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What should the Congress of the U. S. do in the present crises?,
1931.

"WHAT SHALL THE CONGRESS OF THE UNITED STATES DO IN
THE PRESENT CRISIS?"

BY

RABBI ABBA HILLEL SILVER
THE TEMPLE
SUNDAY, DECEMBER 13th, 1931

It is good, my friends, that the Congress of the United States is in session again. We have been taught in recent years to think lightly of this all important legislative body in our Federal government. Our professional humorists have indulged in sarcasm and banter at the expense of Congress and even Big Business and sometimes the executive chiefs of our government have shown unmistakable impatience with the legislative processes of the Congress of the United States.

Before the adjournment of the last Congress we were told by the cognoscente that as soon as legislative interference would terminate, business would then proceed to reassert its own innate leadership and restore the country to its prosperity. It was said that the President of the United States would then be free to put through his own policies and to lead the country back to normalcy along ways best known to himself.

That was but another instance of the propaganda which is fed to the American people periodically.

With the adjournment of the last Congress business did not improve. On the contrary, business went from bad to worse. And the President of the United States did not prove to be the magician that we thought he would. He appeared rather in the role of a tired, bewildered American citizen.

The same thing happened, you will recall when that iniquitous tariff was about to be pushed through Congress. Some of the wiser and clearer heads of that body, who knew something of the laws of economics, warned the people against it. Big Business at once raised a howl through the country that Congress is interfering with prosperity restoration work, as soon as they will pass the tariff the country will again be filled with the sound of scissors clipping coupons.

The tariff was passed and the only thing it accomplished was to grease the toboggan slide for our economic depression.

So that I, for one, am glad that the Congress of the United States is in session again, glad that we will have an opportunity to have certain things said out in the open, glad to have a national sounding board for the complaints and demands and the indignation of the American people, glad to have certain questions discussed out in

the open and not to be compelled all the time to have questions settled by presidential pronouncement or by the Sybilline prophecies of this member of cabinet or that.

There is clearly no other leadership in this country today but the leadership of Congress. Big Business has certainly failed to give the country an industrial leadership, to give evidence of any capacity for industrial statesmanship in the last decade. Business today finds itself at sea, not only without a compass, but without a captain.

It remains for the conservative President of the United States, Mr. Hoover, to summarize in the mildest terms, of course, the responsibility of the American business system and in his Presidential message he said, "Some of the causes of our depression are due to speculation, inflation of securities and real estate, unsound foreign investments and mismanagement of financial institutions."

Speculation, inflation, mismanagement, unsound investments. There is the picture. And the leaders of American business life, I am afraid, those same leaders who led the country on gaily to the giddy merry-go-round of 1929, who propagandized the country with prophecies of their ascending and never ending prosperity

these American businessmen who as bankers, advanced huge credits to gamblers and speculators in the stock exchange, these men who floated billions of dollars of nigh worthless securities and who induced the American citizens to invest some fifteen billions of dollars in foreign securities, many of them not worth the paper they are printed on, these men who could not read the handwriting on the wall and could not understand the simplest principles of economics, have shown no capacity to lead this country out of its present crisis and are not likely to give evidence of it in the future. They are waiting for a lucky break, for something to happen, something which does not happen.

And the President of the United States himself, has not given evidence of great leadership in the present crisis. It is unfair to saddle him, of course, with the responsibility of what is now going on or to expect of him the miraculous. Nevertheless he seems to be impressed with two facts. One that the situation here is largely the result of troubles abroad and secondly that the rugged individualism of the American businessman will of itself restore prosperity.

Neither of which, of course, has been demonstrated. The moratorium which he fathered, which was a seven day wonder, fizzled

out. But only after a few more lambs were fleeced in Wall Street.

He is now suggesting the reconstituting of the War Debt Board to readjust ~~the~~ Allied debts. I will speak of that in a moment. As far as the United States is concerned, his efforts so far have been to increase on a small scale Federal expenditures for public work utterly inadequate to the magnitude of the unemployment problem, the organization of banks of discount to assist the banks of this country; and the stimulation of private or local public charities to aid the millions of the unemployed.

No effort to attack the problem at its roots, no vision of a new national economy which would avert such a calamity in the future, no pointing out the way for stabilization of American industry, no pointing out the way of regulating the machine pace to the man problem, of production to consumption, in our country, no indication as to how wealth may be a little more equitably distributed in this land so that the masses would have a chance to purchase that which the masses produce in mass quantity, and no adequate provision for extensive and chronic unemployment in the future, no curbing the sinister power of national and international financiers.

The President, himself, I am afraid, is waiting and hoping for a lucky break, which doesn't come.

Early in 1929, early that is after the collapse of 1929, he had hoped that in sixty or ninety days the lucky break would come. It is now more than two years and the prospects are not brighter today than a year or two ago.

The income from farm production since 1929 has dropped sixty percent. To that extent agriculture has been impoverished in the United States. Federal land banks own this year one third more land than they owned last year. Six to eight millions of people are today unemployed, million more are working only part time. Wages have been slashed almost all along the line. The value of stock securities has shrunk seventy-five percent since 1929. Construction industry, for example is less by fifty-two percent than it was two years ago. From November of last year to November of this year twenty-three hundred banks failed in the United States with total deposits of over two billions of dollars. That number represents nearly ten percent of the banks in the United States and three percent of all deposits. Commercial failures have, of course, risen to preposterous figures.

Now if any leadership is possible under the circumstances it must come from the Congress of the United States. It may well be that it will not come even from that body. It may be that partisanship,

political wrangling, sparring for positions for the next year's presidential campaign will keep this last body, capable of asserting any intelligent leadership in this crisis, from doing just that. Perhaps the hope lies in the few independent liberal spirits in both houses of Congress today.

The President's definite recommendation made in his last message, looking toward the easing of credits,-the curbing of governmental expenditures and increased taxation should be adopted after very careful study. The President suggests for example, the creation of a finance corporation, modeled after the War Finance Corporation to help industry. There has been a reduction in available credits of over six billions of dollars. It is proposed to provide credit for industry.

The farming situation is to be helped by extending relief to the Federal Land Banks so that they will not foreclose on the farmers, so that they may be able to extend additional loans to the needy farmer. It is also proposed to establish home loan discount banks to help the building industry, to encourage home owning and to liberalize the rules of the Federal Reserve Banks so that certain paper not discountable shall become discountable.

Serious opposition, I believe, will be encountered in this connection.

Then too, he suggests that some relief should be extended to those who have their deposits frozen in closed banks.

The President calls for greater budget economy. The budget proposed for next year calls for some three billion, nine hundred and forty-two millions of dollars. And if you ask why such a huge budget for running our government, let me call your attention to three figures, three items in this budget.

There will be expended next year for veterans, for the administration of the Veteran's Bureau, \$1,072,000,000. There will be expended for national defense, that is for the army and the navy, \$766,000,000. and for the reduction of the principal and the payment of interest on our national debt, largely incurred as a result of the last war, an item of \$1,300,000,000. So that out of this total of \$3,942,000,000. for the running of the government \$2,900,000,000. or seventy percent of the budget is spent on our war machine or past wars or preparation for future wars.

And when you pay your income tax next year please remember that seventy cents out of every dollar that you pay to the government is going into the war machine of this country. That's the price we have to pay and will continue to pay for the next half century, for war.

And of course you know that this year our government

is running on a deficit of over two billions of dollars and next year it will have a deficit of over one billion dollars. The President proposes an increase in taxation to meet this deficit. Of course, that is inevitable. That must come. And it will be the part of economic wisdom to place that burden upon the shoulders of those who are best able to pay it, upon the rich, upon those who have reserves and not upon the relatively poor or those in modest circumstances.

The President also suggests the reconstituting of the War Debt Board in order to make further adjustments in war debts. I am glad that strong opposition has developed to this project in Congress. The war debts are not responsible for much of the economic difficulties and miseries abroad.

Back of this movement to cancel war debts or to reduce them, is not so much the thought of helping some of the European nations, principally Germany, to regain economic equilibrium, but to protect private investments of financiers and bankers of this country, particularly in Germany,--to cancel national debts so to insure private debts.

The American financiers have ~~millions~~ long term investments in Germany amounting to one billion, three hundred millions of dollars and short-term credits amounting to seven hundred millions of dollars.

A total of nearly two billions of dollars.

Germany has borrowed since the conclusion of the war over six billions of dollars from abroad. Municipal state and national governments in Germany have borrowed almost recklessly from abroad in unfantastic methods, huge sums of money. Some of it was used for public works, to build parks and stadiums. Germany has not paid one cent of reparation since the war out of its own money, out of taxation of its own people. It borrowed commercially to pay off its war debts and it is proposed to pay up these private commercial debts by wiping out these war debts. Or in other words to place these billions of war debts upon the shoulders of the American taxpayer.

Now it is conceded that the economic situation in Germany is bad. But it is no worse than in the United States. The number of the unemployed in Germany in proportion to the population is no greater than in the United States. Germany this year is showing a favorable balance of trade in its international trade.

The first duty of Germany is to set its house in order, to introduce some logic in its economic setup. The United States has already adjusted Allied debts through funding agreements some years ago, taking reduced interest ~~on~~ on Allied debts from five

percent to three percent to two percent and in some instances to four tenths of one percent, as in the case of Italy.

If any reduction in our war debts is to be contemplated it should be contemplated not on the basis of the capacity to pay on the part of foreign nations, but on their willingness to scrap their war machines which are draining their resources, eating at their victuals and which war machine will be increased proportionately by the removal of the debt. What is keeping those nations from going to war today is the money that they owe. If we are to assist, - if we are to finance Europe's recovery, let us do it on the basis of pacification.

The President of the United States in his message on foreign affairs to Congress said: "The economic instability of the world is definitely due in part to this cause and the fears which these huge armaments at all times create."

That's one of the definite causes of the instability of Europe today. Yet whenever we propose the limitation of armament there is haggling, there is a disinclination, there is dishonesty in approach, which makes all such efforts futile.

I am of the opinion that Congress should also revise the Tariff. The world today is fiercely engaged in a Tariff war, a war which we launched. Even Great Britain has capitulated.

There is no solution for the countries of Europe unless they all form some economic union which will throw over these Tariff walls which are interfering seriously with the normal processes of the economic life of Europe.

A tariff too, will always create retaliation. We have had experiences ourselves, at a bitter cost. Other nations are quite as smart as we are and immediately after our preposterous tariff laws were enacted they also created laws. There is an economic war on today which interferes with the restoration of the whole world to economic normalcy. And as long as the Tariff remains that war will continue. Thousands of economists urged the President not to sign the last Tariff. Their judgment was ignored. Big Business knew better. We had to protect ourselves against cheap labor abroad and so we have cheap labor at home now.

I believe, too, that the Congress of the United States ought to make large sums of money available for huge building projects in the United States. What has been done is utterly inadequate to what needs to be done. At a time when municipalities and state governments are unable to launch building projects of one kind or another, to aid unemployment, at a time when private industry is in no position to do it, the government should step in and do it.

Suppose we had six millions of our men fighting at the front. Suppose we had six million men in the trenches in 1931, would the government supply them today with food and clothing? It would. Would the government supply them with all that they needed at the front? It would. Would the government actually pay them wages while they were fighting? It would. It did. And it did not stop to think of the cost. The nation was facing an emergency and so we poured billions and billions of dollars into the job which we thought had to be done.

Now, some such an emergency faces us today. Six to eight millions are in the trenches of unemployment, of starvation, of misery and we are facing an emergency, an emergency which threatens the stability of this government much more than when we sent our men three thousand miles away to save our world for democracy. This is a real challenge! This is the time for the Federal government to have the vision and courage to launch vast industrial projects with the cooperation of municipalities and states to provide work on a large scale for the unemployed. It has not been done. Congress may do it. My hope and prayer is that it will do it.

I am not now arguing for the dble. I will come to that a little later.

There are ^afew things which Congress ought to face which the President in his various messages to Congress has not faced basically, the things which are really responsible for our present crisis and which will be responsible for future crises.

I am optimistic enough to believe that this depression will some day pass.

Our problem is not that we haven't enough. We have enough. There is enough of resources, enough of man power, enough of intelligence in this country to keep this country going at a fair and normal rate of prosperity all the time. This is not a land which has to depend upon anyone else to keep it going. What's the trouble? The trouble is that we have not adjusted that which is being produced with the capacity of the people to purchase that which is being produced. In other words, the money which is the medium of exchange, is not sufficiently distributed among the millions of our people so that they would be in position to buy the mass product which man and the machine is producing in the United States.

Wealth is over-concentrated and has since the war continued to be more and more concentrated in fewer people, with the result that while there is a super-abundance of food, clothing and shoes, the masses have not the money to buy the things which are at hand because the money has been concentrated in the hands of a few and they can't use it, - that money, - they can't use it for personal needs. What did they do with it? They re-invested it. They built

it. And

additional factories with/that surplus fund had to be re-invested.

And if they could not invest it here in this country, they invested it abroad and close on to fifteen billions of dollars have gone into foreign investments. American money was shipped out of the country for which we got paper. The total income of eighty percent of the American people in 1925, a year of prosperity was less than \$2000. per annum. From 1923 to 1927, prosperous years, the total salaries and wages paid in manufacturing industries remained stationary while the return to capital investments increased by about two billions of dollars.

What is the solution? The solution is first the courageous facing of these facts, unpleasant as they are. There must take place a sounder distribution of through higher wages and higher taxation. There is no other way out except that. Congress will also have to face and should face the problem of some continuous planning of our national economy, some intelligent central planning. Our industry may not continue as it has been before without thought for the future, without an understanding of what the demand is for a product in the chaotic unrestricted competitive individualism.

If copper production in the United States, for example, were to be cut by fifty percent today, it would take four years to

consume all the copper that is already produced. That uneconomic expansion one find in almost every department of our national economy. Some form of federal guidance, if necessary of federal control, must be established sooner or later.

Something, too, will have to be done in the direction of adjusting man to the machine, of regulating the speed of the machine with the hours of employment on the part of the man who works around the machine. Whatever work there is to be done in the United States at a given time should be distributed among all the workers and if there is work to be done only by a certain percentage of the workers, that work should be divided through the limiting of the hours of employment of all the workers. That's one of the solutions of the unemployment problem and not the stagger system which reduces a man's income, - but the reduction of hours of labor, utilizing the increased profits accruing from the machine to pay the working man.

And lastly some measure of protection will have to be found of a constructive social nature, for the unemployed. The American people are being misled by the cry of dole, dole. It is again a form of propaganda. They are kept from thinking of this scarecrow of a word, dole. Actually what we have today is the dole. When you voted at the last election, a mill for material relief, you voted a dole, pure and simple. When you gave to the Community Chest last November for material relief hundreds of thousands of dollars you distributed a dole to the unemployed.

What we suggest is getting away from the dole if possible and substituting for it an unemployment insurance to which employer and employee alike will contribute during the years of prosperity and from which the unemployed will draw as a matter of right and not of charity, during his periods of enforced idleness.

That, by the way, is what business has been doing right along, building up reserves for dividends. Let me read these interesting figures: "During the first nine months of 1930 our national industrial and business system was able to and did pay \$432,000,000 more in dividends and \$191,000,000 more in interest than it did in 1929; in the first nine months of 1931, the second year of the depression, it paid \$374,000,000 more in dividends and \$338,000,000 more in interest than it did in the first nine months of 1929. In the first nine months of 1929 the total interest and dividends paid was \$5,559,000,000 while in the first nine months of 1931, the second year of the business depression it paid \$6,279,000,000 in interest and dividends. Our business and industrial machine was able to pay \$720,000,000 more in interest and dividends in the first nine months of 1931 than it paid in the first nine months of 1929. A substantial portion of both the interest and dividends paid in 1930 and 1931 has been paid out of reserves built up for those purposes. Business and industry have, then felt an obligation to and have built up reserves in times of prosperity to meet the obligations of interest and dividends."

That was being done for the employer and wisely done. I have no criticism against this policy. But what is being done for them should be done for the workingman who also invests all that he has, namely his labor, in industry. A certain amount should be set aside from his own wage envelope, a certain amount week by week during normal or prosperous times so that when he is forced out of employment he will have something to fall back on, at least for a period of time, without being compelled to eat up that little reserve which he may have built up or be compelled to go to the charitable agencies.

Now when this is proposed, hands are thrown up in horror and immediately the cry of dole, dole, is uttered as if it were some incantation. Now whether this unemployment insurance is to be on a Federal basis, a state basis or whether private industry basis will introduce it, is an open question. My own opinion is that private industry will never introduce it on a large enough scale. Some compulsory form of insurance will have to be introduced, probably by individual states cooperating one with another and helped, guided by the Federal government.

These are the basic problems with which I hope our representatives in Washington will wrestle during this session and the next and the next sessions. Sooner or later you will have to face these basic things and we ought to face them sooner rather than later.

AN ABSTRACT OF THE ADDRESS
WHAT SHOULD THE CONGRESS OF THE UNITED STATES DO
IN THE PRESENT CRISIS?

BY

RABBI ABBA HILLEL SILVER
SUNDAY, DEC. 13th, 1931

It is good that Congress is in session again. The American people have been taught in recent years to think lightly and even cynically of this important legislative body. Professional humorists have indulged in sarcasm at its expense. Big Business and even the executive chiefs of our government have given unmistakable signs of impatience with congressional procedure.

Before the last Congress adjourned we were told by the cognoscente that as soon as the threat of legislative meddling was over business would proceed forthwith to right itself and the sound of scissors clipping coupons would again be heard in our fair land. It was suggested also that the President of the United States would then be free to lead the country back to normalcy along ways best known to himself. This was but another instance of the propaganda which is periodically being fed to the American people.

Neither of the prophecies came true. Business went from bad to worse and the President of the United States had nothing to suggest. He was just another tired, bewildered citizen.

With Congress in session the American people will now have a chance to bring a few things out into the open in Washington. There is now a national sounding board for the demands of the American people. Important measures will now be publicly discussed and not settled by presidential pronouncement or by the Sybillin oracles of members of the Cabinet. Congress should remain in session until the emergency is fairly passed.

There is clearly no other leadership in the United States today. American business is at sea without captain and without compass. It remains for the President of the United States to summarize the responsibility of the American business system for the present crisis by charging that some of the causes of our depression are due to speculation, inflation, unsound investments and mismanagement. The leaders of American business life who led the country gaily on to the giddy merry-go-round of 1927, who propagandized our people with prophecies of their ascending and never ending prosperity, who as bankers, advanced huge credits to gamblers and speculators in the stock market, who floated billions of dollars of high worthless securities and who induced the American citizens to sink over fifteen billions of dollars in foreign securities, some of them not worth the paper they are printed on, have shown no capacity to guide America out of the present crisis which they helped to bring about and are not likely to do so in the future. They are just waiting for a lucky break.

And so is the President of the United States. His message to Congress, while suggesting some necessary measures for the easing up of the credit situation, the curtailment of Federal expenditures and the increase of taxation to meet the terrific national deficit shows no desire to attack the problem at its roots, no vision of the revising of national economy which will avert such a calamity in the future, no pointing out the way for stabilization and for the adjustment of industry to the new tempo of the machine age, for a fairer distribution of the wealth of the country to enable the masses to buy what the masses produce and no adequate provision for extensive and chronic unemployment in the future. Neither is the way suggested for curbing the sinister power of national and international financiers who are more responsible

for the world woes than the people have been led to think.

It is questionable of course, whether courageous leadership will come even from the Congress of the United States. The hope in the last analysis lied with the few independent and intrepid liberal spirits still to be found among our representatives in Washington.

The President suggests the reconstituting of the war debt board in order to make further adjustments in war debts. I am glad that strong opposition has developed to this project in Congress. Back of the movement to reduce the allied war debts is the effort on the part of bankers to protect their private investments abroad. American financiers have long term investments and short term credits amounting to over two billions of dollars in Germany. Germany has borrowed from abroad, in one form or another, over six billions of dollars. Municipal, state and national governments in Germany borrowed almost wrecklessly. Reparations were paid out of foreign loans, not out of taxation. Commercial debts were used to pay war debts. It is now proposed to insure the payment of these private commercial debts by wiping out war debts. Or in other words by saddling the American tax payer with some twelve thousand million dollars.

If any reduction in the allied debt is to be made, it should be conditional not on their capacity to pay but on their willingness to scrap their huge war machines which are draining their financial resources. Under present conditions any remission of debts will just make so much more money available abroad for competitive armaments. If we are to finance Europe's recovery, let's finance its permanent passification, not its future wars.

Congress should revise our iniquitous and preposterous tariff by agreement with other nations. A world wide tariff war is on and we are

largely responsible for launching it. The economic recovery of the world will be indefinitely delayed until this suicidal policy of attempting to sell your products in foreign markets and keeping foreign products out of your market is abandoned.

Our government should at the earliest moment launch a huge building program as a means of reviving industry and of giving employment to men out of work. If we had at this time six million men in the trenches abroad we would not hesitate to spend billions of dollars to provide them with their requirements. There are more than six million men today in the United States in the trenches of poverty, privation, facing the deadliest enemy of man - hunger. The challenge to our government and to the stability of our institutions which we thought existed in 1917 and which warranted us any maximum financial sacrifices is as nothing compared with the seriousness of the challenge which exists today here at home.

Congress should reach down to the basic problem of our economic life, the problem of over-production versus under-consumption, the progressive concentration of wealth in the hands of the few, resulting on the one hand in the necessity for uneconomic reinvestment and over-expansion in industry or in foreign investments and on the other hand in the inability of the great numbers of our people to buy what they need.

It should face the self evident national need for some form of intelligent central planning and control of our industrial life, of checking the unrestricted, competitive individualism which swing the country periodically from peaks of inflation to depths of deflation.

Congress too, must face the problem of establishing in this country whether nationally or through the machinery of the states, of unemployment reserves to take care in a socially constructive way and on sound actuarial

principles of unemployment which has become a persistent and continuous fact in American economic life.



1. It is good that Congress is in session again. Our people had in recent years been taught to think lightly and even cynically ^{this might} ~~be~~ by history, as Mr. Sant - ^{have} ~~Indulged~~ ^{Indulged} in ^{studies and} ~~studies~~ at its expense - Big business and even the Executive ships, as put. ^{business} ~~for~~ ^{unmistakable} signs of ^{impatience} ~~impatience~~ with Congressional procedure - But the last Cong. ~~session~~ - we were told by the ^{arguments} - that as soon as the ^{threat} ~~threat~~ ^{beginning} ~~beginning~~ ^{meddling and} ~~meddling and~~ ^{was} ~~was~~ over - with the adjournment of Congress - that business would find itself ^{renewed} ~~renewed~~ ^{its} ~~its~~ ^{independence} ~~independence~~ to restore prosperity - ^{and} ~~and~~ ^{that} ~~that~~ ^{the President would} ~~the President would~~ ^{be free} ~~be free~~ ^{to lead} ~~to lead~~ ^{along paths} ~~along paths~~ ^{just known to him} ~~just known to him~~ ^{well} ~~well~~ ^{neither, than} ~~neither, than ^{prophecy} ~~prophecy~~ ^{came true} ~~came true~~ - It was ^{another} ~~another~~ ^{example of} ~~example of ^{cheap} ~~cheap~~ ^{prophecy} ~~prophecy~~ ^{put} ~~put ^{at} ~~at ^{the} ~~the ^{public} ~~public - That to Bus. went from bad to worse - and ~~made~~ ^{made} ^{the} ~~the~~ ^{U.S. found} ~~U.S. found~~ ^{not at all} ~~not at all ^{the} ~~the ^{magician} ~~magician~~ ^{but just another} ~~but just another ^{considered} ~~considered~~ ^{an} ~~an ^{entire} ~~entire~~ ^{thing} ~~thing~~.~~~~~~~~~~~~~~~~~~~~

① Tariff - as soon as passed - Nation would again be filled with the music of ^{renewed} ~~renewed~~ ^{prosperity} ~~prosperity~~ - But - all that ~~Tariff~~ ^{Tariff} did was to give the ^{big} ~~big ^{game} ~~game~~ ^{slide} ~~slide~~.~~

② Glad that Congress is in session - Chance to bring a few things out in the pen - glad to have a National reading board for the demands and indignations of Am. people - Glad to have important measures publicly and thoroughly discussed, and not settled by Pres. ^{by} ~~by~~ ^{Sybillican} ~~Sybillican~~ ^{problems} ~~problems~~ ⁱⁿ ~~in~~ ^{his} ~~his~~ ^{Cabinet} ~~Cabinet~~.

③ Congress should remain in session until

thing to come around the corner - Way to Santa Clara

(6) ^{has been the} ~~the~~ ^{the W. I.} ~~the W. I.~~ ^{shown marked leadership in present} ~~the~~ ^{is} ~~confronted~~ ^{confronted} with 2 things - that situation should
a largely unknown for us towards at home - even that the
suggested method. ^{then} ~~then~~ ^{if let alone, will quickly} ~~get all things right again.~~
~~other all~~ ^{neither} ~~neither~~ ^{which} ~~has~~ ^{has} ~~of~~ ^{of} ~~course~~
been demonstrated. He fathered the generator - which
was a seven day wonder - and puzzled out, ^{but} only after
a few more launch were placed in West Street. He is
now suggesting the revision of the allied debts in the
hope of stabilizing Europe, and thus also Am. For Am.
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~~magnitude~~ ^{the} ~~problem~~ ^{and the} ~~stimulation of charity~~
~~from private or local govt. success for the unemployed.~~
~~No effort to attack the roots~~ ^{the} ~~problem - no~~
~~vision for a~~ ^{retreat} ~~most. Even~~ ^{which} ~~will avert~~
~~that a calamity in the future - no pointing out the~~
~~way for the solution~~ ^{the} ~~problem~~ ^{dependence & unity}
~~consumption, of an~~ ^{unpleasant} ~~character~~ ^{adjoining} ~~industrial~~
~~lower wages to the very tempo of mass production,~~
~~of a fair distribution of wealth~~ ^{enough} ~~unemployment~~
~~of making adequate provisions for~~ ^{the} ~~future~~ ^{of} ~~curbing the monster power of nat.~~
~~and violence for Americans.~~ ^{The} ~~Rev. Mr.~~ ^{is} ~~hoping for~~
~~a~~ ^{lucky break} ~~San Francisco~~ ^{at} ~~first~~ ^{but} ~~that~~ ^{it} ~~will~~ ^{be} ~~come~~
~~withing~~ ^{60-90 days} ~~after~~ ^{October} ~~it's~~ ^{now} ~~more~~ ⁷²
~~hrs - and the prospect is no brighter~~
(1) ~~The~~ ^{income} ~~from~~ ^{from} ~~production, since 1929 has dropped~~
~~60%.~~ ^{Farmers} ~~have~~ ^{been} ~~impoverished.~~ ^{The} ~~Fed. Land Bank~~ ^{over}
~~this year 1/3 more land~~ ^{lost} ~~year.~~

- (2) 6-8 million are unemployed - Unemployment now an everyday part time. Wages have been slashed.
- (3) Stocks have lost 75% of their 1929 value.
- (4) Construction industry - 5270 less than 1929.
- (5) From Nov. 1930 - Nov. 1931: 2300 banks failed. Total deposits 72 billions. Nearly 10% of bank in country. And 370 of all deposits.
- (6) Commercial failures running into the 10, thousands.
- (7) If any Radicals - it must come from Congress, the U.S. Congress, too, may not rise to the challenge, then - It may be they in partisan self-serving for pol. advantages with an eye to the Pres. election, 1932. Another party may have a congressional program. This seems to be indicated in the 2 days debate on the Pres. message - too clear cut economic differentiating the means, both parties. Perhaps the hope lies in the few indep. federal spends in both houses.
- (8) The Pres. deposits recommendations looking to ease the economy of the current situation, ^{centralized Fed. & Fed. Reserve budget} should be carefully examined, after a very careful examination of their economic soundness. He recommends
- (1) Creation of 500m Reconstruction Corp, modelled after War Finance Corp, to help industry. There has been a reduction in available credit of over 6 b. dollars. It is proposed to provide credit for industry.
 - (2) Credit situation is also to be improved for farmers by extending relief to Federal Land Banks, as is to be done, and make further loans.
 - (3) Establishment of Home Loan Banks to serve building industry and make loan-owing easier.
 - (4) Liberalizing rules, Federal Reserve Banks - to make more

paper discountable

(1) Rehab deposits in closed banks —

~~II~~ Greater Budget Economy. ¹⁹³²⁻¹⁹³³ Total Budget \$ 3,942,000,000
→ Est. Budget deficit ending June 30 - 1932. \$ 2,123,000,000
June 30 - 1933 - 1,417,000,000

(a) If you want to know why —

~~1932 Veterans Administration:~~ ~~977,000,000~~

1933

asking for more - Widow's

1,072,000,000

(b) ~~1933~~ National Alleviation

1933

→ \$ 766,000,000
~~695,000,000~~
~~644,000,000~~

(c) Reduction of Prin. Interest on
Public debt.

\$ 1,300,000,000

→ 2070 on War Machine Total ~~\$ 2,900,000,000~~
~~\$ 3,000,000,000~~

(d) The Price of War. ✓

III. Increased Taxes to cover enormous deficits. By her
→ Income Taxes, shares fall on Rich — Those able to
pay.

IV. Mr. Hoover suggests reconstituting War Relief Board — to make
further adjustment in debts. I am glad that opposition
has developed against it — War debts are not
resp. for econ. plight of some of the countries, European
League of Nations Bank, the movement is to protect the unemployed
& private banks abroad at the expense, War public
debts. For econ. financing long-term investment
amounting to \$ 1,300 m. and short-term credits 300 m. Total
2 billions.

Germany has borrowed from abroad over 6 billion dollars ^{in one form or another} for interest, stocks and debt. ~~Germany almost completely~~ ^{the Government is unable to} ~~Reparations were paid out of people's pockets.~~ ^{but out}

of taxation of her people. [#] Germ. paid her war debts by picking up commercial debts. It is now prepared to pay these comm. debts by wiping out war debt. i.e. by the Am. people taxpayers saddling her with ^{12 billion dollars} ~~these debts~~ ^{many more billions}.

→ Germ's econ. situation ^{actually} is bad but not worse than American. Her comm. & unemp. proper to her pop. is not greater than ours - and her trade index. Trade has been a favorable trade balance. Germ. should set ~~that nothing~~ ^{her own budget} ~~and~~ ^{rationally} ~~adapt~~ ^{her Econ. life.}

(1) The U.S. has already adopted allied debt thru ^{as loans} ~~financing operations~~ ^{by reducing interest charges from 5 to 3 to 2} ^{in some instances to 4/10 of 1%} (2 July). ^{Annual} ^{payments to U.S.} ^{on account}

(2) War Machine - Reduction should be conditional not on capacity to pay but on willingness to scrap war machine - will make so much war armaments for armament. If we are to prevent European future wars. ^{Pres. Hoover} ^{Menager of Foreign Affairs} ^{the Econ. instability of the world is definitely due in part to this cause and the} ^{fears which these huge armaments at all times create.}

9. Congress should raise tariff. By agreement with other nations. A tariff war is on. We launched it. Even Eng. has capitulated to dream of improving her own Econ. pos. by raising tariff. Unless there is an Econ. union among Eur. peoples and empires - the world will never again normalcy.

10. World Court. ^{11. Short Selling -}

10- Big Business Project - 3 billion - 6 m. in hands
11- But 2 basic problems remain -

(1)

(1) Overproduction - Under consumption - Every body

not enough money in hands, wishes to buy.

→ 1925. Total income of 80% - well under 2000 per family

(2) Monopolistic Capitalism

→ Money concentrated in few hands.

→ From 1923-1927 total salaries & wages paid in manuf. indust. stationary while return to capital increased by abt. 2 billion doll.

(3) Central Planning - Few people own 7 could spend the invest. by a small class

→ ① Higher wages. overvaluing foreign investment, ash.
Higher Taxation. greater share of profits -

all for same

(3) Central Planning - Research - Plan continuously -

Federal Regulation of industry - esp. monop. on fees -

(4) Adjusting Wages to Man. to go round - steady employment -

(5). Unemployment - Do.

Business recessions. (note)

1. It is good Congress - think lightly - Humour - Big Bus.
Before last Congress adjourned - propaganda - ^{Bus} from
Bad to worse - Majestic - Tariff - scissors -
grease toboggan - slide

(a) Glad - out in open - sounding board - Infant
mascots discussed - should remain in session

2. There is clearly no other leadership - Bus. leave - Congress.
It remained for congress. However.

