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Oodles of Money Idle in Banks, etc.— But You Just Try to Get Some of It?

IT IS often said that labor and capital are the two essential team-mates in industry—but a third has to be added, namely LEADERSHIP. There never was a time in history when this truth was illustrated so well as right now. We have from 5,000,000 to 10,000,000 people who are anxious to work but who have no jobs. At the same time we have billions upon billions of capital which is equally anxious to be profitably employed but which is now as useless as so much waste paper. If those 10,000,000 people could be put to work, at even moderate wages, they would soon be able to buy all sorts of products. The farm products and raw materials which are now stacked up mountain high could then be marketed and made use of, for the benefit of all. The factory chimneys would all be smoking, the wheels in the mills would be whirring, the interchange of products would be resumed on a healthy basis, and everybody would be happy—unless perhaps the communists and a few other professional agitators and malcontents—who, as General Johnson truly says, constitute after all only about one-half of one per cent of all the people.

What is there wrong with the present situation? Why is it that the worker and the business man are not marching forward arm in arm in an invincible war on the depression, as the NRA optimistically pictured them?

The answer is that leadership is also required—leadership to bring capital and labor together and supply the initiative, the ideas, the enterprise, the trained help and the money to finance new ventures. The worker can't do this; he shows it because he is unable to find a job for himself or do any sort of work which he can market for enough to give him a living. So we can't look for any leadership or new inspiration from the ranks of labor. Organized labor has been given its greatest chance—but has failed.

When the labor elements were in full control of the British government, one of the widely advertised methods of solving this problem was to establish "profit-sharing" groups. For a

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time these groups flourished like a green bay tree—but now the reports show that the movement is dying out. What was wrong with it? These organizations allowed anybody who wanted to work to join together and produce all sorts of things, and then these products were to be sold and the profits divided. That was fine—as long as there were profits to divide. But the inevitable day came when there were no profits, but only losses. Then the cooperators were found strangely missing. They expected always to have profits, and nobody had given a thought as to what would hap-



—Washington News

Uncle Sam discovers the biggest loafer of them all.

pen when losses came. And so another utopian dream is rudely smashed.

Almost anybody would be willing to "share profits"—but we will defy you to find one person in a hundred who is willing to agree to share losses and who will undertake to put up money to carry on an enterprise during periods when it is running behind.

That's what's wrong with the present absurd situation. Our bankers and big financial and industrial magnates also have proved that no wise and safe leadership can be expected from them. Time was when everybody looked up to bankers and business leaders. Young men wanted nothing better than to work for such men and learn from them, but that is not the case now. There is so little honor in business today that anybody who aims to be honorable, truthful and honest is regarded as a hypocrite.

It used to be accepted as an axiom that "honesty is the best policy"—but now you never hear such an idea broached. Young men thrown on the world now are unable to find any way to make a living. There are no business men that anybody has any confidence in. There is no "door of opportunity" open anywhere. It is no longer true that honest work will be well paid and the future assured, or that life savings will be safe.

This situation is equally disastrous for the workers, the employers, the banks and all the other elements which ought to be working together, including the government itself. People have learned to sit back and "let the government do it." The Committee for the Nation complains that "federal financing has siphoned \$4,500,000,000 from the capital market." The Cleveland Trust Co. tells the story when it says: "The federal government has become our greatest borrower, our greatest lender and our biggest business." This process of switching from private capital to government capital and from private operation to government operation is "gaining momentum," says the report.

It is true that the government is borrowing money at less than three per cent interest—which is the lowest rate in history. This shows that there is small demand for money to be used in private undertakings. The banks have reduced the interest they pay on savings down to 2½ per cent or so. Why should they pay more when nobody will borrow the money and be sure of paying it back? There is now piled up in the banks some \$46,000,000,000, as against \$39,000,000,000 at the low point of 1933, and the idle capital is on the increase. World trade has virtually broken down. The great things which the propagandists said we could expect from trade with Russia have proved to be a minus quantity. This is exactly the way the Pathfinder declared it would be, in the issue of April 8, 1933, when we said: "The large amount of trade which the internationals claim could be had between the United States and Russia is like the fabulous pot of gold at the end of the rainbow."

One after another of the things which Americans have counted on to revive trade have proved of little or no value. The "dose of castor oil" which was intended to relieve the industrial world of its accumulated poisons has not yet operated, the nurses tell us. John Fahey, head of

the Home Loan Board, says: "American banks have the greatest cash reserve in history. There is money enough in this country—if we can just get it into action."

There is another place where immense quantities of money are now clogged up, and that is in the treasuries of our giant corporations. A financial paper, naively intending to tell something which would be good news, reports that "320 big industrial corporations have improved their cash position in the last year." In plain English this means that those great corporations, when they get hold of any money, put it in their strong boxes and hoard it, instead of turning it loose for the general good. This policy is lauded to the skies by the financial sharps. Corporation officials who increase the cash reserves of their companies are pointed out as extraordinarily smart—when in fact they are diabolically dumb and unpatriotic.

What sort of a jolt is it going to require in order to jar this breed of money-grabbers and self-seekers from their strongly entrenched positions? Will the federal government be compelled—against the will and best judgment of the people—to go into business deeper and deeper, until Uncle Sam will be doing everything? Or will those in control of the sluice-gates of credit and capital cast aside for a little while their own selfish interests and let some of the blessed irrigation water into the channels of trade? The Pathfinder doesn't know the answer, but we will try to keep the people informed as progress is made.