**Facts Are Stubborn Things** by Dr. Thomas Pieplow

Editor’s Note: This article was submitted prior to the COVID-19 pandemic.

“It was the best of times, it was the worst of times,” wrote Charles Dickens in his novel *A Tale of Two Cities*. The period was 1775 and had similar parallels to today—a time of contradictions in the midst of pockets of prosperity. For many, today indeed represents the best of times economically, and a wealth of statistics supports that proposition. The unemployment rate is at a 50-year low; over 500,000 jobs were added the first two months of this year; wages are rising for the first time in over a decade; inflation remains low with lower-wage workers experiencing the fastest pay increases, a shift from when wage growth was concentrated at the top. Even the “misery index,” a measure combining the unemployment and inflation rates invented by economist Arthur Okun during the Carter administration, is at its lowest mark since the days of President Truman.

What we are experiencing economically is also eerily similar to a period a century ago known as “The Roaring Twenties.” This was a decade of economic growth and widespread prosperity, driven by a boom in construction and the rapid growth of consumer goods. The automobile, airplane, washing machine, radio, assembly line, refrigerator, garbage disposal, electric razor, instant camera, jukebox, and television were all invented and brought to market during this time. This, too, was the “best of times” with a booming stock market and a high degree of consumer confidence. However, what followed in 1929 was the “worst of times” that became known as “The Great Depression.” During that 12-year period, our nation had low productivity, extremely high unemployment, and no economic growth. Those hardest hit were considered lower and middle class. While most economic data shows no signs of our economy weakening, there are serious and long-standing structural imbalances with our government’s finances. These have now reached a point that will leave decision-makers with limited options.

Our propensity to incur annual budget deficits that are added to our national debt will force the next generation of leaders to make extremely unpopular decisions. In 1992, when our nation’s debt totaled $4 trillion, Presidential candidate H. Ross Perot made reducing our national debt his campaign priority. Perot famously warned of the consequences on CBS’s “60 Minutes” when he famously told Morley Safer, “The debt is like a crazy aunt we keep down in the basement. All the neighbors know she’s there, but nobody wants to talk about her.”

We are entering the home stretch of this year’s election season. Over the next six months, candidates will share their strategies on a variety of topics. We are entering the home stretch of this year’s election season. Over the next six months, candidates will share their strategies on a variety of topics. We are entering the home stretch of this year’s election season. Over the next six months, candidates will share their strategies on a variety of topics.

**Andrew Carnegie—American Hero or Robber Baron?** by Dr. William Wilkes

In 1973, I was living in Houston, Texas, working for a subsidiary of an American International Company. This is where I was when given the responsibility to develop an AFE (authorization for expenditure) to build and start up a new manufacturing facility in Dunfermline, Scotland, making oilfield equipment. The facility was to be located on property owned by the Earl of Elgin which we “rented” for a period of 100 years, a typical arrangement in the United Kingdom/Scotland. With considerable help from my colleagues, I successfully completed the project which was approved by the Board of Directors in 1974 for $5 million (equivalent to $29 million in today’s dollars).

When I started the project, I was not aware that Andrew Carnegie was born in Dunfermline on November 25, 1825. He and his family immigrated to the United States in 1848 in search of better opportunities. I became indirectly involved with Carnegie when my company rented a council house located on the street below where his birthplace was located. In fact, a walk up the hill to the house was part of a provided tour.

The town of Dunfermline is quite proud of Carnegie who would spend vacations in the town and later in life spend summers in Skibo Castle which he owned. He repaid the town with financial contributions to the various parks and the famous abbey located in Dunfermline.

Although Andrew Carnegie was highly regarded, history of his entre-
Andrew Carnegie... (continued from p. 1)

Alternatively, are those who credit the “captains of industry” with the explosive growth of American capitalism during this period as the ones who enabled the United States to enjoy the rapid rate of economic growth during the last part of the 19th century and first part of the 20th century. Without their amassing of great wealth in oil, steel, railroads, and banks, the resources needed for the industrial revolution during this period would never have been available and growth would have been slowed. This results in a “chicken or egg” quandary—did the increased demand for primary resources create the large growth or does the credit of the large growth of

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including reducing the cost of health care, expanding educational opportunities, and reforming the criminal justice system. These are not new; in fact, every administration and Congress since Lyndon Johnson has established federal programs, policies and laws to address these issues with varying degrees of success. But as we listen to candidates from both sides of the political spectrum today articulate their vision and plans, there is one underlying question every voter, regardless of political persuasion, must ask—how do we pay for it? Whether it be the topics mentioned above or other “hot button” issues such as immigration or national defense, the common denominator is an ever-growing demand for federal dollars.

It is vital we understand the distinction between a budget “deficit” and our national “debt.” This year, the federal government will spend approximately $4.6 trillion; but with tax revenue projected to be no more than $3.6 trillion, our nation will finish 2020 with a “deficit” of $1 trillion. This means our government must borrow 21 cents of every dollar spent this year. This borrowing must be paid back, because if it is not, it becomes debt. 2020 will not be the first time our government incurred a deficit. In fact, the U.S. has run multibillion dollar deficits almost every year in modern history, though never at the magnitude seen today. As outlined earlier, every year we operate at a deficit it is added to our national debt, which today stands at $23.6 trillion.

Similar to a home or car loan, interest payments represent the price we pay to borrow money; and as we borrow more, federal interest costs rise and compound. Many will look at their personal finances and conclude the federal government should operate no differently. Every household makes tough decisions on what can be afforded and where to cut spending. The perils of borrowing were warned about as far back as 700 B.C. when King Solomon declared that “the borrower is slave to the lender.” But as easy as “cutting waste” may sound, this strategy is problematic and virtually impossible for several reasons. First, while there is a clear majority of Americans in favor of cutting government waste, defining those specific programs is extremely problematic. For instance, those involved in the defense sector see the weapons produced and services provided as vital to protect our way of life, as well as the hundreds of thousands of jobs created and sustained through their programs. However, while others acknowledge the responsibility of government to provide for the common defense, many ask why we must spend more than the next seven nations behind us COMBINED.

Second, over 70 percent of this year’s spending will be on “mandatory” programs such as Social Security, Medicare, Medicaid, and interest on the debt which must be fully funded first. So if the decision were made to live within the $3.6 trillion of revenue available, simply said, the options would lead to catastrophic consequences. Remember, $3.2 trillion in this year’s spending is mandatory and off limits, leaving Congress and the Executive Branch less than $400 billion to pay for “discretionary” requirements such as national defense, education, homeland security, the environment, foreign assistance, criminal justice, the sciences, NASA, and transportation. Assuming Congress did not eliminate any of these departments and simply allocated to each department equally, dis-
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cionary programs would see approximate-
ly 28 percent of their requirements funded.

The third challenge is reducing any debt of this
magnitude. To place into a context that
better illustrates a debt of $23.6 trillion, if
this were allocated to every man, woman,
and child in America equally, every person
would owe over $72,000. But with 44 perc-
cent of Americans paying no federal income
taxes, apportioning to every taxpayer would
be $128,000 each. With deficits projected
to increase over the next decade by another
$13.1 trillion, the interest on debt will be-
come one of the largest elements of our
annual budget. This year, our government
will spend $1.1 trillion on Social Security,$700 billion on national defense, $670 bil-
lion on Medicare, $480 billion on Medicaid,
and $400 billion in interest.

Why be concerned? Based on budget projec-
tions and the demographic shifts driving
demand, in nine years our spending on Social Security will increase 64 perc-
ent to $1.8 trillion; Medicare grows 79 perc-
ent to $1.2 trillion; Medicaid require-
ments will necessitate an additional 61 per-
cent to $785 billion; while the interest we
pay will more than double to $807 billion,
more than what will be spent on national
defense. Every dollar consumed by interest
payments means less available to invest in
areas outlined at the beginning. Even though
interest rates are at all time lows, it is simply
a matter of time before that changes; and as
they do, borrowing costs will increase sig-
nificantly. In fact, by 2050 the Congression-
al Budget Office (CBO) forecasts that inter-
est costs will constitute more than double
what the federal government spends on
research and development, national defense,
and education combined.

This issue is apothecary—the challenges to-
day have been caused by both parties and
can only be resolved in a bipartisan manner.
Tough choices are required now because
further delay will only leave the next gener-
ation with even bleaker choices. The struc-
tural changes needed will require a combi-
nation of cuts to, or even elimination of,
popular programs. This will also require tax
increases and an even greater financial sacri-
fice from every citizen, not just “the rich.” A
long-held populist argument is that the
wealthy must sacrifice more. The fact is,
the U.S. already has one of the most pro-
gressive systems of taxation in the world.
High-income people already pay the high-
est tax rates, and data reflects that the top 1
percent of earners already pay 39 percent
of all income taxes collected.

In closing, while more revenue is required,
no nation has ever “taxed” its way to pros-
perity. While the recent tax cut has certainly
helped in the short-term growth we are expe-
riencing, any tax reductions without corres-
ponding cuts to programs is irrespon-
sible at best because it only exacerbates
our debt. This is no different than going to
a restaurant, ordering a nice meal, and then
telling the waiter or waitress to send the
bill to our children and grandchildren with-
out them knowing anything about it. If our
nation had decided to take Mr. Perot’s
warning almost 30 years ago and made the
changes necessary to eliminate a $4 trillion
problem, our nation would be far better
positioned to address the pressing issues
faced today.

Andrew Carnegie... (continued from p. 2)

area. The events that developed building
up to the actual strike brought out, what
some felt, was Carnegie’s robber baron
character. The history of the strike is well
documented and centered around a down-
turn in the steel industry which prompted
Carnegie to attempt to lower wages. This
was obviously rejected by the union and
ultimately turned violent after the manag-
ers called in the Pinkerton armed guards to
protect the plant and resulted in at least 10
deaths before the management was able to
take back control of the plant. The irony of
this event was that Carnegie was on
vacation in Scotland during the strike and
put Henry Clay Frick in charge who was
determined to break the strike. In fact,
prior to leaving for vacation and during the
time in Scotland, Carnegie told Frick that
he fully supported any actions Frick want-
ed to take to break the strike, which lasted
for five months. As a result of Carnegie’s
absence and full support of Frick, many
held him accountable for his manager’s
actions.

Several events occurred following the
Homestead strike that demonstrated his
ture moral integrity. First, there was no
doubt that Carnegie was a “broken spirit”
as he tried to recover from the devastating
events, especially the deaths of the strikers.
What followed was evidence that he want-
ed to retire after 50 years of working in the
railroad and steel industry, becoming re-
garded as one of the prominent industrial-
sts in the United States, instrumental in
the growth of the U.S. and one of the
wealthiest men in the world—not bad for
the son in a family whose father immigrat-
ed to the United States for a better living.

In 1901, Andrew Carnegie sold Carnegie
Steel to industrialist John Pierpont Morgan
for $480 million which some believe made
him the wealthiest of the so-called robber
barons. Included in this group was John
Rockefeller who also wanted to be the
richest man in the United States. This
resulted in Carnegie and Rockefeller enter-
ing what appeared to be a battle of philan-
thropists to see who could give the largest
amount of money to charitable causes.

This was truly a remarkable turn for Car-
negie, who strove to be the wealthiest per-
son in the United States, to dedicate the
rest of his life to donating some $350 mil-
lion (90% of his wealth) to a multitude of
various activities including:

- Public libraries in all parts of the
world
- Endowed organizations dedicated to
research in science, education, world
peace, and other causes
- The legendary New York City Carne-
gie Hall
- The Carnegie Institution for Science,
Carnegie Mellon University, and the
Carnegie Foundation

In two of his most famous quotes, Andrew
Carnegie stated that the rich have “a moral
obligation to distribute [their money] in
ways that promote the welfare and happi-
ess of the common man.” Carnegie also
said, “the man who dies thus rich dies
disgraced” (The History Channel).

Although Carnegie sold Carnegie Steel in
1901, an event in January 1904 was the
second demonstration of his compassionate
moral integrity. A terrible explosion in
a mine near Pittsburgh killed 181 men. He
was profoundly shaken and wrote in a
letter, “I can’t get those widows and chil-
dren of the mine out of my head.” During
the initial phase of the disaster, two men,
Selwyn Taylor and Daniel Lyle, gave their
lives trying to save men who were trapped
in the mine.

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Carnegie produced medals in the honor of the two men which were presented to their families, making Taylor and Lyle the first Carnegie Heroes (CBS News).

Although the mine disaster occurred in 1901, the original Hero Trust Fund was started in 1904. As stated in the purpose, “The Carnegie Trust Fund awards the Carnegie medal to individuals in the United States and Canada who risk their lives to an extraordinary degree saving or attempting to save the lives of others.” The headquarters are in Pittsburgh, Pennsylvania, and awards are made each year based on an exhaustive research to verify the validity of the applicant. It is funded by a trust established by the Carnegie family and is planned to continue well into the future.

The Carnegie Medals have remained virtually the same over the years. Andrew Carnegie’s profile in relief dominates the obverse of the medal. The reverse carries as background, in low relief, the outline of the United States and Canada, the Commission’s field of operation, and the seals of the two countries in high relief. Initially, gold, silver, and bronze were used to strike the medal, with the type of metal varying on the commission’s assessment of the heroic act being recognized. However, over the years, gold and silver metals were discontinued and bronze remains the metal of choice (https://www.carnegiehero.org/).

It should be noted that the initial Hero Trust Fund covered only residents of the United States and Canada. However, during a vacation to Dunfermline, Scotland, in 1908, Carnegie decided to form an equivalent fund in the United Kingdom. This was followed by the establishment of nine similar funds in the European continent. The purpose of these additional funds is essentially modeled by the purpose of the United States/Canada fund.

As might be expected, headquarters of the United Kingdom Hero Trust Fund are located in Dunfermline, Scotland, through which I discovered the awards given to recipients in the U.K. are different than in the U.S.

Several years ago, while living in Athens, Alabama, I purchased a pocket watch which was awarded to an individual for saving a swimmer in the East Coast of England. Provided is a photo of the watch front with a plain, but elegant, seal that stands for C-Carnegie, H-Hero, T-Trust, F-Fund. The inscription reads:

Presented by
The Trustees of the
Carnegie Hero Trust Fund
To
Fredrick C. Scott
Whitley Bay
For Heroism of Saving Life
1st October 1913

The Trust Fund in Dunfermline verified the authenticity of the award.

Andrew Carnegie died on August 11, 1919. In the last 20 years of his life he was able to enjoy the philanthropic activities which became a very important aspect of his life and which continues today and into the future.

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