THRIFT

Prerequisite of Economic Progress

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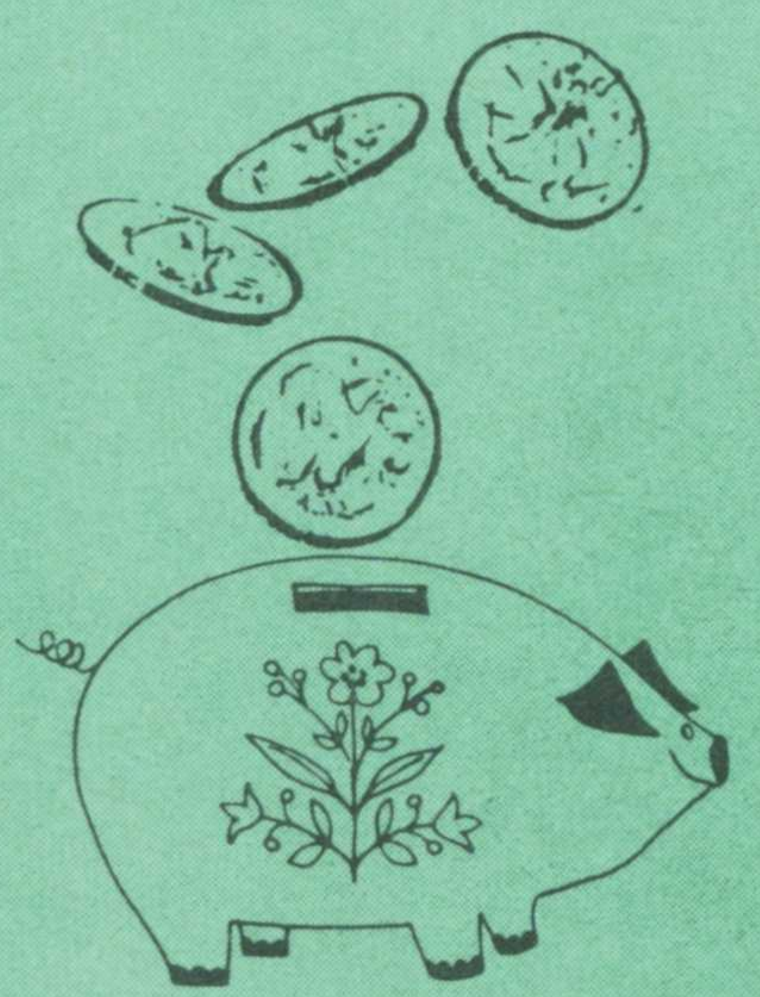

SOME 200 years ago the English writer, John Hawkesworth, praised thrift in words that have long been forgotten by most of our contemporaries. "Economy," he wrote, "is the parent of integrity, of liberty, and of ease; and the beauteous sister of temperance, of cheerfulness, and health; and profuseness is a cruel and crafty demon, that gradually involves her followers in dependence and debts, and so fetters them with irons that enter into their inmost souls."

Today's prevailing thoughts on thrift are expressed concisely by C. L. Allen, professor of economics at North Carolina State College. According to Allen, "the less individuals save out of their incomes, the more they spend and the greater total (national) income will be. Conversely, the more people save out of a given income the smaller total (national) income will be." It is obvious that the eighteenth century English writer and the modern American economist are worlds apart in economic understanding and philosophy.

To our forebears, saving was a virtue that had its own rewards. Saving afforded provision for emergencies and old age. It ensured the education of children and support of needy parents. Saving created supplementary income from investments and supplied the initial capital for business ventures and business growth.

Since the beginning of man, his thrift gave birth to his tools of hunting and production. To be sure, saving does not suffice for the production of tools and equipment. They must also be produced. But before they can be produced, the means of support needed during the time of tool production must be saved. This is why saving is the most important prerequisite of economic progress.

No matter what the Keynesians and other statists may contend, the people's savings are invested. Very few eccentrics accumulate money for the love of money. It is true, people may vary their cash holdings, increase or decrease them in accordance with their best interests. People with more than average cash holdings may be denounced as hoarders by others who have less. Especially are spendthrifts quick to decry the thrifty and endeavor to find some ill effects of thrift which they call "hoarding."

People who save usually buy securities, deposit their money in banks and savings and loan associations, put it out on loan, buy life insurance policies, or contribute to pension funds. Their savings appear on the capital market where they are distributed to business through the operation of the interest rate. They are made available to producers for productive purposes.

Saving need not imply any sacrificial or morally meritorious behavior. To save at the enjoyment of the moment need not entail outright privation. Saving can involve personal sacrifice, but it does not necessarily do so. The man with only a modest income cannot lay aside something of the little he earns without considerable deprivation and vigorous self-control. The man with an income of $1 million a year who saves half of this amount performs no heroic act of renunciation. But he supplies the needed capital. For most of us, saving requires a measure of sacrifice and self-control.

Socialists Assault Saving

Socialists generally find fault with individual thrift and private capital formation. Their hostility flows from a theory that pronounces all goods the product of human labor exclusively. According to the socialists, the workers do not receive the entire product which they alone have produced; capitalists control the indispensable means of production through the institution of private property, and use this control to obtain for

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