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THE FORGOTTEN DOLLAR

by Edwin Myers

ALONG with the host of other forgotten items in this historic age of trouble, to be classed with Sumner's forgotten man and Uncle Sam's forgotten Constitution, is the forgotten dollar.

The forgotten dollar is one of three. First of all, there is the dollar of normal exchange. Its value is what its face declares it to be, and it is a symptom of a prosperous and happy United States of America. It is not forgotten; on the contrary, it is cherished in memory. Second comes the devalued dollar of Roosevelt which is too painfully close to the news to require further identification. Third, and subject of this notice, is the more debased dollar of the citizen in debt. There are in America today more persons in debt than at any previous time.

Why their dollar should be worth less than any one else's is easy to understand. A man who is completely in debt has very little opportunity for economical buying with the small sum that he is obliged to hold out and expend for his living. With ten cents, for example, he may buy only one item that would come in a lot of three to the man with a quarter, or he may be obliged to deal at a higher-priced store that extends credit because he has no ready money with which to trade at the cheaper cash-and-carry establishment. Even when he makes immediate payment for something he needs, he still is commonly obliged to pay more for it than it would cost his solvent neighbor. Inversely, as the man with money takes two per cent off his bills for cash payment within a few days and so actually increases the purchasing power of his dollar, the dollar of the man without immediate funds and penalized by interest and carrying charges for the delay in placing it into circulation, shrinks.

The importance of discussing his case lies in the circumstance that he and his fellows belong mainly to the great white-collar middle class, a group that more than any other supports the one-sixth of the nation reported to be on unemployment relief rolls. It is also the white-collar class whose purchasing power means most to sound business. Both Government and Business, consequently, are vitally interested in seeing that the burden borne by these unhappy, struggling debtors is made no worse.

The matter of getting into debt in the first place is deplorable enough; but preaching thrift after the damage is done is beside the point. When any person reaches that stage of indebtedness at which his present earnings, whatever they may be, are completely mortgaged, his purchasing power is chained from then on to the amortization process; and there is very little, save his own despairing will to carry on, ever to lift him out of it.

The Dollar

He never can use his present earnings for a fresh start, and that means that for present purchases he must arrange for future payment. When the future becomes the present again, he will have to satisfy his immediate needs by deferring the charges once more. Thus the vicious chain goes on and on to the demoralization and degradation of our most substantial class of citizens.

The delay between the purchase and the payment therefor is a familiar condition known as credit; but credit itself is not just a friendly gesture of confidence. It is itself a marketable commodity for which the citizen using it is required to pay. The business system gives him reasonable time in which to settle, but charges sums of interest for successive periods of postponement. The debtor's dollar, therefore, is reduced by the amount of that interest and in proportion to the time of its accumulation.

The debtor belonging to this unhappy middle class in America is ordinarily listed as owning property. He pays property taxes, attends his civic duties, supports his church and gives to charity. The property that by a pleasant sort of fiction he regards as his own, depreciates more rapidly than that of the well-to-do man because he cannot afford the small repairs that would check decay. His overdue taxes are penalized with interest.

He cannot maintain at the bank the sum necessary to provide a checking account and is obliged to slip away in business hours to obtain money orders at the post office. In emergencies he has to raise sums at pawnshops. Dunned by creditors and haunted by the deprivations of his family, he is usually in poor health and capable of only a part of his proper attention to his job.

He is almost always a man of creative type who has come to this plight because of his desire to do useful things. This ambition does not pay only in the cold sense of the business opportunist who exploits America and returns it nothing. Back of his troubles this alleged debtor is the better citizen.

Such is the brief owner of the forgotten dollar. His predicament is reported merely as another phenomenon of the times and with no suggestion of relief. That must come from those who need him most, and it will surely come if we are to survive.