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How far can a dollar go?, 1950.

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HOW FAR CAN A DOLLAR GO

At Home in Value - Abroad in Diplomacy

Sunday, January 29, 1950

There were times when men talked about the "almighty dollar." I believe that the phrase originated with Washington Irving, and the meaning of it is, of course, very clear. The dollar could do everything which its owner wanted it to do. It could open every door, it could accomplish every purpose, it could overcome every objection, it could overwhelm every opposition, it could answer every argument. Washington Irving applied it, of course, to American currency. But in truth, long before his time and in every part of the world men were wont to ascribe omnipotence to money. Mammon was all powerful. Mammon was worshipped. Money talks. And all men must listen when money talks, and all men must obey.

The gentle cynic of the Bible, Koheleth, said, "Money answereth all things. Money is the answer to all things." "Even the blind can see money," says a Chinese proverb. Money means power, freedom, independence. It means dignity, security, honor, friends. It is the Aladdin's lamp. The man who possesses it may have every wish of his heart come true. In other words, according to this widely held conviction, the dollar can go very far indeed. In fact, it can go to the ends of the earth. And because of it, men have gone to the ends of the earth to acquire it, to the very extremities of their exertions and their concentrations, to the very limits of their nerves.

We often speak of the Gold Rush. But after all, a gold rush is only a dramatic and an accentuated episode of a very persistent and unabating pursuit of the glittering metal which goes on all the time, everywhere with so many people, in all ages and in our own day which they believe to be the "open sesame" to all the good things of the earth. And men give their life blood for it, and all that they might have been of human worth of men made in the image of God.

"Damim tarte mashme," said the Rabbis. The word "damim" has a double meaning. "Damim" in Hebrew means money; "damim" in Hebrew means blood. Men give their blood, their hearts' blood and the blood of their spirit and of their mind and the very marrow of their being for it.

There have, however, been men who have in all ages insisted that the dollar does not go far at all, "that money," as Johnson put it, "never made any man rich, truly rich, that wealth gives man neither freedom nor independence nor security nor dignity nor friends nor peace of mind". It does frequently give him worry and fear and enemies; that, in fact, it is a spiritual liability. It is a curtain of gold which effectively separates a man from his fellowmen and from his God. There have been men in all ages, and among the noblest of men, who have maintained that money, which we believe acts as our good servant, actually dominates us as a very bad master; in fact, that nothing that is God's is obtainable by money; but that the real things of God, the things which feed our souls and our minds, the food and wine of our spirits, the abiding satisfactions of life, are to be had, as the prophet Isaiah said, without price and without money.

Now, who is right? How far does a dollar really go? Well, neither is wholly right. A dollar does go far, but not quite as far as most people imagine. Without a dollar a man is poor, and poverty is not a good. By itself, poverty does not provide us with those virtues of which wealth oftentimes deprives us. Poverty does not make us free or kind or humble or God-fearing. As often as not, it makes us bitter and rebellious and envious and cruel. And national poverty, the poverty of a whole people, means slums and disease and illiteracy and crime. A dollar wisely used goes far indeed to improve the life and the level of a society, to stimulate art and culture and science, and all the things which we call civilization. It goes very far indeed to emancipate the individual from galling shackles. There is a beautiful

prayer in our liturgy: "The merciful One, may He provide us with an honorable livelihood." It is not a prayer for wealth; it is a prayer for an honorable livelihood; to be able to live decently, without the pinching and the scraping and the worries and the life-corroding penuries.

But there are limits to how far a dollar can go, definite limits. The dollar cannot admit us into the mansions of the mind. With money alone we cannot acquire knowledge, certainly not wisdom. It cannot open for us the doors of love, the love of wife or husband, the love of children. Money never does that. It cannot open for us the doors of true friendship, of loyalty, respect, and whatever other gates it may open, it certainly cannot open for us the gates of heaven. And it cannot give us inner contentment or serenity or a sense of inner worth and dignity. And in fact, what with the recurrent depressions and revolutions, wars and the growing power of government over private wealth, there is very little actual security - physical security, material security - left to the dollar. It has very definite limitations in our day and great uncertainties, especially in our sharply fluctuating economy. At this moment our dollar is considerably inflated. It cannot go far at all without being quickly exhausted. The same dollar which a few years ago was a real "tachif" in the world and could command so much in the market place is today a "kupsen", hardly noticed at all unless he is accompanied by a whole flock of relatives.

The face value has remained the same, the denomination is the same, but it isn't the same. A few years ago, for example, the British pound was really very impressive in the world. It was High Church, very solemn and very imposing. And the American dollar was very stately and impressive, High Church. Today both of them are sort of among the denominations of Holy Rollers and Shakers. They have come down in the world. And who knows how far it will go in the future? Labor has been greatly disturbed by the diminishing returns of the dollar.

It is well for labor to seek increased wages and pensions, and not only on the grounds of justice. There are still very many people whose income is below a fair standard of living, who in a land of great abundance, are denied their share of consumer satisfactions, of leisure and of security. It should be remembered that man is not born to toil and that labor is not an end in itself. It is a means to the enjoyment of life, of the free activities of mind and body which leisure and an adequate income make possible. The dignity of labor has meaning only if labor is not held down to a bare subsistence level forever on the verge of want, poorly housed and poorly dressed and poorly educated. That does not make for the dignity of labor.

But this seeking after higher wages, pensions which may be justified on the grounds of universal self-interest of everybody, by increasing the purchasing power of the working man, who represents the largest consuming, buying class in our country, we insure a steady market for the goods which our industry produces, we maintain price levels and we support prosperity for everyone. Because when the working people, when the public - to a large extent - represented by the working people cannot buy what our industry produces and its surplus cannot be profitably exported as it certainly cannot be exported today, then our industrial and agricultural machines become glutted, men are thrown out of work, depression sets in for everyone.

And so it is very well that working men are reaching out for more of the dollars. On the other hand, the added dollars to the pay envelope may not go very far at all. If the cost of the increased wage is unloaded on the public and not taken out of profits, the result is an illusory gain for labor in terms of dollars. As, for example, the steel industry promptly passed on to the public which, of course, included also the steel workers, the cost of the pensions which working men won as a result of a long and costly strike. These pensions will come out not of profits, but out of rising prices which, in turn, will reduce the real value of the wages of the steel worker and of other workers as well.

How far does the dollar go? The wages of the American working man have sharply increased in recent years. The average hourly wage has sharply increased. In 1940 the average hourly wage of the American working man in factories, manufacturing plants, was \$.66; in 1948, it was \$1.32 - a remarkable increase. But the price index of all items of food, clothing, rent and everything else has likewise risen most sharply. In 1940 the index, taking the average of the years of 1935 and 1939, in 1940 the price index stood at 100.2. In 1948 it stood at 171.2. Thus, all the rounds of wage increases which were achieved in that period between 1940 and 1948 as a result of industrial conflict and strikes and negotiations of all kinds actually netted very little real increase in the purchasing power of the wage of the American working man.

And the problem remains, how far does the dollar really go, even when numerically the number of the dollars has increased. How far can a dollar go? It can go very far indeed to raise the standard of living, to increase social and economic stability in the kind of a dynamic and progressive economy such as we have in this country. It can go very far indeed to bring blessings to everyone if there are just and adequate controls in the distribution of what the nation produces so that there is no fictitious increase in wages on the ^{one} hand, and an unsound diversion of too large of what is produced into profits. This would be of advantage both to labor and management and the investor, but this requires scientific analysis of the value product of industry and its distribution, and not merely a show of force from time to time, a test by strikes.

How far can a dollar go? The American people is habituating itself to turn more and more to the American government for more and more dollars for all forms of social security. The American government can satisfy these increasing demands by the printing press, which means disastrous inflation, or by taxation, which is possible only if the American people produce more and more and put into the dollar more and more

of substance, but those who turn to the government for increasing subsidies of all kinds fail to take account of both of these factors. They think of government as in possession of inexhaustible treasure-trove of wealth which someone is miraculously filled without labor, without sacrifice on the part of anyone. And men forget also a fact which history and the more recent history of our times should have taught them, that the more we ask of government, the more government asks of us; the more we take of government, the more government takes from us; the more benefits government bestows upon us, the more authority it exercises over our lives, the greater the beaurocratic machine which is set up, which may lead and in many countries has led calamitously, disastrously to all forms of state dictatorship. Those who are concerned not only with living, but with living as free men and free women in a free society ought to be very cautious about asking too much of the governmental apparatus because they sacrifice too much to get too little for what they sacrifice.

How far can a dollar go - in diplomacy? Some years ago someone applied the term "Dollar Diplomacy". I think it was applied to Secretary of State Knox, who was accused of trying to secure through pressure opportunities for the employment of American capital abroad. Today the Soviet government charges us with "Dollar Imperialism", which means about the same thing. They may have been right in the days of Secretary of State Philander Knox; they are wrong today. It is not we who are today seeking investment opportunities abroad. It is the whole world which is desperately seeking and reaching out after the American dollar to help them in their economic recovery.

But we have endeavored and are still endeavoring to organize the whole world against what we regard as Soviet aggression by the power of our dollar. And I am afraid that the dollar will not go that far. The Marshall Plan was intended to be non-political. In 1947 Marshall declared that the United States would do whatever it could to assist the world to recover its normal economic health without which

there can be no political stability and no assured peace. It was to be an economic aid granted to the nations of the whole world to help them to permanent economic health and stability. By 1947 we had already spent some \$15,000,000,000 through UNRRA and other forms of grants and loans to help the nations of the world. We now wanted something which would be in the nature of a permanent cure rather than sporadic palliatives. And so, Mr. Marshall presented his plan, his idea, to the world.

But unfortunately, behind that idea though at first not related to it at all, was the Truman Doctrine which, in relation to Greece and Turkey, meant American support to European countries in order to help check the Soviet power. And the Soviets promptly saw in the newly-proposed Marshall Plan an extension of the Truman Doctrine which it wasn't intended to be to the rest of Europe, an effort to organize the whole world against the Soviet Union. Promptly it began violently to resist the Marshall Plan so that this Plan, in the final analysis, came to embrace ^{not} all the countries of Europe, but only a part of them. Sixteen nations joined the Plan; nine nations refused to join. And the world was even more sharply divided and split than it had been before, with the result that the hope of stabilizing the economic life of Europe, of the whole of Europe, of an integrated Europe, was rendered impossible because behind the proffer of dollar aid was not enough of diplomatic sagacity and foresight and so the dollar could not go far enough.

But even within the 16 nations, beneficiaries of the Marshall Plan, our dollar did not go far enough. The 16 nations undertook to formulate a cooperative plan for the recovery of Europe and agreed on mutual means of self-help, the removal of trade barriers, the regularizing of their currency, the free movement of labor and capital, the establishment of customs unions, the imposing of taxes where such imposition was justified, and we offered to help prime the pump by a grant of 17 billions of dollars over a period of four years. But here again we were outsmarted, and here again, the dollar did not go far enough, and so we hear today from many corners of this country criticism of the Marshall Plan. An article by William Hard and Andre Visson begins with the following words:

Western Europe - considered as a whole - is breaking its word to the United States. The Marshall Plan countries agreed from the beginning that American money alone would not accomplish their economic recovery. Their recovery would require also their own energetic combined efforts. They gave their word to the United States that they would extend mutual help to one another. But what are they doing? In large part they are deliberately inflicting economic injury on one another. We cannot be expected to continue to spend billions of dollars annually in support of a region which is conducting a sort of economic civil war.

Consider the British devaluation of the pound sterling. There is in Paris an institution called the Organization for European Economic Cooperation. Britain belongs to it, but Sir Stafford Cripps, British Chancellor of the Exchequer, did not consult his Continental colleagues before he suddenly smote the pound down from \$.03 to \$2.80, and all Western Europe rocked; and all Western European currencies, except the Swiss, came tumbling.

The French Finance Minister called that one-sided act of Britain "an act of economic warfare".

And so, our dollars not going far enough. In other words, a lot of money poured out by itself is not sufficient to achieve what we hoped to achieve unless with it goes wisdom and statesmanship, political sagacity - all these arrangements for close cooperation of Western European countries should have been accomplished before America spent one single dollar in that part of the world in the Marshall Plan.

We have been sold the idea that we need these countries to fight the Soviet Union, so therefore, anything they do, we will have to accept in the final analysis. And so it is quite likely that when these 17 billions of dollars are spent by 1952, they will come back and ask for more. We will give them more. They have begun to unload their military budget upon us. We have entered with them upon an Atlantic Pact, as a result of which we are now obligated to arm them, and this year we are sending them a billion dollars worth of arms. Some say the value of it is 2 billions of dollars.

I read in the papers yesterday the following dispatch from Washington:

Completion of mutual aid agreements today clear the way for a shipment of \$1,000,000,000 worth of American arms to Western Europe - but that may be only a starter.

The first free weapons under the program are expected to leave the United States about March 1.

Congress appropriated \$1,000,000,000 for the program up until June 30, but military men already are talking of expanding it into a 4-year program.

The first shipments will be artillery, tanks, large caliber ammunition and other heavy supplies now in the United States Army surplus stocks. They will be charged against the program at cut prices, so Europe actually will get arms that cost the United States \$1,900,000,000.

Military authorities concede that the current \$1,000,000,000 program will not give Western Europe security against possible Soviet aggression.

How far will the dollar go? We are trying to do two things with the power of our money. We are trying to extend economic aid to European and other countries, and we are trying to use the power of our money to bring them into an alliance with us against the Soviet Union. We are trying to counteract Communist ideology with money. That is not enough. We tried to do it in China, and we brought hundreds of millions of dollars into that country, but China went steadily into the ranks of the Communists. The dollar cannot go that far.

We are being driven to rebuild Germany with our money and we will soon help Franco in Spain with our money in pursuit of this policy of encircling the Soviet Union.

And we are by way of launching now a bold new project called Point 4. It was Point 4 in the President's Inaugural Address of last January; "a program to improve the economic conditions all over the world, all the undeveloped areas of the world, to help all peoples to produce more food and clothing, etc." And our government will soon be asked to guarantee the investments of American businessmen abroad.

Behind this bold new project is also the thought that with the power of our money and our financial aid, we can organize and keep organized the free world against an aggressive Soviet bloc. We are engaged in a new crusade, just as we were in the First World War, to make the world safe for democracy, which ended in Hitler and Mussolini, and in the Second World War, to end all wars.

I am inclined to believe that this is the way of national bankruptcy. I am inclined to believe that however powerful the dollar is, it is not that powerful - to run the world. I do not believe that any single nation, even as great and rich as our beloved country is, is by itself able with the power of its wealth to control the political life of the world. And I am afraid that by pouring out our resources as we have begun to do, by increasing our terrifying national debt by 4, 5, and 6 billion dollars annually, as we have been doing; that we are undermining the stability of our own economic life and by so doing, the stability of the economic life of the world. We might make a greater contribution through our statesmanship, through our spiritual leadership in the world, by our throwing the weight of our authority and prestige on the United Nations to have this organized body of the whole world assume the responsibility for doing what needs to be done, to keep the world economically stable and to keep the nations of the world that are free, free.

There has been too much of the tendency to go alone, to do it alone, because we have been glamorized by the power of our own wealth. It is not wise to divide the world into two parts and to undertake to arm one half of the world against the other. We haven't the strength and the ability to do it, even if it were morally justified.

The dollar can go very far in helping peoples economically. The dollar by itself cannot go far enough to insure the freedom of peoples who do not wish to be free and the peace of the world. Some day we will wake up to the limitations of the potency of the dollar. We will then perhaps go back to a basic idea that not by strength and not by might, but by My spirit, saith the Lord.