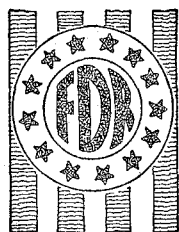


# SCRIBNER'S MAGAZINE

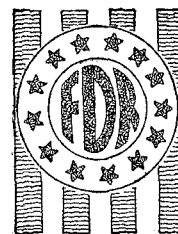
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## Will Roosevelt Surrender?



NOW IS THE CRUCIAL TEST OF THE NEW DEAL • BIG BUSINESS, THE INFLATIONISTS, LIBERALS, AND RADICALS ALL ARE BATTLING TO WIN THE PRESIDENT • THREE BRILLIANT ANALYSTS HERE VIEW THE POLITICAL AND ECONOMIC BATTLEFRONT • A GROUP OF ARTICLES BY

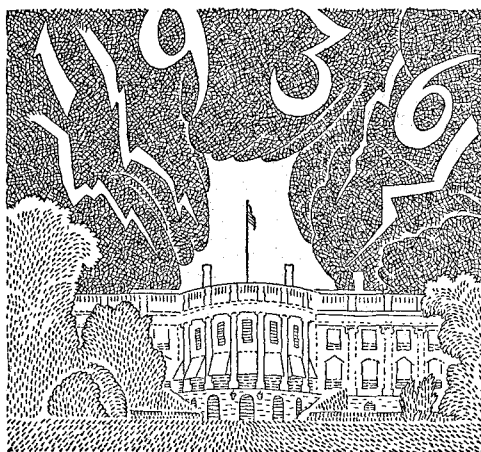
JOHN T. FLYNN • STUART CHASE • DAVID C. COYLE

## Roosevelt Faces 1936

By John T. Flynn

It is but yesterday that Roosevelt was riding up Pennsylvania Avenue to the Lupercle, closing the banks, issuing proclamations, moving apparently with swiftness and decision through the opening scenes of the great drama of the New Deal. We have rushed so breathlessly through the hectic months since that first week that it is difficult to believe the Congress which went into power with Mr. Roosevelt has already practically ended its career. It is even more difficult to realize that before many months the generals and colonels and staff officers of the political parties will have their maps and charts out preparing for the next presidential campaign. Indeed the congressional elections a few months away are but the first skirmish of that battle.

At least two things are fairly certain. One is that the President still rides high in national favor. The other is that the generals and colonels just referred to are about as confused a set of warriors as have ever looked through the fog at an approaching battlefield. Not, indeed, since the Cleveland-Blaine battle of 1884, when Conkling "stalwarts" and Garfield "half-breeds" split the Grand Old Party, has mug-



wumpery obliterated party lines and factional divisions in such universal confusion.

The Democrats are as confused as the Republicans. But they are not driven to fret about it so anxiously. They are in power. But they have lost their bearings as thoroughly as their ancient enemies. The silence that envelops the leaders attests this bewilderment. The lips of the Jim Watsons, the Reed Smoots, the Herbert Hoovers, have their zippers drawn. Senator McNary, leader of the Republican Senate minority, is reported to have said

the time has not arrived yet to put on their show. The truth is no one has yet been able to compose an acceptable scenario for that performance. Ogden Mills and young Teddy Roosevelt have ventured their protests in a few faltering sentences. But the sounder politicians among the Republicans see plainly enough that criticism of the President up to now is apt to go off in the hands of the gentleman behind it.

The reason is clear enough. The people like Roosevelt. He has exhibited to them a charming and reassuring personality. He stepped out on the stage in his famous act of "Happy Days Are Here Again," just as one of the world's worst tragedians was leaving the

boards after one of the glummiest monologs in history. Roosevelt came on with one of the best faces for a depression year just as Hoover left with one of the worst countenances for such a period that politics has ever turned up.

Moreover, the people liked what Roosevelt called action—any sort of action. They were sold on that idea. If a patient has cancer something *must* be done about it and they do not want a doctor who shakes his head and says, alas! there is no cure for cancer yet. Off with a leg, give the patient herbs and roots, poultice him with swamp mud, give him beetle soup, anything, so long as you do something, whether you know what you are doing or not and whether what you do makes the patient worse or not. One thing is sure, you will make him feel better for the nonce by means of the psychic anodyne.

Furthermore, the thing the American people are primarily interested in is recovery. In spite of all its breakdowns, and all the abuse heaped upon it, they are still not so much interested in radical changes in the capitalist system as they are in getting it back on the road at full speed. Roosevelt has assured them the motor is running again. They can hear the faint purring of the cylinders. There has been an unquestioned lift in business. At least it seems that way. General Johnson says it is due to the NRA. Others think it is the AAA. Still others say it was the CWA. People for the most part think it was the FDR. This being so, they like him for seeming to produce the effect they hunger for. As usual they have erected him into a giant being. He is Moses, Lycurgus, Cagliostro, Herman the Great, Houdini, Mussolini, and Rudy Vallee rolled into one. He has produced a revolution. If you ask them what the revolution is, they cannot tell you. But they like the idea just the same.

But while this is true, they are not so universally sure about all his medicines as they were a few months ago. Here and there extensive groups have begun to ask themselves if they have not been a little bit fooled about some things. The thoroughgoing inflationists, for instance, believe they have been paltered with. They bide their time but they grow weekly more bitter. Feeling in the far Middle West about the New Deal itself, apart from its chief evangelist, is full of scepticism. In Montana, Wyoming, Idaho, Utah, Nevada, Colorado, New Mexico, Arizona, western Kansas and Nebraska there have been murmurs which, ere this is printed, may have risen to outright revolt. Their products—live stock, metals, sugar—have not fared so well at the hands of the New Deal. Labor groups here and there are becoming either troubled or even hostile. They feel that NRA has sold them out. In the South reactionary employers denounce the NRA and a reference to secession is received with uproarious cheers.

The veterans' bonus veto has summoned the powerful legionnaires to arms. The air mail episode, justly or unjustly, hurt the President's popularity amazingly. The big business leaders who swarmed to the Roosevelt standard now are wondering if they teamed up with a false friend. The liberals are convinced that they have been ditched. The President has made the mistake of trying to team up the Morgans and the Tugwells, the Astors and Harrimans and the Huey Longs, the Baruchs and the Wheelers. A team like that can't play together, no matter how good the quarterback. One thing only holds them all together for the time being. That is the feeling that perhaps recovery is on the way. And, as Al Smith is said to have put it, while the President is steering in that direction, it won't do for any fellow to be caught not pulling on his oar.

The most serious blow to Republican morale has been, not so much the temporary lift in business, but the NRA. When Roosevelt hoisted that banner the whole G. O. P. contribution list marched down to Washington in a body and threw itself on his neck. For years, during which millions poured into the campaign chests of Mr. Bliss and Mr. Nutt, the Republicans could not get up the courage to modify the Sherman anti-trust law. The Democrats not only did it, but handed big business on a silver platter the thing it had been praying for for twelve years—self-rule in industry. They did it without the contribution of a red cent, as one Republican editor observed, but through sheer dumbness. Now Washington swarms with industrial v.p.'s and corporation "economists" weaving the pattern of the New Deal. Mr. Myron Taylor, Mr. Alfred Sloan and Mr. H. I. Harriman, as Mr. Lippman puts it, occupied front rows in this New Deal. Just as thirty years ago a Republican Roosevelt made off with most of the salable timber in Mr. Bryan's platform, now a Democratic Roosevelt has kidnapped the Republican campaign contributors and the unwritten, but most valuable, planks of the Republican platform.

On their side, the Democrats are no less at sea. They are by no means comfortable with their new bedfellows. The Woodrow Wilson wing has seen the Sherman Law, the Clayton Act, the Federal Reserve System, the League of Nations, and all the liberal advances of Wilson's first administration torn to pieces. The Bryan wing sees the tariff made unanimous, a Democratic President supporting ship subsidies, peacetime financing with interest-bearing bonds, monopolies and mergers fostered, the extension of credit for private profit, doles to bondholders and the Democratic donkey bridled and saddled and mounted by Big Business. All the old speeches are worthless, all the old slogans and shibboleths pointless.

Statesmen on both sides of the aisle in Washington

unite in but one thing—hatred of the brains trust and, that, alas, does not even exist. There never has been a brains trust, just as there never was such a person as Calvin Coolidge. Both, like Lydia Pinkham, Doctor Munyon, and Father John, are pure inventions of the advertising man in an incurably romantic country.

This hatred of the phantom brains trust is based on the fatal notion which lies at the root of all our present ills, namely, that the whole problem with us is one of politics and business; that the politicians understand the politics of the situation and the business men the business end of it and that, between them, practical men all, the thing can be worked out. The appalling omission here is that the disease is neither political nor business, but economic, and that this is a field of thought which neither politicians nor business men know anything about and that, alas, economists know little enough of and are not encouraged to know any more about. People who were shocked at the crude spectacle of an ignorant old man operating with a pen-knife on the paupers of Welfare Island are not at all horrified at the equally grotesque spectacle of country prosecutors, small-town bankers and big-town promoters, hardware merchants in politics and corporation lawyers, bond, rug, and grocery salesmen and a few “economists” of the type who, like medical advertising testimonial doctors, can be hired on any side of any question, dealing with the profound and terrifying problem of national economic disintegration with the tactics and philosophy of the football field under the captaincy of a quarterback.

Now the first test in this performance is at hand. The general result can hardly be questioned. The President will hold his majorities in both houses. But the special results are not so certain. The depression still holds dominion over the cerebral processes of the American people. The fate of the recovery program during the summer and fall will decide whether the Democratic majority which will certainly return to Washington will be the compliant batch of “yes” men who now hold office or an emancipated set of legislators who have looked into the eyes of their constituencies and decided that the President is no longer an omnipotent and unquestioned hero.

A collapse in business in the fall would, of course,



accentuate this result. There will be, however, in my judgment, no collapse of sufficient obviousness to precipitate such action. The President can postpone it, if it seems imminent, beyond election, by increasing government spending. Critics have called attention to the fact that up to now he has not spent nearly as much as Congress has authorized. They misjudge the President. He is primarily a politician. He deliberately holds back enough to afford him a large margin for spending in the fall as political strategy may indicate. While, therefore, there will be no clear-

cut collapse, there may be a slowing down of industry and such a clear necessity for expanding government outlays that faith in the recovery program and hence in the President's wizardry will be seriously shaken. The effect of that will be twofold. It will send back to Washington an emancipated and self-assertive congress filled with both credit and currency inflationists. Then will begin Mr. Roosevelt's battle for a second term.

It is interesting to me to observe how most Americans think second terms come to presidents as a matter of course and that the president who fails to get a second term is an exception. The contrary is true. Since the Civil War—that is for nearly seventy years—we have had but three presidents (out of twelve) who were elected twice in succession. Cleveland's two terms were not consecutive. In the twenty years from 1876 to 1896 no president was re-elected. Those years, like these, were dominated by the depression psychology. Historically the odds are against re-election. Even if the President knows nothing of economics or finance, he is a master politician. And we shall see how he picks his way through these next two years against the odds of history. My own belief is that there will swarm into Washington in January, 1935, a collection of senators and congressmen ablaze with inflationary zeal. And this will not make the President's difficult trick of getting re-elected any easier.

At this point the fate of recovery will control all. We have to ask ourselves, first, what will be the course of political movement if the nation experiences recovery? Second, what will happen if we have another business collapse? Third, what will be our course if, instead of recovery or crash, we merely drift along as at present under the influence of government spending?

First, what will happen if the nation experiences





recovery? Then, the President, I believe, will go definitely to the right. He has been on that side from the beginning, though that is becoming obvious only lately. Up to now he has played radical and liberal against conservative, keeping both guessing, both claiming him, but both in doubt. With recovery, however, assuming it arrives, a difficult problem will demand attention early in the life of the new Congress. That is the fate of the NRA—that Frankenstein which the President created and which now threatens to turn upon him.

First of all, it is now becoming plain that the NRA was a triumph for big business. The minimum wage arrangements and the shorter hour plans which occupied the attention of the NRA in the first weeks of its life gave it the appearance of being a great movement to the left on the side of labor. The dubious clauses of Section 7a—the collective bargaining section—were accepted by the country as a great charter for the unions. Of course, big business had no objection to minimum wages and to shorter hours—provided they were not cut too short, as in the Black bill. But it did care a good deal about the modification of the Sherman anti-trust law, the right to make trade agreements to control prices, production, trade practices. It got all this. Then labor began to learn that the so-called collective bargaining section was a delusion and a snare and that if it was a charter for unions at all it was a charter for the hated company unions. Wages were raised, in the lower brackets chiefly, but even these wage increases were more than cancelled out by rising prices. The little business man began to realize that the pace of his extinction was noticeably accelerated under the codes. Labor came to the conclusion that it would have to fight for whatever it got under NRA as it did in the past, and now against NRA as well as against the employers. Consumers began to lift their voices. Demands for the revival of the trust laws and the creation of a labor board to protect labor, as well as for a larger share in the management of the codes by labor and, perhaps, consumers, began to trouble businessmen last spring. Big business came to the conclusion that its next step must be to hold fast to the advantages which accrued from the Sherman law modification and get rid of the perils of exorbitant labor and consumer demands and the consequent tightening of government control.

If we have recovery there seems little doubt that big business leaders will have an excellent chance of succeeding in this. First of all, it is doubtful if the whole NRA scheme could be successfully piloted past the Supreme Court if the emergency passes. This will give the administration good reason for wishing to find a formula for dealing with the situation when the NRA expires next June. Who will find that formula? Will the Republicans beat Roosevelt to the solution? That

logically should be their objective. The Republican party is still the party of big business even though the faithful have for the moment wandered from the fold. If it can work out a proposal to ditch the NRA, get the benefit of all the dissatisfaction it has engendered, and at the same time save for big business the modification of the anti-trust laws on the theory that business must be permitted to organize to end the evils of unrestrained competition, and do all this with a flourish of phrases about Americanism, individualism, prosperity, and so on, it may yet regain its old position, though hardly in time to be re-elected in 1936 if prosperity returns and continues.

But it has one outside chance. Prosperity must not merely return, it must linger with us for a while. Prosperity by the end of 1934 and continuing into 1935 and the early part of 1936 would beyond a doubt be ready for a new collapse as the elections approach. If the life of prosperity should follow that curve the Republicans would be in a position to contest the election powerfully with Roosevelt and, even if they did not win, could recapture much of their lost place in Congress and, beyond a doubt, some of their old control over various naturally Republican states.

On the other hand, Roosevelt may find this formula first. And if he does he will be in a way of destroying the Republican party altogether and making the Democratic party the party of big business. If prosperity comes, I look for that development. Roosevelt's natural position is on the right. Johnson once before announced that he favored turning the NRA over to the tender mercies of the Chamber of Commerce. Roosevelt did not denounce that bold move. On the contrary, he merely said the time was not yet ripe for it. When will the time be ripe? When prosperity returns, when the administration must face the question of continuing or ending the NRA, in the early days of the next Congress? The NRA could be turned over to the Chamber by the simple expedient of permitting the NRA Act to lapse, and passing a law modifying the anti-trust laws. Labor could clamor. But organized labor as at present led would possibly support the scheme. Matthew Woll has already declared for the modification of the anti-trust laws. If Roosevelt makes this surrender to big business—and it is probable in the event of recovery this year—the Democratic party will be entrenched as the champion of organized business. If recovery continues Roosevelt will sail through to an unprecedented victory. If recovery wanes and we begin another depression in 1936, he will no longer be able to retreat to the liberal position. He will be hopelessly discredited. The historic moment will have arrived for the launching of a powerful third party upon modern radical economic issues.

But suppose the second alternative should be our lot.

Suppose we should suffer another business collapse. I cannot help doubting that we will have such a complete collapse—anything resembling March, 1933. After all Roosevelt has in his hands already too many implements for staving it off for a good while. He would clearly be able to see it developing. He could then call upon any one or all of several weapons. First of all he has expended almost three billions less in emergency funds than he estimated in his budget message and he could put these into service. He still has large powers to inflate the currency

under the Thomas bill and, since he has devalued the dollar in terms of gold, could expand the currency a billion or two with very little difficulty. Whatever was done would, of course, be rushed forward without any confession of default being made. We would be told it was done to put the finishing touches on the great structure of good times already approaching completion. I think, therefore, we may dismiss the possibility of a major complete collapse unless the President falls into the hands of some pretty rash adviser.

The third alternative is altogether more probable, namely that we shall dawdle along up and down the fitful curves of business. There is not the slightest doubt that the current lift in business—which has been unmistakable—has been due almost entirely to the infusion of government funds into the blood stream of industry. The casual observer has perhaps taken no heed of the extent to which this has gone on. Since October 1, 1933, up to the middle of April, 1934, or a little over six months, the government had poured \$3,116,222,000 into circulation—cold cash paid out in emergency expenditures by the federal government over and above the general expenses of the government. This represents money paid to farmers, to workers, to banks, to railroads, to public works projects. This means that nearly \$470,000,000 a month has been handed out by the government in those six months. Last year in the same period the government emergency expenditures were about \$112,000,000 a month.

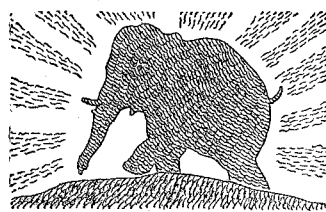
These vast outlays, paid out in relief, in wages, in various forms, moving on into circulation, would easily account for all the improvement that has begun in business. I do not here criticise these outlays. But we ought to be realistic about the matter and recognize that the results which have flowed from these rescue funds cannot be described as recovery.



As long as these payments continue we will be protected against any such dramatic collapse as visited us at the end of the Hoover administration. But as the condition continues the government will be compelled to increase, rather than decrease, these payments, in order to keep up the appearance of survival. If then it is a continuance of this condition which lingers with us, what will be the course of politics as the first moves in the next presidential battle are made?

In what direction will the President move? Will he go to the right or to the left? Up to now

observers like Mr. Mark Sullivan, who was one of Mr. Hoover's stalwarts, have been describing the NRA, the AAA and various other Roosevelt stratagems as a trend to communism. Of course, nothing could be more preposterous. Putting business trade associations in charge of business, recognizing the Steel Institute as the legislative and directing body of the steel industry—to take a single example—is not communism. Paying out huge sums of money to private corporations to keep them afloat and to perpetuate private ownership; guaranteeing the deposits of privately owned banks; paying out vast sums in subsidies to private proprietors—whatever it may be, and whether wise or not, this certainly is not communism or socialism. Yielding to various types of vociferous minorities seeking special treatment is not going to the left. A government is not moving to the left when it grants a subsidy in the form of a tariff to a Pennsylvania steel manufacturer. And it is no more on the left when it grants tariffs and bounties to wheat growers. Mr. Roosevelt up to now has been using the rich resources of his political talents to preserve the capitalist system intact and he has resisted in every possible way any attempt to make any breaches in the shaky walls of that system. It is unfair and untrue to



criticise him as a potential communist. When he yields on the question of fundamental economic control and fundamental economic objectives, he will be moving to the left and not until then. The presence of a single alleged radical professor—Rexford Tugwell—as an Assistant Secretary of Agriculture is seized on as a mark of Roosevelt's radicalism. But Tugwell is outweighed by a host of reactionary souls in posts of the highest importance—Secretary of Commerce Roper, Secretary Hull, Secretary Swanson, a big navy fanatic, Secretary Morgenthau and, above all, a swarm of former Wall

Street financiers.

Street and big business subalterns who hold posts of control in all these departments.

The failure of recovery to establish itself will have some fairly certain effects. First, the inflationists will sweep over Washington like a storm, and with irresistible force. Then will descend upon the capital all the industrious pressure groups, the veterans' lobby, the bank depositors' lobby, the silver lobby, the sales tax lobby, the tariff lobby, and a whole host of lobbies representing insistent bodies of voters who believe that the technic of recovery consists in putting the public treasury at their disposal.

Will Roosevelt, thus beset by legions which cannot be put off longer with clever political compromises, elect to fight them and die in a last-ditch battle like Grover Cleveland, or will he continue to be the perennial politician and hunt for the most numerous groups with which to ally himself?

By this time, the Republicans will have recovered sufficiently to make things unpleasant for him among the "sound" Americans. Big business will be ferociously against the panaceas, for all of them will involve heavier taxation. It would be easy to forecast what Mr. Roosevelt would do if he had a policy and a philosophy. But no one can say what Mr. Roosevelt's social and economic philosophy is. One can only guess at this. There is good reason to believe that all the elaborate devices for bringing back happy days do not sit easily on Roosevelt's type of mind. He is, like so many other Democratic liberals, an old-fashioned liberal after all, who, despite what he was led to say in speeches, believes in rugged individualism. Many signs in Washington indicate that he is losing his cocky confidence in his own measures. He has publicly confessed the failure of his money policy. As I write he is said to be very glum over the NRA mess. Members of his cabinet talk out more freely about individualism, about old-fashioned freedom of action, about the dangers of regimentation.

But as the situation develops retreat from "doing something about it" is going to be more and more difficult. The problems will become more imperious in their demands. His own party followers are going to press for action of all sorts. He has but two shots left in his locker—credit inflation and money inflation. The former he may attempt with a great housing program.

This he should have set in motion when he was inaugurated. It would be on the way to producing results now. But he threw away that golden opportunity largely through the folly of General Johnson who sold him the idea that the NRA would produce recovery. He may resort to housing now, but perhaps now it is too late. It is certainly too late to produce results fast enough for the inflationists. Hence in the end he may find currency inflation or perhaps a combination of the two—housing financed by government money issues—the easiest course. Currency inflation will fail to produce the results prayed for, of course, except for a fleeting moment. Meantime the tax problem will grow insistent. This will consolidate the owning and employing groups once again under the banner of the Grand Old Party where they logically belong.

There still remains the inevitable rise of a third party. What form will it take? Alas, outside the two leading parties are assembled every conceivable variety of political opinion. There are the socialists who have a definite economic and social philosophy. But there are many hues and shades of socialists. There are groups such as Doctor Dewey's League for Independent Political Action—the L. I. P. A.—which includes many socialist thinkers as well as leaders and also many extreme left-wing liberals who cannot be called socialists. Then there is a Farmer-Labor party which has led a kind of casual existence in the Middle West but is now being galvanized into promising vitality by a group of younger leaders such as Howard Williams, of the L. I. P. A., and Alfred M. Bingham, a son of former United States Senator Bingham and one of the ablest and most active of the young radicals. There will have to be a good many compromises of opinions to weld together all the forces of discontent which have given up hope of intelligent action from the two old parties. If Roosevelt stands firm against inflation there is no doubt that the inflationists' group, led by such men as Father Coughlin, will be ready to make a common cause with any party which will put the money issue near the top of its standards. The raw material of growing discontent and hopelessness, if recovery withholds its return much longer, will present a third party leadership with a magnificent opportunity. A third party may decide the election in 1936. If it does, it will be Mr. Roosevelt who will be the victim of its rise and power.

*STUART CHASE in discussing the economic future presents a point of view differing in several particulars from that of MR. FLYNN in his political analysis above. The analyses by these two effective and well-known critics are supplemented by DAVID C. COYLE's article, following MR. CHASE's, in which he presents a definite program for revival of the heavy industries.*





# If Roosevelt Fails

*An Analysis of Alternatives and a Call for a Program*

By Stuart Chase

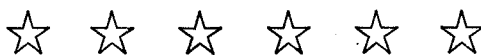


THE blast of Professor Doctor Wirt was the opening gun in a campaign which I expect to see grow in volume and intensity. It is a minor matter that the gun exploded in the breach. The big news in the story was the enormous public interest which the charges stirred up. One does not have nation-wide hook-ups to congressional committee rooms unless the nation is eager to listen in. More and more we shall hear the phrases "long-haired professors," "impractical visionaries," "theoretical cranks," "orders from Moscow." The old slogans will be taken out of camphor, dusted off, and discharged in all directions.

The campaign will be headed by hungry Republicans, by Wall Street boys who do not want to be regulated, and by certain big business men who are eager to get their feet in the trough again. Behind these field marshals will march multitudes of privates with a grievance against life in general, and too ignorant or too weary to make an attempt to understand the world in which they live. It will be a formidable aggregation, controlling a great deal of publicity, and I look for mounting salvos.

I understand, if I cannot agree with, the business man who honestly believes in another whirl of the business cycle. Thousands do. He wants a profitable boom tomorrow, and is willing to take his chance on the depression of 1941. He knows that under the traditions of business, what goes up must come down, and that booms and depressions have recurred in regular sequence for a century. He is perfectly correct in assuming, furthermore, that profitable booms are not compatible with extensive government regulation. He is tired and sick of being in the red. A healthy smear of black ink on his ledgers looks better to him than all the constructive legislation ever heard of to prevent future panics. So he cries: Get the government and the meddling Brains Trust out of business, and give us a chance! The United States Chamber of Commerce is making the welkin ring as I write.

This is a perfectly understandable, human position.



But—and here is the point—if we unregulate the business man completely, will he get his boom? Is he correct in assuming that there is another whirl or two in the traditional business cycle? The only argument he advances is that booms have always succeeded depressions in the past—look at '73, look at '93, look at '21. This is the same kind of argument the horse and carriage makers advanced when the automobile came along: people had always ridden in carriages and always would.

I am convinced that we cannot go back to the Good Old Days of booms and depressions, much as many of us would like to. Why? Because capitalism, to put it bluntly, has walked out on us. The government did not push it out, it took up its plug hat and walked out. After one hundred fifty years of progress onward and upward, we came to a day in March, 1933, when every bank was closed. Check money had ceased to function, and check money of course is the only important kind of money in the modern world. Private capitalism, as a means for keeping the economic machine going, had reached its end. In a few more days, without instant and spirited government intervention, the nation would have toppled into an abyss of indescribable confusion. The government got the banks open, got check money circulating again, and ever since that day has stood under the economic system as foundation stones stand under a house.

Why did capitalism collapse as an automatic, self-governing system, and why cannot it be cranked up again? There seem to be some rather cogent reasons.

The flywheel of the capitalist engine is the manufacture of capital goods. Unless new opportunities for profitable investment are constantly opening up, unless new factories, mines, skyscrapers, apartment houses, are constantly being built, the engine will not turn over. It is the wages and salaries paid to the workers who produce capital goods, plus the wages and salaries of those who make consumers' goods, which barely provides a big enough pot of purchasing power to clear the shelves of the consumers' goods and services pro-