as it was earned.

Because the effect of this type of theft is not felt as quickly as one of similar magnitude by a gang of thugs in a daylight robbery, the "super-thieves" will probably get away with it. But the act is no less immoral than one Al Capone might have perpetrated had he been permitted to organize his gang in every city in the United States.

Devaluation and similar "super-robberies" by public officials will continue as long as so many people expect government to help them steal from those whose frugality makes progress possible. Attitudes recently publicized by the leaders of organized labor in our steel industry are typical. These leaders contend that the citizens who have saved and thus provided the tools and factories needed to aid labor earn bigger wages must also assume other responsibilities with respect to these laborers which need not be assumed by those who have been neither provident nor helpful to labor. Only by realizing the futility of trying to gain wealth by force, rather than production, can we hope to escape the fate of Britain.

Jerome Joachim studied the incentive plan at Lincoln Electric Company three years ago and in 1947 announced to the men in his publishing plant at Berwyn, Illinois that 55 per cent of the value of the work had gone in direct wages. Overhead charges had also amounted to 55 per cent, resulting in a 10 per cent loss. The incentive system which was decided upon and installed by mutual agreement, increased the production so greatly that by the end of the year each man's wages increased 40 per cent. By the end of 1948 they had doubled.