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Taking stock of 1930, 1931.

"TAKING STOCK OF 1930"

BY

RABBI ABBA HILLEL SILVER
AT THE TEMPLE, SUNDAY
JAN. 4th, 1931

The outstanding facts in the year which has just come to a close, the year 1930, is of course, the world-wide economic depression.

The year 1930 will undoubtedly go down in our financial history as one of our saddest years, -- a year of disillusionment, of defeated hopes, of much suffering and wide-spread depression.

It began, of course, as you well know, with the crash in Wall Street in November of 1929. There was a short period in the Spring of 1930 when economic hopes began to run high again. Stock market prices began to rise. But very soon following, in April, another disastrous crash brought the values of stocks to values lower than the levels of 1929. And by December of 1930, the stock averages declined nearly forty-five percent.

At first it was thought, - at first it was hoped, that this economic upheaval would be limited to Wall Street. But it soon became apparent to everyone that such an earth-quake could not be confined to any one financial district. It cuts athwart of the whole economic life of a people.

And so during the last year, commodity prices slumped to their lowest levels in sixteen years. Wheat, cotton, copper and rubber declined from forty-five to fifty-five percent, wheat reaching its lowest price levels since 1906.

It is estimated that the money value of our farm crops was reduced during the year by two and a half billions of dollars. Steel production declined twenty-seven percent, the manufacture of automobiles declined forty-percent. The net earnings of the railways declined thirty- percent. Building construction in the United States was reduced by thirty percent.

I quote these figures, the latest available, to indicate the magnitude of this depression.

And there followed before long a series of failures among businesses, stock exchange brokerages, and among banks. As a result too, there quickly ensued ^a/terrific unemployment situation. It is estimated, for no actual figures are available, that some four or five millions of people are unemployed today. And we have the disheartening sight of seeing in this land which has forty percent of all the gold reserves of the earth and crops abundant, bins actually filled to the bursting point, - we believed that prosperity was in the nature of things granted to us for all times, - we see bread lines, long long lines of men waiting for a chance to get some food to keep themselves from starving, as well as long long lines of men waiting for weary hours for a chance to get a job.

Our economic sagacity seemingly has not reached the

point of meeting this problem of unemployment except through hectic measures of temporary relief, the distribution of doles, through charity.

Abroad the economic situation is just as bad, if not worse. England experiences today a situation the worst it has experienced in a generation. There has been a short slump in commodities and exports have dropped off twenty percent, imports fourteen percent. Taxes have increased, revenues decreased, and there are some two million, three hundred thousand unemployed in Great Britain.

In Germany the situation is no better. The year 1930 proved the worst year since the chaos which followed immediately after the War. Industrial production dropped twenty percent below normal. There has been, and there is increasing, very serious unemployment in Germany. And the Hitlerites have aggravated not only the political life of Germany, but the economic life as well. There ensued a veritable flight of capital from Germany.

Italy is likewise on the brink of an economic depression. Values have shrunk and to meet the serious situation the government has resorted to drastic cuts in wages and salaries. And in Italy too, there is great unemployment.

The same story can be told about Australia, South America, India, about every other country.

So it has been a sad year and it is a year that no one regrets that it has come to a close.

Now I haven't the time this morning, nor for that matter, am I able, to discuss with any degree of competence or completeness, the cause of this world-wide depression. Even the most expert economists are not agreed. A convention of these great minds in the economic scholastic world at least, took place in this city during the past week, and I was eager to find out what these best minds had to say on the subject. And I found there the same confused, the same uncertainty, the same multiplicity of reasons that you find among an average group of laymen, of unprofessional people.

Some said that the cause of the depression was the unwarranted market speculation. Others said that it was due to the too-liberal credit extension. Others attributed it to a world-wide gold shortage. And still others, to over-production.

I want to call your attention this morning to one fact which I regard not as the sole cause of the present depression, but which I regard as one contributing cause which is frequently lost sight of because it is not a pleasant fact to face.

In Europe between the years of 1923 and 1929, in other words within seven years, the productivity of labor, - the productivity of labor, - increased sixteen percent. Labor with the use of machinery then was able

to increase its productivity in the short space of seven years, sixteen percent.

The wages of the working population increased only seven and a half percent.

In other words, the purchasing power of the masses, upon whom prosperity ultimately depends, because it is not the purchase of luxury which makes prosperity, - the purchasing power of the masses was not large enough in Europe to absorb production. This is also attested by the fact that Europe, as well as America, attempted during the last decade to stimulate what we call consumers' credit - installment buying. Installment buying is proof that the purchasing power of a community or of a people is not large enough to absorb the production of a given period, so that the working man is urged to use his future earnings to pay for his present purchases. In other words, installment buying simply delays the hour of reckoning in a country where wages do not keep pace with production.

You may think that holds true only in Europe. In the United States our Bureau of Labor's statistics show that from 1919 to 1928, in a period of ten years, production increased thirty-two percent but the payrolls of the country increased only three percent.

Now in reality there is no such a thing as over-production. You can speak of over-production only after all the people in a country are fed, clothed and properly housed and enjoying a satisfactory standard of living and there is no more need for that which is produced. Then you

can talk intelligently of over-production. But clearly that is not the case in this country and never was the case. The average income of a family does not enable it to buy even the minimum requisites of life.

And it certainly is not true of the countries of Europe, in Russia, India, China where millions live in want and destitution.

It is preposterous to say that the world is suffering from a flood of goods. The world is suffering from the fact that the people haven't the money to buy the things which they need. We are over-produced for a population whose wages do not keep pace with production. If you insist on mass production you must make possible a mass consummation. You must make it possible through increased wages for the masses of the people to buy up that which your machines are producing in such abundance.

And I want to call your attention this morning to some of the lessons which our people will learn, are likely to learn, from this terrific year of industrial strain and distress.

In the first place we have learned and I hope that we shall not forget, although a people has a marvelous capacity for forgetting, - I am sure that if we were to enjoy in the next three months, prosperity, we would clean forget these last fifteen months of depression, - that prosperity is not part of our manifest destiny. It is not inevitable and under the present set-up not continuous. In other words we must not take prosperity for granted. It is not an inevitable consequence of our organization or system. Quite the contrary. It has been demonstrated

in the last three or four decades that we disgorge in one year what we accumulated in ten.

We may also learn that vast gold reserves, an abundant yield of field and farm and orchard and mine and river, do not necessarily spell prosperity; that in spite of these things we can have panic and unemployment and bread lines.

Our country was never richer in its history than it is today in terms of gold amassed, in terms of products of the soil amassed and yet we have with us this vast depression.

In other words, we ought to learn to take to heart the fact that our economic system is far from being the last word in sagacity; that it has a vast amount of maladjustment; that it needs sharp correction or that it may break down altogether. We ought to learn today to mind these unpleasant facts.

I know that there is a vast element of insecurity among our people, among the businessmen and the manufacturer, as well as among the merchants and the workingmen. A businessman may go along for four or five years, build up his business, exercise his ability, his talents, and then through causes beyond his control and through forces which he did not set in motion, suddenly finds himself, after years of effort, strapped, broken. That certainly is true of the workingman. The industrious workingman binds himself to his job conscientiously, year after year, taking care of his family, trying

to build up a reserve for himself, suddenly finds himself, not due to shiftlessness on his part, but due to factors which he does not understand, finds himself pried loose of his job, caste out. The machine which has made for so much which is good in life, for the increase of commodities, for the distribution of comforts in so many millions, has increased the insecurity and instability and uncertainty in the life of the world.

We shall therefore have to learn the lesson soon, I believe, of greater social control and central planning of our economic life. I believe that the era of intense individualism is about ended, not only for this country, but for the world at large. The era of the pionerr, of intense economic individualism of the program of the entire world

Let the state keep its hands off business. That era is closed.

I say it not with any degree of satisfaction because there were many noble virtues of character developed under that era of individualism. But I state it as a cold fact of economic processes.

The machine and vast production is making possible vast mergers in industry.

The challenge of the greatest economic trust that mankind has ever known, - Russia, is forcing all the countries of the

world to merge, to meet the challenge of that huge nation-wide trust. With the merger of consolidation of industry there will have to come a rigid government control to protect the people. I for one, can see no alternative facing this country or any other country but drastic control of industry or state socialism.

Then too, we might learn from the experience of the past year this fact, to which I referred a moment ago, - that the workingman can no longer be saddled with the full responsibility for holding his job.

It was assumed up to recently that barring sickness or accident, a workingman could have a job as long as he wants to. That if he hasn't a job it is largely his own fault. But it is not the fault of millions of workingmen today who are standing in the long long lines waiting for some kind of work to do. They are helpless. They want to work but are unable to find any work.

It used to be argued that a workingman should save up to take care of himself when he is not working. In the first place the average wage of the workingman does not permit of saving. And the average wage of a family does not permit of saving. And in the second place if the workingman does save, those who are able to put aside something of his weekly pay envelope, that money should be

used as they want it to be used, to increase a few of the comforts of their lives, to build a little home for themselves, to provide education for their children, to raise themselves up a bit on the economic ladder, to lay aside something for their old age. And old age today begins for the industrial worker when he is forty or forty-five years old.

Society should not demand that this money which he has laid aside, be used up by periodic unemployment stretches.

One other good result I believe will come out of our sorrows of the past year. And that is the realization that unemployment is a social problem. Very few businessmen and industrialists give very serious thought, with a few rare exceptions here and there, to the problem of unemployment. This problem will be the most vital problem in the next decade. It is a problem which society must solve or at least wrestle with. And it can only be solved, partially at least, if society will insist that reserves should be laid aside for labor just as it does for dividends.

During the year 1930 the sum in dividends paid out was only slightly below the dividends paid out in 1929. How are the corporations able to pay out these dividends. They put aside ~~XXXXXXXX~~ some of their earnings for a reserve for dividends in order to protect the investor during the less prosperous years. This is a legitimate and sound business arrangement and policy.

Now if the investor is protected, certainly the working-man who invests the only thing which he can invest, his only source of income - his life, should be protected and reserves through unemployment insurance should be laid aside to protect him during his periods of unemployment.

And I think another comforting thing which has come out of this depression is a subtle fact, but nevertheless a real fact upon which society and economics may count and that is the fine response, the sympathetic response of the whole American people to the existence of the unemployment in their midst. Our people rose magnificently to the assistance of want in its midst in the only way which it could, giving charity, community fund relief agencies and saw to it that men, women and children should not go without food, raiment and shelter in these months of great depression. The American people is not calloused to human want.

What is needed at this time is some courageous leadership, some vision on the part of the great leaders of American industry, to show our people the way out of this morass of unemployment and of its attendant evils and suffering.

I pass on to the political events of the past year briefly.

Politically the year of 1930 has been one of revolution and unrest.

India is in actual revolt at this time. Gandhi and his sixty thousand followers are in prison. Riots are an every day occurrence,

anti-British acts, boycotting and bloodshed,- India today is in a revolution.

In London an independent conference is being held, the outcome of which is still uncertain. There will be no peace in India until India obtains her position as an independent member of the common-wealth of nations under the British king

China is still being torn by a civil war. Brazil, Argentina, Peru, Bolivia, Guatemala and recently Panama and Cuba all are in the throws of revolution. Spain today is a seething volcano. The shadow of Pilsudski lies over the whole of Poland. Germany has been shaken to its very depths by the rise of the Hitlerite to power and its political future is very very uncertain.

As regards Russia, no one seems to be able to say anything with a degree of certainty because no one really knows what is going on behind the curtain. It is also clear that Russia seems to have enjoyed a better year in 1930 than any other country. The Communist party is decidedly in the saddle and in control. The government has a firm hold upon the country. The five year industrial plan which calls for rapid industrialization of Russia and socializing its agriculture seems to be succeeding. I say seems to be succeeding, if it does, the world will have to reckon with Russia very very seriously in the next few years.

As far as the ever-present problem of war and peace is concerned the year 1930 was a sad year and marked no progress in the solution. We did of course sign a treaty with Great Britain and Japan

based on the London Naval Conference, granting American parity. But actually the Treaty amounts to very little and we should not be disillusioned about it. What it did was establish a parity which if we wish to make a reality, we would have to spend one hundred millions of dollars to build cruisers.

In other words, the Treaty makes it possible for us legitimately to increase our armament.

The Preparatory Commission for disarmament which has been meeting for some years now finally drafted a text which shall be used for a conference to be called in 1931 or 2 or 3. But the text means nothing. The Preparatory Commission failed almost completely in bringing together on the project of curtailing their vast military

The year 1930 also saw all the nations of the world building as frantically, as extensively, as stupidly, their land armaments, their sea armaments, as they have never done before. The race is on and the end of the race can be but one thing - another 1914.

As regards Jewish life, the thought of universal Jewry was centered in 1930 of course, on Palestine. That occupied the front page in Jewish interest during the year. I have spoken about it before. I shall not dwell upon it now.

Events succeeded each other very rapidly which were very unhappy and unpleasant. First came the Shaw report and the riots of 1929 which were distinctly unfavorable to the Jewish side. Then came the Simpson report, economic difficulties of a nature which again were unfavorable to us. Then came the infamous White Paper which sought to scuttle the whole project of the rehabilitation of Palestine by the Jews. The Jews throughout the world protested most vigorously and the protests were not without their effect. The government is clearly retreating step by step.

It is clear now that Jewish immigration in Palestine will not be stopped. It is clear that the land purchased by Jews will not be interfered with, but the problems confronting the pioneers in Palestine are difficult. But in spite of the arduous tasks confronting them they are carrying on and they are building in that ancient homeland of our people a live civilization, creditable, noble and in the course of the years will go down to Israel in throughout the world.

And so we face the dawn of 1931, a bit apprehensive, a bit fearful, a bit chastened and a bit sad. The wise among us will not lose heart. They will take a long view of history, and the long view of history, economic history, indicates that this country has survived worse periods than we are now in. It has weathered worse storms. We are convalescing now and we are in the mood which comes with convalescence which is one of melencholy.

To a country which has the wealth which ours has in its mines, the power which our country has in its water ways, the acres, millions of them, which our country has stretching from coast to coast, a country which has the traditions of ours, the talents of ours, the engineering capacity of ours, need not despair. This is not a spent and poverty-stricken land. We have suffered for a spell from maladjustments, from a jam. Wise, economic engineering will clear the way again for us and for future times.

What is necessary, to my mind, my friends, at this moment, is not only hope of which everyone speaks, not only, not to lose heart, what is necessary now and in years to come, if we want to avoid calamities in the future is to bring to the problem free, honest, courageous thinking. We dare not be satisfied any more with old slogans. We dare not repeat the old shibboleths. They were good for their day. But new conditions have arisen in the world, new orientations, new economic problems and we need new programs, new ideas, not a repetition of old formulas. And the man who comes to you with ideas which seem to be radical and ideas which seem to be extraordinary, don't shoo him off as a fool or a destroyer of society, welcome his ideas and think through them. See whether he hasn't a new solution for the new problem which is facing you. Then I am sure that we shall be able to in the years to come, to find a way out for many of those things which at

present seem to be insurmountable.

I do not believe that our economic system has as yet said its last words. I do not believe that it has been given its fullest and freest opportunity to serve. I do not believe that it needs to be destroyed in order to make way for a radical, new experiment in economic life. I am not sufficiently impressed with the triumphs of the Russian experiment to wish for an immediate experimentation along the same lines in our country. But I do believe that there are in our set-up certain evils, certain wrongs, certain injustices, certain maladjustments which hold, which make millions to suffer needlessly and which can be corrected. And I hope that this lesson will not be forgotten by you, by all of us, ⁱⁿ three months, six months or in a year, when we rise again on the upward wave of prosperity, let us not forget the solemn admonition of this hour.

I. Depression

I. U. S.

(1) the Dep. of 1930 - history(2) Began Stock Crash Nov. 1929 - recovered slightly - April - below Nov. levels - By Dec. stock averages declined nearly 45% - Limited to Wall Street?(3) Commodity prices shrank to lowest levels in 16 yrs - Wheat, cotton, copper, rubber declined 45% to 55% - wheat reached lowest prices since 1906(4) Money value of our farm crops reduced 2 1/2 billions.(5) Steel Production declined 27%Automobiles " 40%Net Earnings Kings " 30%Buildg. Construction " 30%(6) Fairlines numerous - business - banks - st. ex. bankruptcies(7) Unemployment . 4-5 m. Bread-lines - suffering - doles -II Abroad.(1) England - worst in a generation - Exports dropt 20% -Imports 14% - shrink in security & commodity prices -2,700,000 Unemployed - Taxes increased - Revenues decreased(2) Germany - worst year since chaos - Indust. products fell 20% from normal - Fascist - Worst unemployment(3) Italy - Values shrank - cut in wages - salaries - unemployment -(4) Australia - S. America - elsewhere.

III. Causes - not economic - no uncertainty -

① Too liberal credit policy - ④ Market Speculation.

② Gold shortage -

③ Overproduction.

IV. I aimed this to call attention to one fact

① In Europe prodn. of labr - bet 1923-1929 increased 16% - wages increased 7 1/2%. Purchasing power not large enough to absorb production. The stimulation of consumer credit - installment buying - was proof that consumption was not keeping pace with production. Install. buying simply delays the time of selling in a country where money wages do not keep pace with production

② In U.S. - Our Bureau of labor statistics show that from 1919-1928 prod. increased 32% but payrolls advanced only 3%.

V. To verify this is no overproduction. Only after all people are fed, clothed & properly housed, supplied with ~~stake~~ standards of living - can you speak of over-production. This is clearly not the case in this country - Certainly not in other countries. ^{Asia, China, India} The av. income per family is below minimum required - we were overproduced for a population that was not enabled to buy more bec. its wages were insufficient -

VI. Lessons Learned.

1. Prosperity is not our manifest destiny. Not inevitable and under present set-up not continuous. We disgorge in a year what we accumulate in 10 - chaotous - not bristful -
2. We can come under old reserve Thave abundance of crops - and still have phases plumage. bread lines -
3. Our Econ. system far from being last used in history and safty. last ends maladjustment - needs sharp corrections, a drill break down utterly.
4. Days descent prevalent in life to-day: Woolen uncertainty for merchant, manufacturer & well as underman.
5. Need for intelligent social control our ind. life to avoid overproduction. Need for social planning or control to avoid overproduction. Need for social planning or control to avoid overproduction.
6. Industrialism - To meet challenge of machine prod. - the ind. inst. of America. Ind. will have to merge with lab unit - the govt. will have to control them. I see no other alternatives but disaster state control of industry - or State Industrialism - but better - but inevitable in age of mass production + world market.
7. Govt. can no longer be relied on for needed with full resp. for holding his job. Men gradually assumed that business accident is inevitable the industrial unit can always find a job. If he has a job to his own fault. Day up fault is million men. Vast not of action. Ind. unit relies on importance what they have no control pay them away from their jobs. They are helpless. They want to work. An order to work - can find no work.

Saving
It was agreed (save up). But average way does not
allow for savings - and we should not let that fact
may be consumed by per. Enforced unemployment - ^{where} ~~to~~ ^{work} ~~work~~
work - he wants some day to improve his own pos. a
bit - how - educate children - security for old age - buy
a few comforts / life -

- ① the good things coming out of this depression is many
valuations ^{that there is a social problem} running men against employers - as against
accident - social protection & cust. ^{Ind. build up reserve for laborer's needs} without its depression
^{another} has no workers - per. 10-12m. Wounded -
→ ② Social sympathy - Cooperation Comm. Funds - no outbursts -
2 - Politically - ① 6 years of revolution + unrest.

- 1 - Russia in revolution - Revolution & Revolution in Russia - Aut. Br.
by cost - riots & blood shed - Ind. Conf. is now in
session in London - Something may come of it - Uncommon
States. a looker on it
- 2 - China is turning round way
3. Revolution in South Central Am - Argentina, Brazil,
Peru, Bolivia, Guatemala, Paraguay scene of rev.
Cuba is seething with rev.
4. Spain is a seething volcano.
5. The shadow of Pilsudski lies over Poland and
6. Truman intervened the French & a peace party
which is arousing anti Republican and a
growing demand of reparation revision
7. As for Russia - no one knows what is actually
going on behind scenes - Party in Siberia - Security
matters success & 5 yr Plan to modernize the country.

