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154

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54

Folder
402

Gold standards - the need of a return to fundamentals in private
and public life, 1931.

"GOLD STANDARDS"

**The Need of a Return to Fundamentals
In Private and Public Life**

By

RABBI ABBA HILLEL SILVER

At

THE TEMPLE, SUNDAY, OCT. 11th, 1931.

The world was shocked recently upon learning that Great Britain abandoned its gold standard. And immediately upon the abandonment of that gold standard the value of the British Pound Sterling dropped more than twenty percent.

What is a gold standard? Gold, which is a precious metal of definite and universally accepted value, is set aside as a reserve by nations who wish to build up a nation of sound currency. And against this reserve of sound metallic value, paper currency may be issued, which currency retains its face value only because it is easily and quickly convertible into gold. As soon as a nation depletes its gold reserves or over-reaches itself, it is compelled to abandon its gold standard, when upon its currency depreciates and speculation and inflation set in which may lead ultimately, if not checked, to a complete breakdown in the national economy.

In other words, as long as there is gold, the solid gold of value in the national coffers, there is national solvency and

and national credit.

Now what holds true in the economic life of a nation, my friends, holds true in its social, political and moral life. As long as a nation links up its life with gold standards of permanence and stability, gold standards recognizable and universally accredited, so long will its national life be sound. The minute it departs from them, depreciation, degeneration, disaster set in.

Now this morning and next week, I want to speak about some of these gold standards which are the foundations of sound national life, gold standards from which people have departed in recent years. And the first of these gold standards is Work.

National prosperity is built upon work. That's a truism, a platitude, a copybook maxim. But it is one of those moral simplicities which people so frequently forget. A people which is averse to work, or which likes to live off the work of other people is facing disaster through revolution. Indolence and exploitation will defeat any people.

By work, I do not mean just hard, manual, unskilled, labor. There is no particular virtue or excellence to that type of work, however blessed it is. And one of the blessings of our modern civilization is that it is making the back-breaking, sweating labor unnecessary in human life. And it is rather a piece of folly to extoll this type of work as the Bolsheviks attempted to do up to recently in Soviet Russia. All work whether of mind, hand, brain

or brawn which is necessary and contributive to creative values is necessary. And a people which builds its future upon this type of program and which sets about improving its conditions through work and greater intelligence applied to work, is a people whose future is secure. A people that endeavors to improve its conditions by gambling and cunning manipulations and not by value producing labor, is a people that is launched on the highway of national collapse.

This country was built up by workers and it is being destroyed by gamblers and parasites. Farmers and miners and day laborers and tradespeople and engineers built up this marvelous empire of abundance. But the instinct of gambling, the itch to get rich quick, the craving to possess what you do not earn and to build up a standard of living on an unearned income, is undermining the stability of this empire of abundance which has laboriously been built up by countless people.

Why this is economic madness, my friends, by whatever name it may otherwise go. It is the same madness which possessed the American people in the years before the smashup in 1929, which turned a legitimate institution in our economic life, the stock exchange, into a veritable Monte Carlo. It is the same madness which permits people today to sell stocks which they do not possess, in order to depreciate a market, hoping to profit from a market which they, themselves, helped to demoralize. It is the same madness which brings

into existence vast financial corporations whose business is not to create social values, but to speculate in securities and stocks. It is the same madness which permits the floating of bonds and stocks utterly without real value back of them. That way, my friends, is the way which nations bent upon ruin travel.

There is but one standard for national well-being. And that way is the gold standard of work. Perhaps the last two years have emphasized this simple truth for many of our people. Wealth is not produced in Wall Street, my friends, but in shops, factories, mines, mills, offices where men toil and labor to create wealth by creating social goods, commodities, values.

There is another gold standard from which we have drifted far. That's the gold standard of thrift.

When we were a hard-working, pioneering nation, thrift was included in the curriculum of our youth. It was regarded much more important and virtuous to save than to spend. Men were always looking ahead either to protect their future, to improve their economic conditions or to give their children the chance which they, themselves, may not have had. And the sturdy middle class was particularly devoted to this gospel of thrift. But in recent years this sturdy middle class seems to have lost its perspective and sound common sense. They have for a few years been carried along on the high crest of prosperity and thought that that wave would keep them up indefinitely. The sky was the limit. And so, many of us lived

up to our entire income and many of us lived beyond our income, hoping against hope that some accommodating increase in income would appear at the last moment to wipe out our deficits. And as our standards of living were raised and as the income from our legitimate business proved insufficient to live on, we looked for other avenues to replenish our funds, and thousands of American businessmen turned from their own business to the stock market and an unprecedented wave of gambling and speculation ensued. And before long the intractable economic laws took their toll of human avarice and human stupidity.

It is, of course, difficult, my friends, to live simply in a world heaped full of luxuries and comforts which are tempting and alluring. It is difficult to live economically sober when all about you your neighbors are flaunting every luxury. It is just as difficult not to keep up with the Joneses as to keep up with them. Our forefathers were not so tempted. These luxuries and comforts were not within easy reach. Life was rugged, hard, and a man had to work hard to earn a subsistence. He knew how many hours of hard labor went into the making of a dollar and he saved his dollar. ~~AND~~ And our forefathers ~~THE~~ too, still possessed some of that salutary distrust of luxury which religion has so wisely taught and which men foolishly forget.

Nevertheless it becomes evident that we shall have to return as a people, to the discipline of a wiser economic mode of living. We may have to do it, whether we want to do it or not. The last few years have knocked out a great deal of nonsense and foolishness from many of us. We are made to realize how many things we must get along without and we

have to get along without. By that I do not mean we shall have to become penurious, but we shall have to become aesthetic. We shall have to learn to forego today the things which we may not have tomorrow. We shall have to re-learn the lesson that only by hard work is wealth produced, and luxury. We shall have to look more and more for the real satisfactions of our life, not by increasing our material things, but by ~~increasing~~ increasing our spiritual needs, and the achievement of these needs, the intellectual, spiritual and aesthetic satisfactions of life which have no relation to material things of life, which cost no money, but which are the real worths and satisfactions of human life. This is the second gold standard upon which national wellbeing is founded: thrift, freehandedness, perspicacity, providence.

And the third gold standard of which I wish to speak this morning is the standard of economic justice for all people.

In 1861 Abraham Lincoln asked himself the question, 'what principal it was that gave vitality to the American Union?' And he, himself, answered the question by saying; "It was that which gave promise that in due time the weights should be lifted from the shoulders of all men, and that all should have an equal chance."

Democratic government exists in order to help men to have an equal chance in life, 'to help lift the crushing weights from the shoulders of men.' A government which fails to do that is a government which will be destroyed. No people in the twentieth century will permanently endure a government which can not correct glaring injustices and inequalities. Men

will not indefinitely permit themselves to live under a government which permits them to be deprived of their means of earning a living, or to be driven into enforced idleness for long periods of time, there to eat out their hearts and starve. Men will demand, as they are demanding, that their government shall make their jobs secure, that their government shall protect them against disability, sickness, old age and unemployment. You may brand these demands as socialistic, communistic or with any other frightening labels, - but these are legitimate human demands and they must be satisfied. And government must help to satisfy them.

There was an era in our national life when such large scale government interference was not necessary, when we were a people of frontiersmen, when our country was sparsely settled, when there was unlimited opportunity for the individual agricultural settler or business enterprises - the doctrine of the utmost individual freedom and a minimum of governmental interference had some meaning, when unrestricted competition was a fact in life and a political philosophy based upon such a fact had some meaning and logic. But this fact is no longer here. The age of utmost economic freedom for the individual is gone and definitely over. We have entered a new age, an age as different from the preceeding age as the industrial civilization of the eighteenth and nineteenth centuries is from the feudal era.

This is a new age in which we live, a totally different and new world. This is an age of collective business and industry, of mass financial enterprises, of mass production, of concentration of

wealth and power and management. This is the age of internationalism, not only of industrial capital but of financial capital. In this age the individual workingman is just an insignificant item in a huge machine, just an anonymous entity in a factory of hundreds of thousands. This is an age in which the workingman is less secure in his employment and more dependent upon forces which he can not control than at any time in the history of modern civilization - not only the workingman but the small businessman as well. He too, is being forced out of the empire of business by huge and international mergers and combines. His opportunities are dwindling daily one by one, so that whereas in the olden days of free and unrestricted competition, a weak government may have been of distinct service to its people, today a government which is weak, which can not control these mammoth industrial corporations which have been built up by the economic laws of human life, which cannot protect the individual workingman nor the individual small businessman, that government is a liability and an anachronism.

We shall need in the days to come more government and stronger government, my friends. And we shall undoubtedly have to sacrifice some of our freedom, some of our economic freedom. It is the hope of every liberty loving human being that we shall not have to pass

from the one extreme to the other, - from the extreme of the individualistic wasp who works for himself and by himself, from that extreme to the rigid group discipline of the beehive, where the individual is completely absorbed and dominated.

And this is the whole overwhelming problem of democracy today, to find a way of adjusting personal rights with social control. To find a way of cooperation between industry and government on the one hand and to preserve individual freedom and initiative on the other hand. If democracy can find the way, its future in this new and highly technological civilization of ours is secure. If not, then the future is very unpleasant to contemplate.

But this is certain, my friends, that whereas in the olden days, when you thought of industrial organization, you thought ~~XXXX~~ either in terms of owner and slave, and in the very olden days of master and man, more recently in terms of employer and employee, from now on you shall have to think of three partners in the industrial enterprise , - employer, employee and State. And if you have any doubt about it just turn your attention to the capitols of the world today, to Paris, Berlin, London and Washington and see how the world has brought all of ~~II~~ its economic ills today and layed them at the doorsteps of the chancellories, the cabinets, the political heads of governments.

What has become national in scope must receive national treatment and national correction. Hence it is not at all idle my

friends, to speak of the necessity for a nation to establish the gold standard of economic justice as a means of insuring its stability and permanence.

In fact the establishment of this gold standard of economic justice is today the gravest problem confronting civilized people. We are turning to our government for economic guidance and help. This of course, will mean that we shall have to have more efficient governmental agencies, better equipped and more expert, more honest men in government. This of course means that we shall have to take a different attitude toward government than we recently had. We were rather contemptuous of politics and politicians. We were cynical about our Senate and House of Representatives. The whole business of living was carried on without reference to our State Legislation and our government was regarded as sort of a nuisance.

Well, perhaps it was, while we ourselves, could control our private life which is the most important thing in the business of earning a living. But if the future of economic life will depend largely upon control given by government, then the attitude of super-self-dependence will have to be abandoned. We shall have to send our best minds into government, our most trusted leaders, our most capable executives. Our men of vision and real statesmanship will have to go into government in order to save our economic life. And I don't know but what that would be a blessing to our nation.

But be that as it may, the last few years have taught us, have they not, my friends, that in this new setup, in this new industrial era of mass production and mass distribution, the few could not be enriched permanently through the impoverishment of the many. The prosperity of the masses alone can insure the opulence of the few. Or put it this way, the last few years have taught us the ancient wisdom which Marcus Aurelius so aptly defined: "What is not good for the swarm, is not good for the individual bee."

So that in the future we shall have to think first of the community's prosperity and wellbeing and not so much about the individual's prosperity and the protection of his rights and prerogatives. We are entering an age of collective responsibility, in other words, which by the way, is the age hoped for and prayed for by the great prophets of our people. When they proclaimed the ideal of "Justice, justice shalt thou pursue," they had in mind a continent sublime where each shall work for the good of all and none shall be sacrificed for the benefit of any.

I have spoken this morning of three gold standards, - work, thrift, economic justice. I shall continue with the discussion of our gold standards, with more particular reference to our private standards in life, next week.

1. Gold standards - World shocked - What is - Gold which is a precious metal of def. & univ. accepted value is set aside, as a reserve - Foundation of any system of currency. As long as it exists, govt. notes & paper currency can be issued, which will retain their face value, as long as only bee. & their Court. into Gold.

When Gold reserves are insufficient, over-valued g.s. standard - Depreciation - speculation - inflation - complete break-down of Nat. Econ. But as long as there is gold - there is credit & stability

2. So in social, pol. & moral life of nations...

There are defects universally valued gold standards

(1) Work - Nat. Prosp - no nat. Indolence and Exploitation.

(a) Work means only hard, manual work.

No Part. Virtue - One of blessings -

Folly - Bolsheviks - All work - necessary

(2) A people which breeds its fathers - Creed
" " for all - improve them gambling.

(c) This country was built up - gamblers,
financial jugglers, & parasites

- Farmers - The instincts

- It is economic madness - possessed

- work alone produces wealth - gratification -
- as regards working class - In most cases
every ingenuity - to spend not only -
for mass production - only meager reward
 - In depression - quickly takes up - "how"
thrift discouraged - threat - line
 - The Am. Work. must be given - saving ways -
- target salutary lesson, thrift
-



4. Econ. Justice is another ^{national} gold-standard. -

In 1861, Ab. Lincoln asked himself the question what principle it was that gave vitality to the Amer. Union, and he answered

"It was that which gave promise that in due time the weights should be lifted from the shoulders, all men, and that all should have an equal chance."

When Govt is established to insure men an equal chance, to keep left the crushing weights from their shoulders, Govt. which fail to do that will be destroyed. ~~No~~ No civilized people in the 20c. will permanently put up with a Govt which is helpless to correct glaring econ. injustices and inequalities. - Men will not indy. permit Gov to be defined, this means to save a living and to drive into enforced idleness to eat out their heart and to starve. - Men will demand their jobs to make their jobs secure and to protect them against disability, sickness, old age, unemployment - People may brand these demands socialistic, communist, or with any other fly likeing labels. - They are legitimate human demands and, in a land which is they must be satisfied -

There was an era in our nation's life when such large-scale govt. intervention was not

necessary. When ~~we were a nation of~~ ~~frontiersmen~~ when our country was ~~sparsely~~ settled, welcoming the pioneer, and offering unlimited opportunity for the individual aggr. settler or business entrepreneur - the doctrine of the utmost freedom to the individual and a minimum of govt. interference had some justification. Unrestricted individual competition was a fact, and a pol. phil. based upon such a fact, had some meaning & logic. But the fact is no longer true. The age of utmost econ. freedom for the individual is definitely over. We have entered a new age - as different from the preceding as the 19c. is different from the feudal age. There is an age of huge industry, of enormous concentrations, of concentration of wealth, of mass production, of the centralized control, of internat. of the industry. Of financial capitalism. But only has the individual worker is an insignificant part of a vast industrial machine. He is less secure in his empl. & more dependent upon the whole because he cannot control ^{his} own fate in his own industry.

And even the midwint. small ~~business~~ ^{business} ~~man~~ ^{man}
is forced out of the world of bus. by huge
nat. + intern. mergers. - His chances
as an outlet - are diminishing more
+ more.

So that whereas in the past a weak govt
may have been of service to the free, unbridled,
consp. life of the country. Today a weak
govt, which is unable to control the
massive indus. units, regulate produc-
tion, protect the worker is a habbit, and
an anachronism.

Govt. will have to curb they more
and more with questions of Econ. justice for the
stability, the country demands it. The new
states require new laws, and a new Econ
ethics, and it is folly to attempt to hold
back the inevitable changes by appealing
to the dogma of 18c. pol. philosophy.
If we shall need strong more govt. & strong
govt. we shall have to sacrifice some of
our unrestricted freedom, no doubt. It is
the hope, all lover, liberty, that we shall
not have to pass from the one extreme

of the individualism, the mad dance ^{was} ~~was~~,
to the rigid, mass discipline, the be-hind,
this, really is the overwhelming problem
of our age. How ~~shall we~~ ^{to} ~~bring about~~
perfect the mechanics of efficient cooperation
within voluntary & bet. voluntary & joint,
and at the same time preserve a large
measure of pol. & econ. freedom for the
individual - How to correlate personal rights
with social control.

If dem. - can find a way - its future
in this new, highly technical civil. space
which we have entered is uncertain. If
not - the prospect is unpleasant to
contemplate -

But this is certain: Whence in these
days, these when ~~we~~ ^{they} spoke & act, they
thought in terms of owner or slave, labor
or, & master & man - Still later, Employer
& employee - Today there is
a third partner: Employer Employee & the
State!

If you have any doubt about it - look

to the capital, the world, ~~see~~ to London, Paris,
Berlin or Washington, and see whether the
ills Econ. ills, the world has not all
been brot and dependent at the doors
the chancellors, the cabinets, the
pub. works & gifts. What has
become nat. in scope by the ^{unusually} operations
of the laws of Econ. life, must receive
national treatment and attention.

Hence, it is not idle to expect a
modern govt. to maintain the ~~old~~ standards
of Econ. justice. It is, to day, to prevent
responsibility New States

~~Govt. must~~ This will call for better type
of govt. finance, new expert thrust administration
and a diff. attitude of respect toward pub. man
and his rights.
~~Marcus Aurelius~~

Govt. will have to express into law, ~~old~~ ancient wisdom
of Marcus Aurelius
"What is not good for the swarm, is
not good for the bee"

Marcus Aurelius