

Richard T. Ely: America's Future

"The simple old fashioned guidance of human nature must now be replaced by the guidance of trained intelligence—to drift is to drift downward."

NOTE.—Following is the conclusion by Dr. Richard T. Ely, dean of American economists, and a younger collaborator, Dr. Frank Bohn, of their book of 1935, *The Great Change*, in which chapters are: Our Changing Work, Ideas, Old and New, Land and People, People and Machinery, Political Liberty and Economic Security, Business Organization, Prosperity and Depression: 1915-1933, The Guiding Principle of Recovery, The Land and the Farmer, Industrial Reorganization, Labor and Labor Unions, Work for All, Money and Banking, Debts and Taxes, Nationalism and Internationalism, Darkness and Dawn—whence the used portion of the book comes. Justification for giving some space to Dr. Ely's mature reflections lies not merely in his eminent qualifications to speak, but in the application of much of what he says both to the United States and this country, and in part in the season of the year, a time when we should all be casting up accounts in anticipation of what lies ahead.—Ep.

Our future does not depend upon external nature. It depends upon our human resources of character and of intellectual capacity. This fact is clearly demonstrated by all history. Suppose on the one hand all Americans had the characteristics of the Scotch! Suppose on the other hand our nation consisted almost wholly of primitive bushmen! In the one case our future would be bright, and in the other case it would be hopeless.

What, in the last analysis, is the object of all our striving?

It is the preservation of the strong man and the strong woman, and their increase in relative numbers among our people. This "rugged individual" is the goal of all our reforms and of all our reconstruction programs. We Americans do not wish to live as a hive of bees. In the happy phrase of Robert Burns, each of us craves to be a "man of independent mind." A reconstructed economic system must furnish abundant opportunity for the individual's personality and usefulness, and give him, generally, broader and higher opportunities for self-expression. In the New Age the strong man who serves society will grow stronger, wiser and more powerful than if he serves himself alone.

During the past fifty years a dozen distinguished American names represent, in the public mind, the control of "rugged individualism" over vast private fortunes. How much greater would be the place of those men in history, if they had served the whole nation as soldiers on the field of battle serve the whole nation? Washington lest nothing as a "rugged individualist" because he refused to take pay, in money, for his eight years' command of the army. Thomas Jefferson in his old age well-nigh suffered bankruptcy, being saved by the gifts of his friends. Abraham Lincoln during his whole life never once owned ten thousand dollars' worth of property. Robert E. Lee, left penni-

less by the Civil War, served gloriously as a college president on a small salary of one thousand dollars, of which a part was always given to others. In the lives of none of these great, so alike and yet so different, was the possession of property the measure either of private character or of public worth. Each of these men, because of personality and character, could keep both private property and public honors where they properly belong—that is, beneath the feet.

We ask that this country, in head and members, be populated in the future by Americans who preserve our old strength and if possible increase that strength under all the changeful conditions of the machine age. We demand that the national resources and machinery of production be fully and planfully utilized to that end.

No lesser interests of any sort may now stand in the way of our national reorganization and regeneration.

If this people is to regenerate itself, in body and soul, then economic reorganization must increasingly take the form of some great general system of national cooperation—"All for each and each for all."

Our ultimate survival in the machine age demands this spirit and method. An individualist culture is the end we seek, but economic cooperation is an essential means to that end.

We have emphasized the matter of the time element. True progress is slow. Each generation must hand down its accretion of gains to those who follow. In the field of forestry we are making plans, in some cases, for a hundred and fifty years to come. If we can undertake such long time planning for the growth of trees, why should we not do the same, as to general principles, for the growth of our people!

The conflict deepens. We see the forces of destruction in full flux all about us, and we see the drift towards chaos in almost every sphere of human relations. The machines "are in the saddle and rule mankind."

We see our old economic system, by which our fathers had their living and bred their children, fall into decay, and its decline pulls down the institutions of culture. The life of the family is disrupted and the relations of the sexes are corrupted. Our social disease finally takes this form—that our superior groups remain wilfully sterile, while our inferior groups give us, thoughtlessly, our increase of population. And it is these submerged masses who, in the end, have too often played the dominating role in history. Already about one-third of our population are as a burden

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from April to June it reached within 9% of 1937. In the same period industrial production was lower than at any similar period since 1933. August building contracts rose 17% above those of August 1937. Such building affects many industries favorably, and of course many types of employment. Carloadings at the close of August were a high for 1938 and going up, but roads as usual struggled with their mortgages, and their unions refused to get together with them at Chicago on wage cuts, a deadlock that can be carried over to the first of next year, when a showdown will be inevitable unless conciliatory counsel prevails. (When this had to be written, October 15, Swan, Culbertson & Fritz had carloadings of 703,000 for the week ending October 7, compared with 698,000 the week previous and 812,000 a year previous. Their forecast was that October's loadings would top any month since November 1937).

It is bad for business as it is for individuals to have to pay the whole of a considerable obligation at one time: in the case of a business such as a railroad or major industrial corporation, an issue of bonds. Breaking ground in New York on lines long commonplace in London, Sunray Oil floated \$4,000,000 worth of \$25-unit debentures without maturity date, the debentures convertible into stock at fixed intervals. Sunray sets aside 10% of its gross to take up lots of the debentures monthly in the open market at \$26.25; if it can't get them, it may call them by lot. While business is good, retirement of debt proceeds by routine, and during slumps no heavy maturities complicate the problem of sheer existence without benefit of 77-B.

With Virginia in, all states have provided joint age relief with the Federal government. Aged indigents affected sum 1,735,000 when Virginia's new 14,000 are counted. Old stuff in Europe, this sort of thing comes to America after no little haggling—mainly because frilled and fancied *Townsend* and *Downey* sophistries carry it to wild extremes and scare taxpayers out of their wits. Scarcely had the Townsend plan died of inanition, though even in September Maine Republicans (!) used its ghost to whisk them back into congress, than up comes Dr. Townsend's lieutenant, Sheridan Downey, to win the California senatorship from Senator Wm. G. McAdoo with a *ham & eggs* slogan of \$30 every Thursday for every idle retired Californian 50 or more years old. The ray of sunlight is that when Downey had beaten McAdoo by 100,000 votes in the primaries, he welched on his scheme and did not write it into his election platform. But California is likely to have him for next senator, while Manila will gain from having McAdoo as head of the new board of the reorganized Dollar line restoring American ships to the Pacific in cooperation with the Maritime Commission.

Just as a footnote, the Downey plan would cost all working Californians \$625 a year each. *Life begins at fifty!* shouted Downey to the destitute, plumping for a scrip scheme to make his pensions self-liquidating. Gaffers in California were to eat their cake, but somehow their employed juniors were still to have it—in a state where we happen to know 1000 qualified applicants recently clamored for 6 available jobs. It must be the climate, which not only sets you up but seems at times to set whole cities goofy.

The National Resources Committee made up of cabinet members, New Deal economists and business men of liberal views has just reported definitively on *Consumer Incomes in the United States*. In this report, data gathered scientifically by WPA through the bureaus of Home Economics and Labor Statistics, *Time* September 12, first column, page 59, have been correlated by Dr. Hildegard Kneeland. There are 41 million family units and individuals in the United States, where annual national income is 60 billion dollars. There are 29,400,300 families spending nearly 48 billion dollars a year. Among these families, 14% have incomes below \$500 a year, 42% have incomes below \$1,000 a year, 65% have incomes below \$1,500 a year, 87% have incomes below \$2,500 a year. Ten per cent have incomes above \$2,500 a year, only 1% have incomes above \$10,000 a year. Thirteen million families and individuals who have incomes below \$780 a year are "not a distinct or unusual social group but include all types of consumers in all sorts of communities."

Fully 70% of these families get no form of relief; God bless them, for it does not escape us that here is sturdiness of American character still unimpaired by the slings and arrows of times peculiarly, and seeming-

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for which the remaining two-thirds must accept responsibility in government and economic organization. The two-thirds, compared with the other peoples of the white race, have a high average of intelligence and character.

The first reason why the struggle for our survival as a great people and a sound nation has been so desperate and so doubtful is this—our more intelligent majority has been as an army fighting in the darkness and the storm. The simple old-fashioned guidance of human nature must now be replaced by the guidance of trained intelligence. To drift is to drift downward. There must be no returning to the jazz age. If we continued to drift and leave this issue to our children, they may, on their part, fight ever so desperately to regain the ground we have lost—but after another generation their case would be far worse than ours.

We must find new ways. We must write new laws. We must accept new disciplines. The conditions of our struggle demand the greatest restraint of self-command ever attempted by a democracy. The soul of our people must be aroused, and all our spiritual energies brought to support the conflict at every point of advance. "Man does not live by bread alone."

There is no valid cause for pessimism because we have a good fighting chance for victory. To those that wage the battle our effort is the most thrilling adventure of our national history. Our strength is the greater and our courage the stronger because the issue is so doubtful.

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