

The Ferguson Forum

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INTEREST



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TAXES

The Block Hindering Economic Recovery Is Due to High Tariffs

(By Peter Molyneux in Texas Weekly)

About two months ago, I sat around a large table in a room in Chatham House in London with about fifty or sixty other men from ten different countries and discussed the world's problems. We had been brought together at the invitation of the Carnegie Endowment for International Peace for the purpose of such discussion, with the idea that out of a frank and free exchange of views might come some practical conclusions and some practicable recommendations capable of immediate application. Among the men around that table there were some of the leading economists and students of international affairs in the world, men whose names are well known in all countries. As the discussion proceeded it soon developed that there was a remarkable unanimity of opinion with respect to essentials. There was agreement as to what essentially is wrong with the world and as to what essentially might be done toward setting things right. And those men had little difficulty, after three days of the fullest discussion, in arriving unanimously at certain conclusions, which they embodied in a set of recommendations.

On one recommendation in particular they were most heartily in agreement. It was the first one they adopted, and I think you will find it of interest. I'll read it to you. Listen:

"Seeing that the commercial policy of creditor nations is of supreme moment to the financial and economic stability of debtor countries, this Conference recommends that the Governments of the United States and Great Britain, the world's greatest creditor nations, be requested to consult together and with such other Governments as it might be advisable to approach, for the purpose of agreeing upon measures to enable the debtor nations to meet their obligations in goods and services and thus of materially assisting in the work of creating stability and restoring confidence."

If the Carnegie Endowment Conference had done nothing else than make this single recommendation, it seem to me, it would nevertheless have pointed the way to world recovery and to the resumption of world progress.

Consider that the trade among nations last year reached a level equivalent in value to only a little more than one-third that of 1929 and to only about 70 per cent of the average value of the world's annual trade during the five-year period immediately preceding the World War, when the world's debts were relatively small and when there were several hundred million less people on earth than today, with thirty million less people in the United States. And consider that with this reduced trade, the world's debts are very nearly as great as they were at the peak. It is this situation that bars the way to world recovery and to domestic recovery in the United States. And this situation will not be much improved—it will not be changed fundamentally—until the creditor nations adopt commercial policies which will permit the debtor nations to ship goods in settlement of international obligations, including those incident to the importation of goods from other countries.

There is nothing new about this simple proposition. Economists of all countries have been calling attention to it ever since the close of the World War. They pointed out immediately after the war that unless creditor nations bought more goods from the world than they sold to the world, trade among the nations would decline and tend to disappear and that ultimately the result would be universal depression. But their warnings went unheeded, and trade was bolstered up for several years by various methods of increasing the world's debts. In due course, however, the

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THE WEEK IN WASHINGTON

(By F. Roudybush in Townsend Weekly)

Supreme Court Moves

Next month nine old men will leave their softly padded leather chairs in a dimly lighted semi-circular room in the Capitol for the new \$10,000,000 Supreme Court building. Originally the Supreme Court was located in the basement of the Capitol, and it was not until just before the Civil War that they moved into their present quarters. This quaint little room between the House and the Senate has seen history in the making. The court in these chambers decided the famous gold case, the constitutionality of the NRA, but also back as far as President Lincoln, important cases involving the blockade of the South were decided here. The most recent case was the Schechter poultry case. When a group of pikaninnies came to the door of the court, an attendant asked them what they wanted and they replied that they had been told the Government "was going to give away free chickens."

Bonus Buck-Passing

The story behind the action of the Senate in favoring the Patman bonus bill over the Vinson bill is rather complicated. The Administration Senators, seeing that the Harrison bill would be defeated, decided to send to the President the most extreme bill, so that it would be easier for Mr. Roosevelt to veto it. This will not only "pass the buck" to the President, but will also allow the Senators to go on record as favoring the bonus. The chief difference between the Patman and the Vinson bill is that Mr. Patman would pay the bonus by issuing \$2,000,000,000 in greenbacks, whereas the Vinson bill would pay it by issuing interest-bearing bonds. California Senator McAdoo told the Senators that the Vinson bill would cost the American taxpayers \$66,000,000 in interest every year, while the Patman bill would instruct the Treasury to cancel \$80,000,000 worth of greenbacks every year, so that in twenty years the debt would be paid in full. Senator McAdoo was Secretary of the Treasury during the World War.

Inflation Outlook

Monetary experts say we are on the brink of inflation. Undoubtedly we have the opportunity for a vast inflation, based on surplus and credit which is lying idle in bank vaults. Some experts believe we will have inflation within a year or two. By inflation they don't mean the same kind as the Germans had in 1923, but a more moderate credit inflation such as the French had in 1926. Already the dollar has gone down to sixty-three cents. By the kind of inflation we may have commodity prices would go sky high, and the production and consumption of goods would increase enormously. We had inflation in 1928 and 1929, although at that time prices did not go up as high as stock prices. Under the Federal Reserve banking bill, all power will be placed in the hands of the Federal Reserve board and it will be for it to decide whether the bankers shall be put on in case of credit inflation. To take the wind out of the sails of a business boom is not an easy task for any Government agency, especially after we have had six or seven years of depression.

THE HIGHER EDUCATION

CAMBRIDGE, Mass.—Responding to an alarm near Massachusetts Institute of Technology dormitories, firemen were showered with catcalls and gravel by pajama-clad students as they extinguished a fire in an ancient automobile.

WE'RE OFF

JIM, The Editor.

The anti prohibitionists met in Austin last Saturday and organized the campaign for repeal of the present prohibition amendment. Honorable Emmett Morse, a member of the Legislature from Harris County was unanimously elected state chairman of the organization which will be known as The Repeal Forces. Honorable Fred Harris, another member of the Legislature from Dallas was elected secretary of the organization. The chairman was given authority to appoint a state executive committee of twelve to assist the chairman in managing the campaign. An advisory committee was also created to assist in promulgating the anti prohibition policies for the repeal of the prohibition amendment. Honorable John H. Kirby of Houston made an old time Democratic speech and his remarks on the failure of prohibition were roundly applauded. Honorable Emmett Morse who was elected chairman lives in Houston and he has been elected four times to the Legislature. He is one of the brilliant young coming statesmen of the state and is universally honored and respected by those who know him as a young man of high character and standing. Thirty-five members of the Legislature attended the meeting and pledged their support to the campaign. The amendment to be voted on is printed elsewhere in these columns. I hope the people will read and study this amendment and inform themselves about the campaign as it progresses. There will be a new alignment as the result of the unique way in which this amendment is presented to the people.

I want to call attention to the ballot which the voters will be permitted to cast and scratch it either way he wants to.

The Associated Press dispatches from Dallas carries the statement that the prohibition forces will be under the head of Bishop Boaz of the Methodist Church and the statement further announces the fact that Dr. George W. Truett, the great Baptist divine, will also join actively in the campaign. If these gentlemen get in the campaign, I hope I will have an opportunity for a few joint discussions with either one of them or both if necessary and I believe we would give the newspapers some excellent copy for their readers. For instance by the terms of this amendment the issue shortly is this: The amendment for which I and all my friends shall vote says, "The open saloon shall be and is hereby prohibited," and it provides that the Legislature shall define the term open saloon and enact laws against the open saloon. I and my friends are going to vote for that proposition to prohibit the open saloon. We also are going to vote to repeal the state-wide prohibition amendment and give the people the right in each county and subdivision thereof to say whether they want intoxicating liquor sold or not. On the other hand, Bishop Boaz and his crowd are going to vote against the amendment to repeal the state-wide prohibition law and they will vote against prohibiting the open saloon, and likewise, they will vote against the people having the right to determine by their votes if they want prohibition or not.

All these years we have heard about the evils of the open saloon. Us antis will vote to prohibit the open saloon and we are told that Bishop Boaz and Dr. Truett will in effect vote for the open saloon and against its prohibition. Just read the ballot and see if I am not correct. The ballot reads: "For the amendment to the State Constitution repealing the state-wide prohibition, prohibiting the open saloon and providing for local option." I am going to vote that ticket. Bishop Boaz and Dr. Truett are going to vote just the opposite, and they by so doing are in favor of permitting the open saloon.

In other words, me and my crowd are for repeal of the present regime of the bootlegger and other law violators while the other side don't want to prohibit the saloon and don't want repeal of the present law.

In other words, we have put the open saloon up to them where there is no dodging the issue and already they have organized a campaign to vote down the amendment to prohibit the open saloon. It's funny what we have come to in Texas politics.

FRAZIER-LEMKE ACT IS DECLARED INVALID

WASHINGTON, May 29.—The Frazier-Lemke act granting a five-year moratorium for paying off farm mortgages and affecting billions of dollars of indebtedness was held unconstitutional today by the supreme court.

In a decision read by Associate Justice Brandeis, it ruled on a case brought by the Louisville Joint Stock Land bank against William W. Radford, Sr.

The federal district court for western Kentucky and the sixth circuit court of appeals upheld the legislation affecting farm debts estimated at \$12,000,000,000 by the Minnesota attorney general.

The supreme court's ruling was unanimous.

Other courts had divided on the act, some upholding it and others ruling it unconstitutional.

In signing the bill, forced through congress in the closing hours of the last session, President Roosevelt said it probably would need amendment.

The law provided for the moratorium if attempts failed to scale a farmer's debt down to a figure he could pay. The property could not be foreclosed during the five years if the owner paid a "reasonable rental."

In addition, the act enabled the farmer to obtain full title to his property by payment of its amount stipulated in the mortgage, at the end of the five-year period.—Ex.

A TALL STORY

We were driving down along the Little Old Mississippi River in Arkansas. The fog was so thick that we could hardly see each other in the car, so Pappy opened the window and stuck his hand out to see just how thick it really was and caught a three-foot catfish that was swimming around in the fog. Three quarters of a mile from the river.

Security Measures Seen As Plan for Money Hoardings

By V. von ROSSELL MAYER Ph. D.

In our day and generation everyone drives an automobile. Therefore we have become road-conscious. All of us, in our travels in country or city, have come to a dividing of the road. At many of these points guideposts have been erected to tell the traveler which is the right way to his destination. At other places such guideposts are absent. There are no visible guideposts in the realm of thought but often and often we get to a dividing of the ways there. There are no markers in space to tell us how to think right, or which way the wrong turn will lead us. In such cases we must then consult our map; in other words, we must draw upon our experience.

There are always two ways, the right way and the wrong way. To know the right from the wrong, we must look to both, study them in the light of our experience, and then use our best judgment. In our lives we all travel the road which leads to old age; and as a matter of course we want to travel the road which leads to security. We have arrived at a division of the roads; and in the pitiless publicity being shed upon these two roads from two sides, we must make up our minds which is the right road.

Two Roads Named

On one side we have the "Townsend road." It is the one that is being built by the Townsend Old Age Revolving Pension Plan. It was introduced into Congress by John Stephen McGroarty, Representative and poet-laureate from California. On the other side the road is called "Social Security Bill" and is being sponsored by Perkins-Witte-Lewis-Daughton; and that is

the road which President Roosevelt wishes us to travel.

It is of the greatest importance that we know both roads well before we make up our minds which way to go. Our decision affects our old-age outlook very materially. The subject of old age and how to secure for the aged the benefits of their earlier efforts to help civilization, must be thoroughly understood.

In this country there are millions of men and women over sixty years of age. Our industrial system would throw them on the scrap-heap as misfits and unemployables. Ninety per cent of them are dependent upon their relatives or upon the state. Some states have laws giving pensions to the aged, mostly beginning at the age of seventy. In all such states only 180,000 persons were thus cared for last year; only about one in every hundred who are over sixty. They have received an average of but \$16.448 per month, or \$3.18 per week. In the aggregate, the cost of these pensions was \$31,192,492 for the year 1934.

Modern civilization is coming rapidly to the conclusion that the aged should be properly cared for by the state. The principal question is, therefore, to determine the best, the most comfortable way, to produce the most good for the most people, at the least inconvenience. Any plan with an insurance feature for old age pensions can, in the very nature of the thing, pay but a pittance, a small dole, to the aged.

Iniquitous Bill

This is brought forth clearly in the Administration's social security bill, passed by the House of Representatives and now before the Sen-

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SENATE SUSTAINS ROOSEVELT'S VETO OF BONUS 40-54

WASHINGTON, May 29.—The Patman Bill, authorizing immediate cash payment of adjusted service certificates to war veterans through an issue of new currency, was killed today when the Senate sustained President Roosevelt's veto of the measure.

The vote was 40 to sustain the veto and 54 to override.

To override the veto the votes of two-thirds of those present and voting was necessary and hence the move to override the veto was defeated by eight votes.

The House previously overrode the veto, but the bill died when the Senate upheld the President's disapproval.

Congressional bonus leaders announced immediately they would seek to attach a modified bonus bill to some other bill yet to go through the Senate. The modified bill would give the President a choice between issuing currency, floating bonds to raise the money, or using relief funds for paying the certificates.

While conceding victory to President Roosevelt on his veto of the Patman bill, which the house overrode by a vote of 322 to 98, will be sustained in the senate.

A private poll by International News Service revealed at least 96 senators ready to vote to sustain the veto. This number is four more than is necessary to uphold Mr. Roosevelt's rejection. A two-thirds majority vote is required to override a veto.

A senate vote on the veto is expected during the late afternoon. The upper chamber convened at 10 a. m., two hours before its usual time, by unanimous agreement and debate was limited to 30 minutes for each senator.

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Business Economics Faces Trial Before The Bar of Humanity

EMMETT MORSE MADE CHAIRMAN REPEAL DRIVE

Anti-prohibitionists organized "Texas Repeal Forces" Saturday to direct a campaign for legalization of liquor at an election Aug. 24.

Selection of Rep. Emmett Morse of Houston as chairman gave a group of young repealists nominal control. All factions approved; however, and there was no opposition.

Morse, 39, represented Harris county in five legislatures. He was co-author of a prohibition repeal submission resolution with Sen. Weaver Moore, 83, of Houston, who nominated him.

For Efficient Control

Permanent organization was formed upon the principle of "presenting to the people what we believe to be an efficient method of control of liquor in order that temperance may be promoted and an adequate tax may be collected from the sale of liquor."

C. C. McDonald of Wichita Falls, who convened the initial meeting, and other speakers, emphasized provisions of the proposed constitutional amendment they contended would assure local option.

Morse was empowered as chairman to appoint an executive committee of 12, of whom one would be designated vice chairman, and a secretary, with advice of the executive committee, he was instructed to name county chairmen. Those attending the organization meeting were constituted an advisory committee.

Morse was authorized to solicit contributions for the campaign. State headquarters was located in Austin.

A resolution adopted commended the legislature for submitting a system which "protects every community in its right to prohibit the sale of liquor, forever prohibits the opening of the saloon, and makes possible the control of liquor under an adequate system of taxation."

A state monopoly could be authorized by the legislature under the amendment submitted on Aug. 24, while another one, submitted in the November, 1936, general election would make a monopoly mandatory. Approval of either would repeal state constitutional prohibition.

Former Gov. James E. Ferguson seconding the nomination of Morse, predicted the campaign would be "tempestuous," and said he was "rarin' to go" in a campaign "to wipe from the statute books that damnable, contemptible farce—prohibition."

"We'll win this fight fair and well," he forecast, observing "We've got to battle political prohibitionists who drink one way and vote another."

McDonald commended the convention for electing as chairman one of the younger group, saying "one-fourth of the voters, who will determine the election were less than 10 years old Armistice day." McDonald, a veteran anti-prohibitionist, directed the campaign in 1933 for legalization of 3.2 beer.

Fred Harris, a Dallas county representative, acted as secretary, while Rep. J. C. Duvall of Fort Worth, Jesse James of Cameron and J. D. Young of Cuero, and Henry Owsley of Denton and J. M. Melson of Sulphur Springs comprised the resolution committee. Other speakers included John H. Kirby of Houston, chairman of the temperance educational campaign committee; Sen. L. J. Sulak of La Grange and Luke Mankin of Georgetown.—Ex.

(By V.R.S. in Townsend Weekly)

Economy is the practical systematic management of the affairs of a household, of society, or of a state or states. Political economy, because of its impractical, unsystematic mismanagement of affairs of state, has been rudely shaken from the temple of its intellectual aristocracy, to stand trial at the bar of humanity. Prof. Frederick Soddy, of Oxford, in "Wealth, Virtual Wealth and Debt," quotes Stephen Leacock as saying: "When I sit and warm my hands, as best I may, at the little heap of embers that once was political economy, I cannot but contrast its dying glow with the vainglorious and triumphant science that once it was."

Foundation of Sand

This thought is very natural, if political economy is to be taken at its face value. Political economy, as the world has known it, has had as its bed-rock the illusive, shifting-sand economy of limitation. Leading thinkers are more and more coming to the conclusion that this lean-and-hungry economy of limitation must give way to the more healthy economy of abundance. By leading thinkers is not meant, necessarily, the inhabitants of the halls of learning. You recall the greatest Mind of all time was looked at askance by the learned (?) Scribes and Pharisees 2,000 years ago: I mention Him because the few forward looking economists, men of vision, who are advocating an economy of abundance, have broken through the crumbling ramparts of the old, materially conceived theory of political economy, to catch a glimpse again of the economy of abundance, preached and practiced by the Great Galilean Economist.

The use and meaning of the word "practical" in the first paragraph is important. Too many are prone to use it in the sense that it opposes anything theoretical, ideal, speculative or visionary. If the minds of men had been practical, in that sense, throughout human history, we would now be chipping these words out on a stone slab, or not even chipping them out. However, dictionary definitions that make the word applicable as regards political economy are: "Capable of applying theory to actual work," in addition to "capable of being used, or turned to account." By this understanding, "practical" becomes a word of hope, vision and promise in economic affairs, without which the future looms dark.

Source of Power

Due to the fact that it is impossible to separate the affairs of man from the dominance of the One Great Power (whatever we care to call it) that is the source of all intelligence, it is necessary to mention again the Spokesman of this Power. The Galilean Carpenter Economist was eminently practical in advocating and proving the economy of abundance of an illimitable source of power. This abundance has been proved by unnumbered thousands, in many ways in the measure. His teachings have been understood and practiced. He was practical in the He turned the vision into actual practice. "Without vision the people perish," you know.

Stuart, the economist, caught a glimpse of this vision when he said: "The world has been living in an economy of limitation too long. It is time to live in an economy of abundance." Understand, he was not basing this on religious grounds, but on his deductions from a material standpoint. To elaborate: His viewpoint has nothing in common with the prevailing idea of plowing up cotton, killing hogs or cattle, slowing down the productiveness of machines, nor the theory that a step-above-starvation is all that can be expected, or necessary, for the lower bracket of the people; all of which ideas are hand-in-hand with the old economy-of-limitation. Witness the

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