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W.A. Gekler

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The American Philosophy

By W. A. GEKLER

WITH THE exception of a very few favored regions, such as some of the islands in the South Seas, the economic environment of mankind has always been one of insufficiency or poverty. While man has dreamed of eternal plenty, he has never before been able to raise himself out of the poverty into which he was born. Beginning with the steam engine, power derived from coal, petroleum, and the conversion of the energy of falling water into electricity has progressively displaced that derived from human and animal sources until today human energy provides an exceedingly small part of the power used in agriculture and industry. About the time of the outbreak of the war, thanks to the ever-increasing amount of power at our disposal, we in America were beginning to pass from the immemorial poverty over into actual or potential plenty. The close of the war found us with an agricultural and industrial plant expanded to the point where we were well into an economy of abundance without our realizing it. With the "return to normalcy" our troubles began.

Capitalism may be interpreted as the normal and inevitable human reaction to an economic environment of insufficiency or poverty, because the essence of capitalism has been the effort arising out of the instinct or law of self-preservation to store up against the uncertain future the means of existence. While differing somewhat in minor details from time to time and nation to nation, this has been accomplished by the taking of profit on present production, together with the taking of interest and ground rent. Gold, by reason of its relative scarcity, small bulk, and resistance to corrosion or oxidation, served in the three-fold capacity as a means of saving, a medium of exchange, and a measure of value.

Today, the human reaction to abundance must be as different from the reaction to poverty as abundance differs from poverty. The age-old economic mechanism of poverty, capitalism, will not work in an economy of abundance. Until there is an about-face and until a new economic order suitable to abundance comes into being, our present discomfort will continue. To the extent that the measures instituted by government and business constitute an adjustment to the newly achieved plenty we may properly speak of a "New Deal," but to that extent only.

We in America must either adjust ourselves to the new economic environment by the development of a suitable economic technique, or rapidly sink into a condition paralleling that existing in China today, with a relatively small class of extremely wealthy individuals or families, and a coolie existence for the rest of the population. It remains to be seen whether a democracy, particularly ours, will accept this latter course.

Assuming that the first course will be taken and that a new economic technique is to be developed which will translate our potential abundance into an actual abundance for all of us, two questions arise: the first, "What shall be the basic idea or principle underlying the new order?"; the second, "What is the means or instrumentality by which the change and the new order itself will be engineered?"

The answer to the first question is to be found in the Declaration of Independence which states that all men are created equal and are endowed by their Creator with certain inalienable rights, among which are life, liberty, and the pursuit of happiness. As a philosophic proposition we have deduced that in spite of the inevitable differences between individual men, they are equal in the Universe by virtue of the necessity of their existence and in human society by the needs of their existence. Men to live together in a social order of harmony rather than conflict must guarantee and enforce certain political rights to each individual. We have affirmed this in a national political document. Men

to live together in an economic order of harmony rather than conflict must guarantee and enforce the rights and privileges of economic life, liberty, and pursuits of business happiness. We can apply the same reasoning to our economic order that we have applied to our political order. A great variety of economic functions and abilities is necessary if we are to enjoy a wide variety of goods and services. Since all kinds of vocations and abilities are necessary for the production of the wide range of things we desire and need, the equality of these vocations cannot be denied. Further, with reasonable diligence and competence on the part of those pursuing these vocations and professions, economic equality among them is logical. We have no more right to assume that one vocation is worth more to society than another, than we have to assume that certain individuals have a special quality of blood in their veins to be honored by special privileges of rank and title.

We have no standard to measure the economic worth of any occupation or profession in a modern social order. Standards of measurement of any sort are entirely artificial and on closer examination are found to be fictions. Not only is economic equality logically and philosophically sound, it is also sound economics. Mass production is impossible without mass use. Economic rights derive of the people, just as do political rights. They result from mass use, and this mass use can be enjoyed to the fullest degree only by economic equality. Thus, in order that our American civilization may be preserved and continued, the pronouncement of the Declaration of Independence for equality must become an economic, as well as a political, fact.

In seeking an answer to the second question, we are fortunate in having at hand in the form of our present Constitution the instrumentality through which the change can be effected, and on which the new order can be based. The Constitution can and must be made to serve without change, for it may be doubted whether the march of events can be held up or delayed to wait for any fundamental alterations in that document.

The purpose of business is to enable individual men and women to secure maintenance for the present and provide security against the time when they shall be incapacitated for work by old age or some other disability. Until the individual has behind him the protection of his entire occupational or professional group, or of the entire nation through the government, the capitalistic methods of individual protection, attained through the taking of profits, interest, or ground rent, cannot be abandoned. If the individual is to be prevented from exploiting his fellows as well as our national natural resources in order to make himself secure, he must be given in exchange a protection upon which he can rely; this can come only through a group sufficiently large to afford that protection, that is, the entire nation. In reshaping our economic machine, this protection of the individual will necessarily be an extremely important feature.

Feudalism has always been an essentially predatory institution, whether chiefly agrarian as in the Middle Ages, or chiefly industrial as we know it today. It results logically from an economic environment of poverty or insufficiency and is the underlying cause of the civil and international wars, of the revolts and overthrow of governments by peasants and workers, of misery for the weak and luxury for the powerful. There can be no necessity for activities of a predatory nature in an economy of plenty, and with the disappearance of the cause which brought it into existence our modern industrial feudalism is doomed. Our new economic mechanism, which is now being born, will be the embodiment of the antithesis of feudalism, namely, representative democracy. Our century and a half of training in democracy makes America the nation best fitted to apply democratic principles in business. A century and a half ago, through a revolution, the American people made an effort to control the sources of political abuse. Through a new revolution we are making an effort to control the sources of economic abuse. Our history and fortunate

geographic position indicate that it is America's mission to lead the way and once again hold aloft the torch of liberty to shed its light upon a suffering world.

Government has been defined as that agency which has been set up to carry on those affairs which are common to all of us. At the time our Government was founded its functions included national defense, police protection, public health and sanitation, postal service, the fixing of weights and measures, the coining of money and regulating its value, the issuing of currency, and the regulation of commerce between the states. Since that time other affairs which are common to all of us have come into existence. Transportation, communication other than by mail, the production and distribution of goods and food, and the production and distribution of power are matters which vitally touch the welfare of everyone. In other words, what we call "business" is government.

History indicates, I believe, that democracy is not a permanent way of community life in an economic setting of insufficiency or poverty. Our business and social life have, in the past, been anything but democratic, and our vaunted democracy has been an unattained ideal rather than an actual fact. Genuine democracy is possible only in an economy of plenty, and it is the only form of social organization which will work in plenty. Our problem, then, is to establish economic equality and provide that protection for the individual which he has had to secure for himself, through the introduction of representative democracy into our economic system.

Under our Constitution in its present state and as it has been interpreted to us, there would seem to be two ways by which representative rights of economic security can be enforced. The first would be for the Government to provide work for those now unable to find employment at whatever occupation or profession they are skilled on a non-profit basis, with added provision for protection against old age and disability. Once the present partial inflation result-

ing from the Government's borrowing and spending to provide means of support for those unable to find work is stopped, the capitalistic processes which stripped those now on relief will again begin to push ever-increasing numbers over the line into the relief group. In other words, the economic suicide of the profit system will proceed without hindrance. New units of vocational employment government sponsored for support rather than for profit would appear. When a majority of our population is forced over into the new economy, the new order will have been born. The capitalistic minority would have no choice other than to join up with the majority. This would, in effect, constitute an abandonment of the old order.

A second solution to our problem would lie in the levying of an individual income tax so drastic that the Government would take everything above an amount required for the liberal maintenance of a family of average size. In view of the fact that the salaries of the Justices of the United States Supreme Court cannot be diminished during the tenure of office of those now on the bench, an amount equal to their present salaries, \$20,000 per year, would probably be the limit allowed any individual head of a family. Naturally the present exemptions to the income tax provisions would have to be abandoned.

Such an action on the part of Congress would have two results. In the first place, it would bring an immediate diffusion of income and purchasing power, and thereby start business back toward maximum production with absorption of the unemployed. In the second place, it would enable the Government to cease its efforts at correcting the abuses in business. The root of these evils lies in the necessity and desire to take profits and once the tap root is cut through limitation of income, the evils will disappear.

Regardless of which of these two courses of development is taken, individuals engaged in the various basic industries will naturally gravitate into groups and form organizations. Industries, crafts, professions, arts, are

organized today to protect investments or to protect labor. With the predatory exploitation of human beings and natural resources no longer necessary or *possible*, the purpose of these business organizations must become that of doing economic equity between the different individuals composing them. Representative democracy, as exemplified in our republican form of government, is the normal form of organization among Americans; this will naturally be the form in which the various basic industries and services will organize. They may well be considered *industrial states* whose jurisdiction and authority will extend wherever their particular economic function is performed. Their boundaries and limitations will be functional instead of geographic; they will govern functions and not individuals. They will extend to the economic function of the individual, his job in other words, the same protections which are now guaranteed him for his person and property. And, most important perhaps of all, these industrial states will provide every protection for their citizens against old age or other infirmity.

Originally our present Constitution established a means by which the nations composing the Union could maintain peace in their relations with each other instead of the perpetual warfare which seems to be regarded by some as the normal relationship between nations. While perpetual hostility and war may be the normal condition of affairs between political states, the exact opposite, co-operation, is the normal for business or industrial states. Our various basic industries are interdependent to the greatest degree and the prosperity of one affects that of all the rest. As a means for facilitating co-operation, rather than maintaining a perpetual truce, our Constitution will serve without amendment or alteration. Applied to the business functions of the individuals, the provisions of the Constitution offer a just and equitable solution for all the personnel problems of business.

The American philosophy here, very briefly and sketchily outlined, involves no bureaucratic regimentation of

human beings. It not only does not necessitate depriving any of us of any of the liberties we now enjoy, but actually proposes to broaden our freedom to the fullest extent. This philosophy is based on the truth of the Declaration of Independence and its expression through our American Constitution. The American solution to the American phase of the world revolution now in progress lies in extending the essence of Americanism into the economic field thus rounding out and fulfilling the structure begun a century and a half ago with the founding of this nation.

Sudden Fall

By ETHEL B. CHEYNEY

I saw a fallen yellow leaf today,
And in that moment thought was all confused;
For autumn, it had seemed, was far away,
And there were many summer days I had not used.

But with the small leaf lying mutely there
On sunshined grass, with flowers all around;
I felt the chill of winter in the air,
And icy blasts, though there was not a sound.