

Let's Examine the Roots

By ETHEL LYMAN STANNARD

[When this "Yankee Grandmother" read the Life magazine of January 5, she sat down at her typewriter and sent Henry Luce, the editor, a 13-page letter. It was so interesting that we asked permission to reproduce some of her shrewd observations.]

BY WHAT kind of juggling do we get both a free economy and a managed economy—since one is a flat contradiction of the other? And didn't the recent election reveal that "the people who are the real basis of the economy" want *neither* continued government meddling nor a return to corporate monopoly strategy of either management *or* labor?

And what safeguard have you in mind (besides prolonged warfare or turning back again to creeping welfare-statism) to prevent another genuine depression?

What part of the 75 per cent of families with less than \$5,000 incomes have large savings and what part large debts to measure against recession? I wonder how many wives work *now* because husbands' real wages cannot support their families.

IS Some Unemployment Good?

While it appears on the surface that "we never had it so good" — we also never (since 1776) had less freedom.

To me, income tax (as unjust as it is potent), minimum wage and maximum price laws, tariffs, subsidies, social security, etc., are all symptoms of creeping socialism. The gains in productive efficiency have truly been splendid (as your other fine articles show); but these other changes

are opiates—disastrous to continue—but disastrous to remove, until a sound remedy for our economic unbalance is found. Happily, there is one.

While social-welfarism, on the part of corporations, is much better than the old attitude—and certainly sounder than welfare-statism, it still (like community chest doles) is only a pacifying panacea, and leaves honest workers feeling that they have been handed back only part of what has (somehow, somewhere) been stolen from them. All of this social organizing helps to keep them too preoccupied to seek out the root-cause of their half-smothered resentments—so they blame the immediate employer, who is seldom at fault.

Mere Size Is No Sin

I find nothing wrong about mere bigness in corporations unless they are buttressed with monopoly advantage which crushes small business competition. I wish Frederick Lewis Allen, to whose article I am now referring, had given us some figures on this point.

It does not look to me that we are meeting injustice and hardship with a system "adapted to the present and future" either here or in England. Apparently Mr. Churchill is not so sure either, for he finally urged the first naturally sound step in the right direction—free trade versus aid.

"Wont' everything start collapsing when defense spending declines?" Mr. Allen says the answer is no, because "our economy has been equipped with a number of stabilizers."

These stabilizers — defense spending, public works, foreign loans and investments, farmer subsidies, labor strikes—"add up to an impressive array of safety devices" that are old chestnuts, and were breaking down when (first) World War II and (second) the Korean War saved the day—at horrible cost.

How about constantly increasing land values, that are reflected in increased business, home and farm sites — and rising costs of raw materials? Doesn't this increase mean that either wages have to go down or prices come up? Then wouldn't it be honest and wise to take a thorough look at our land policy?

Why worry about a decreased birth rate and less home building if we have to thank increased productivity, plus increased population for the fact that 5 million people might be out of work by 1955? By the time the "iffy" consumer spikes inflation hard enough to make prices tolerable for the 75 per cent of families with incomes under \$5,000, what will have happened to their incomes—and what happens when 75 per cent of the people are on near starvation wages and 5 million are out of work? I would hardly call this "a dynamic new economic system."