True prosperity means two things:

[illegible]

There's No Prosperity

BY R. M. SMALL

AMERICANS, perhaps more than any other people, are dangerously susceptible to mass delusions. Such delusions are usually sugared over with the name of "progress."

In the pursuit of these delusions, standards of morality and conduct that have been confirmed by thousands of years of usage are cast aside like last year's frock. Victims of such bad thinking parrot any nonsense that sounds modern until at last they lose all ability to distinguish truth from error.

Examples are all about us.

Thus a war that enslaved the world—communist and so-called free alike—is hailed as a "crusade for freedom." Prosperity is equated with a national policy of staggeringly increasing indebtedness. Extravagance is encouraged as a way to wealth. Artificial limitations of production are accepted as the way to higher living standards. Equality has come to mean the denial of the right to excel. The will of the conglomerate majority is elevated into the expression of social wisdom. Authority is granted without the restraint of responsibility, while responsibility is imposed without authority. Freedom of the press has become a special privilege to distort and suppress the truth. Peace has become submission to tyranny. Tolerance has become a one-way street for those politically strong enough to impose their standards on their fellows.

A people accustomed to the acceptance of the grossest distortions and misrepresentations of every fact of their national life are equally gullible when it comes to economics. A people who for three decades have subscribed to the unsound economic theory of "spending themselves into prosperity" are now confronted with the grim spectre of an ultimate depression, with all the unemployment, bankruptcy and human degradation that starvation in the midst of plenty entails.

The unpleasant fact is that we are confronted with all the advance symptoms of an unnecessary economic collapse. We can only safeguard ourselves against such a fate if we abandon wishful thinking and view our economy in the light of established economic truths. We must recognize that depression is no more inevitable than are epidemics of small pox, yellow fever and polio.

Probably the greatest obstacle to the recognition of our economic errors is our failure to face the fact that whatever is income for one is necessarily expense for another. This fallacy is reflected in the endless claptrap of the experts and professional phrasemakers who try to reassure, when cracks first appear in our economic struggle, with verbal soothing syrup. This group or profession has a formidable supply of doubletalk, enlivened by such phrases as "business is leveling off," "the economy is passing through a readjustment," "the economy is slipping sidewise," "a business plateau," and "a gentle cutback." The net result of such attempted explanations is to leave the people more confused than at the outset.

Before proceeding with an analysis of our economy, let us first review the course of disaster that it has experienced since that fateful day in December, 1913, when the Congress, in creating the Federal Reserve System, abrogated its authority as well as evaded its duty under the constitution to establish the currency and to regulate the value thereof. Within three years and six months of that questionable event World War I had started. A reluctant America found itself maneuvered into the first world war, almost wholly as a consequence of the power exercised by this private corporation—power derived from the monopoly over our money which it exercises under the terms of the Federal Reserve Act of 1913.

PRODUCTION for war—that is for destruction—created an appearance of prosperity during the war years and the rehabilitation period immediately following—approximately through 1919. That this was a phony prosperity is seen first in the fact that enhancement of wealth was sought in a process of its destruction, and second that the accrual of private wealth during the war period was substantially exceeded by increase in the public debt, created through their government's deficit spending in the conduct of the war and the supplying of our allies. A high level of industrial and commercial activity, maintained by the government's war purchases, was glibly accepted as prosperity, and the fact was ignored that every dollar of the citizen's putative prosperity had to be later extracted from him in taxes to repay the federal indebtedness which underpinned the economy.

As we follow the subsequent course of our national economy, there emerges a very definite pattern revealing that every period of our prosperity has been accomplished either by the exhaustion of our savings or by the expansion of our indebtedness; that is, that under our present economic system the inevitable consequence to us of prosperity is impoverishment and ruin.

CONTINUING the survey of the national economy, the few years after the first world war witnessed a so-called era of prosperity sustained by purchasing power created by the exhaustion of the citizens wartime savings. This period was thus characterized by a reduction in the private net worth of the citizen to its prewar levels so that the aggregate of the citizen's collective financial status had been reduced since the beginning of the war by the amount of the increase in the national debt which indeed was his own—reflected in his increased tax liability. With the exhaustion of the individual citizen's wartime savings, this era of prosperity, "the roaring twenties," was prolonged till 1929, by progressively expanding private credit. The purchasing power available to the people for maintaining this high level of prosperity was created by the process of borrowing or installment buying, enabling the citizen's purchases to exceed his income by the amount of the increase in his indebtedness.

The consumption of current production was being financed by what amounted to a mortgage on future earnings, that is at the expense of future sales—a process bound to lead to economic catastrophe, as it did in the crash of 1929. We come to the inescapable conclusion that this era of unparalleled prosperity, beginning with the first world war and continuing thereafter for approximately a decade, had impoverished the productive citizens of America by the amount of the wartime increase in the national debt of approximately 50 billion dollars, plus the net increase in their total private debt during the post war period of approximately 100 billion dollars. In view of the inflated value of money during the depression and the disorganization of the economy, this could be evaluated in terms of a sum at least twice that amount.

The crash of 1929 ushered in a period of demoralized economic activity referred to as the depression which lasted approximately a decade, during which time all efforts at revival—including the most amazing techniques of artificial respiration and pump priming—were unsuccessful until in 1939, the outbreak in Europe of World War II gave it the needed stimulant. This period was characterized by the great suffering of all classes, except the money lenders. Here it is significant to note that no means of alleviating the sufferings of the people was found until production for World War II created a market for our industrial output that facilitated the reemployment of the idle.

World War II as its predecessor of 25 years before, created a new era of apparent prosperity in that military requirements constituted a supplement to the normal civilian market. Thus military operations, financed by deficit spending, or the so-called wartime prosperity, from the standpoint of our overall financial obligations, comprised—in addition to a net increase in its aggregate—a transference of private to public obligations which continued as a burden on the individual.

There followed approximately four years of deceptive prosperity sustained, as after the first war, by exhaustion of war time savings, reducing still further the average financial condition of the general public.

With but slight interruption, this phony prosperity was prolonged by the familiar resort to stimulation of purchasing power with installment buying. As this process of expanding indebtedness approached its limit in 1950, the police action in Korea breathed new life into the economy—with the demand for goods created by military expenditures financed by deficit spending —that is, by increasing the national debt.

Since the end of that conflict and up to the present time, a high level of business activity, sustained by purchasing power created by the expansion of private credit and carelessly referred to as prosperity, precariously approaches the inevitable crash.

THUS, as we view the course our economy has taken since the creation of the seven man economic dictatorship known as the Federal Reserve System, the following pattern clearly emerges:—

(a) That every era of prosperity during that time had its origin in *WAR* and was the product of deficit spending by the Federal Government; i.e., of increasing the National Debt by an amount, in fact, of from three billion in 1913, to 300 billion in 1958, or approximately 300 billion dollars.

(b) That every prolongation of these eras of prosperity was achieved by deficit spending on the part of the people themselves; i.e., by increasing the total of private indebtedness from 100 billion in 1913, to 600 billion in 1958, or approximately 500 billion dollars.

(c) That since the public debts are no less a burden of the individual citizen than are his own, Americans are more hopelessly in debt than before, by 300 billion plus 500 billion, or 800 billion dollars, exclusive of the increase in their municipal, county, and state obligations—or approximately 20 thousand dollars per family.

(d) That debt has replaced money as the principal medium of exchange thus precluding forever any hope or even possibility of liquidating our financial obligations except by the utter destruction of the economic system itself.

Since the people themselves collectively produce what they collectively buy and consume, or since as a group they buy nothing that they themselves have not already produced, how could they end up by owing some one else for it? To whom do the debtors—i.e., the producers—owe these tremendous sums and why? The explanation must be sought.

TO PRESERVE a sound economy the creation of purchasing power must exactly balance the market value of the consumer products of all business endeavor. The creation of every item, commodity or service, provides to the public potential purchasing power, whereas, its subsequent consumption requires from the public an amount of purchasing power which, except as later noted, must balance that created in the process of its production. Furthermore, the creation of purchasing power can only be achieved by: (a) Production of goods and services for consumption; (b) Warranted expansion of facilities for production; (c) The expansion of debt in the progressive extension of credit.

Considering these in the reverse order the last method is self destructive, for, like a cancer, it grows through interest by geometric progression, imposing upon the non-lender classes—the producers—an ever increasing burden of debt allocating to them a progressively diminishing portion of the products of their own labor. This process, pursued to its ultimate conclusion, would completely deny to the producers all access to the products of their labor, destroying the demand and hence the market for merchandise. The excessive reliance upon this source of purchasing power is wholly responsible for our depressions with their unemployment, bankruptcy, and ruin.

The expansion of productive facilities, the conversion into purchasing power of investment capital through the payment of wages and salaries, comprises the only sound means of injecting into the economy purchasing power for its growing requirements, and for the restoration of that of which it is constantly being depleted through the payment of interest to a substantially non-consuming group. The preservation of the economy ruthlessly imposes the rigid necessity that the rate of justifiable business expansion be equivalent to the sum of capital earnings, and the rate of increase in non-investment savings. The preservation of this necessary balance can be achieved only through the regulation of capital earnings themselves, the yield of interest rates, that is, the cost of money.

The remaining and primary source of purchasing power is that created in the production of consumer goods and services, an amount intrinsically less than that required for their consumption. All value accrues from two sources alone—labor and capital—or is comprised of two ingredients: the earnings of labor and the earnings of money. Thus the combined market value of the consumer products of our economy exceeds the total purchasing power created in their production by the total amount of earnings accruing to essentially non-consuming groups, that is, money lenders. The purchasing power created in the production of goods and services is insufficient to provide a market for the very goods and services which are required to be produced in the creation of that purchasing power.

The economic peril we face today is the inevitable consequence of the continuing depletion of purchasing power through the payment to substantially non-consuming groups of excessive interest earnings—withdrawals from circulation that are returned only by the process of lending—that is, by the expansion of credit or the subjugation of the producers to ever more cruel economic bondage. Thus our present economic practices constitute not only the most colossal swindle of those who alone have created its great wealth and resources, but also inevitable suicide for the system itself.

WHEN we survey the ravages of an economic system that, during the past four decades, has subjected the people alternately to depression and war, we are appalled that so much misery and misfortune could have issued forth from our economic fallacies. For, in addition to their calculable costs such as loss in production, indebtedness and military casualties, a progressive demoralization of the most productive elements of society proceeds from their gradual recognition of the futility of their struggle. The victim of the most stealthy, sinister, and colossal swindle of all time, betrayed by the irresponsibility and incompetence of his own leadership, he turns, for relief, from his former self-reliance to federal assistance. That is collectivism. The foundations for an independent society are crumbling.

Sensing the utter hopelessness of their individual efforts to achieve some degree of security and independence; sections of this group, realizing that only in organization is there strength to defend their interests, begin to found unions to safeguard the opportunities of their specific group which, nevertheless, do not succeed in the achievement of his economic independence but only lead to his further submission to collectivism. Thus the union leadership dissipates the hopes and opportunities of its members in its quest for empty gains such as higher wages, fringe benefits, and shorter hours, for which the worker himself must ultimately pay, since what he gains in higher wages, he pays in higher prices.

TODAY the average American lives in a home that is mortgaged, drives an automobile that is mortgaged, washes his own clothes in a washing machine that is mortgaged, dopes his brain with a television set that is mortgaged, and in general, lives out his life in the shadow of eternal debt—a life consisting primarily in meeting monthly installments and tax deadlines. On all of these he pays interest at the rate of from 5 percent to 12 percent, which aggregates an average annual personal interest cost of $600 per family. Hence, as a consequence of this interest cost, his remaining expendable income is only adequate for creating a market for less than 90 percent of his own production.

Since this condition is common to all—except the group of large investors or money lenders—it can be stated that the interest cost on their own private possessions eliminates the marketability of over ten percent of the goods and services produced by the people.

The creation of an unsaleable quantity of merchandise in the hands of the producers is exactly balanced by the creation of an unexpendable income in the hands of the investor. The creation of a market for this unsaleable merchandise, absolutely essential to avoid the stoppage of industry, can only be achieved by the conversion of this unexpendable income into purchasing power, either through wages, resulting from its investment in facilities for the expansion of industry, or by its being reloaned to the consumers. Quite aside from the inevitable self-destruction that this process imposes upon the economy and hence the nation itself, it is criminal folly that the producers in our society should be subjected to such cruel deception, mistreatment, and abuse, by a government that so vociferously proclaims its own merits and its exertions in behalf of its citizens.

But the interest which the individual pays on his personal obligations is but a portion of his total interest expense, for included in the cost of his house, i.e., in the price which he was compelled to pay for it, there was already an interest cost of approximately 20 percent of the sales price, as was also the case with his automobile, refrigerator, washing machine, television, his clothes, foods, and in fact every item that he buys. Thus when he buys a bag of potatoes he pays part of the interest on: the farmer's mortgage on the old home place, the trucker's lien against his equipment, the groceryman's mortgage on his store, plus a part of all the interest paid on their own personal obligations by all employees, contributing to placing the potatoes at his disposal.

All of these interest costs are compiled into the selling price of the article as are his own personal interest expenses compiled into the selling price of the product of his labor. Hence, for determining the interest expense of the individual, it may properly be assumed that all interest expense, regardless of by whom paid, is included in the selling price of products, the income from whose production provided the money for its payment, from which it may simply and fairly accurately be computed that the return on money—that is, interest on loans, dividends, and rents—comprise approximately 20 percent of the selling price of everything being sold in the market today; this percentage of his total purchases is his total interest expense. A 50 percent reduction in the rate of interest would automatically grant a ten percent increase in the real earnings of the producers, achieved either as a ten percent increase in income with no corresponding change in prices, or as a ten percent reduction in prices with no corresponding reduction in wages.

BENEFITS to the people—that are real—await only the sane resolution of this issue. Actually the high rates of interest we see today can to some extent be justified in the high risk entailed in the extension of credit in an economic climate that is basically unsound, for here we see a phenomenon that, in the natural sciences, is characterized as unstable equilibrium. That is, the higher the rate of interest the greater the risk, and the greater the risk the higher the charge for interest. Thus a loan at two percent where no risk is involved is preferable to one at 20 percent with an almost certainty of being unable to recover even the principle. Daily the lender's loan is imperiled by the threat of inflation; that is, the abrogation of a portion of its original value. Uncontrolled inflation will as surely destroy the lenders as uncontrolled depression will oppress the producers. Advantages would accrue to both groups by efficient production maintained by the proper functioning of our system of distribution through the restoration of balance by proper regulation.

Substitution of regulation that is wisely directed to safeguard the interests of all for a system that serves only a group avidly seeking power, is not a sacrifice of liberty but is preservation.

That the most prosperous institutions in every community today are the banking houses is further proof of the efficiency of this view. This was also true during the prosperous era of the roaring 20's. Nevertheless, the wave of bank failures and suicides that followed the crash of 1929, is somber proof of the tragic consequences of raiding the system that is the source of our material good fortune. Bankers, who, through their preferred status as field agents of the Federal Reserve, seek to escape the common misery of the community by their complicity with the financial wolves, themselves become the ultimate victims of the resulting disorganization of production. It should be obvious that there is safety to no one in economic collapse but hope for all in economic health, and that as a consequence, the preservation of general financial stability takes precedence over quest for personal advantage.

Today, we face either wild inflation—which may properly be characterized as the reverse of the process of expanding indebtedness—or disasterous depression, whose ultimate consequence may be the same; but, in either case, we face great loss to all in the ensuing disorganization of the processes of creating wealth. The loss in production from enforced idleness is irretrievable, a loss alike to all groups. The importance of seeking the true solution to this dilemma could not conceivably be overemphasized, and any practice that precludes honest inquiry or discourages intellectual explorations, imperils our future.

MONEY collected by these big national and international credit structures not only undergoes a change from purchasing power to investment capital, but also the additional transformation from its function as the servant of the people into a most ruthless master over them—a means of corrupting and conquering a whole people. Thus, through their use and control of these enormous sums incessantly being extracted from the people through interest, money lenders become the unquestioned masters of the Government itself, truly the "hidden force" that rules America—a ruthless tyranny, though not recognized. Its identity is concealed while its power is wielded always in the name of the people themselves, whose submission is thereby secured by their reluctance to oppose what they believe to be their own decisions.

ONCE THEY HAVE ESTABLISHED THEIR MASTERY OVER THE GOVERNMENT, THEIR DOMINATION OF THE PEOPLE IS UNLIMITED FOR TO THEIR COLLECTION

OF TRIBUTE THROUGH INTEREST IS ADDED AN EVEN GREATER POWER TO LEVY TRIBUTE THROUGH TAXES; A COMBINATION OF EXTORTIONS BY WHICH THE PRODUCERS ARE BEING PROGRESSIVELY REDUCED TO ABSOLUTE RUIN AND ULTIMATE SLAVERY.

The continuation of this control—in fact its increasing rigor—is contingent upon the apathy and indifference of the people; an apathy and indifference which are furiously cultivated by false representations of prosperity. This prosperity is pure fantasy—being reckoned in terms of the number employed, including working wives and mothers, but never in terms of individual independence and financial security.

For those who earnestly seek peace founded upon justice, and believe in a more equitable opportunity for happiness, the recognition and elimination of this evil is an absolutely essential prerequisite to any success in the realization of these hopes. To imagine that peace can be established without first removing the cause of war; that a sound economy can be erected upon a foundation of paralyzing indebtedness; that freedom can be preserved under the yoke of economic bondage, or that happiness can survive in an atmosphere of immorality and corruption, is pure folly. To avert total disaster, America must first come to grips with this one evil—the principle source of all our nation's ills.

Biff had been nicked twice by the barber's razor.

"Barber," he implored, "would it be possible for you to get me a glass of water?"

The barber scowled, "What's wrong, sir? Hair in your mouth?"

"Not at all, barber. I just have a sudden hankering to learn if my throat leaks!"

It Happened in November

November 2: Washington issued farewell address to the army, 1783.
3: Panama declared itself independent of Colombia, 1903.
10: Osage Indians relinquished most of present state of Arkansas in treaty with U.S., 1808.
11: Armistice signed ending World War I, 1918.
20: New Jersey became first state to ratify U.S. Bill of Rights, 1789.
21: William C. Bullitt appointed first ambassador to USSR, 1933.
27: Thanksgiving Day.

BIBLE PROPHECY

Part II

The Bible Says: Jesus Is Coming Again

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THE Apostles' Creed, echoing the multiplied prophecies of the Bible, states: "From thence He shall come to judge the quick and the dead." Beyond a shadow of a doubt, the numerous prophecies regarding Christ's Second Coming will be fulfilled, even as have all other prophecies recorded in the Bible. He who came to Bethlehem over 1,900 years ago to save sinful mankind by His atoning death on the Cross, will, at the last day, come in glory, accompanied by the holy angels, to judge the living and the dead. The decisive point of the judgment will revolve around this question: Did you accept Christ as the Son of God and your personal Savior?

The Bible indicates that Christ's Second Coming will be sudden. He will come without warning "as a thief in the night," (2 Peter 3:10). The Bible further states: "Of that day and that hour knoweth no man, no, not the angels which are in heaven, neither the Son (in His state of humiliation), but the Father," (Mark 13:32). Again, the Bible says: "Watch ye therefore: for ye know not when the master of the house cometh, at even, or at midnight, or at cockcrowing, or in the morning: lest coming suddenly he find you sleeping," (Mark 13:35, 36).

Also the Bible indicates that He will come visibly. "Every eye shall see Him," (Revelation 1:7). "This same Jesus, which is taken up from you into heaven, shall so come in like manner as ye have seen Him go into heaven," (Acts 1:11).