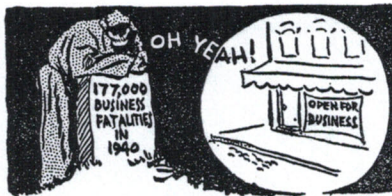


## The Tragedy of Capital

DURING 1940, reports *Dun's Review*, 13,619 industrial and commercial bankruptcies were recorded. Nearly \$200,000,000 in values vanished.

In terms of human values—which in their totality make up the social order—the data present only a partial picture. For the record of failures is confined to cases in the bankruptcy courts, to voluntary discontinuances, to concerns forced out of business by foreclosure and attachment. Withdrawals from business, as measured by the number of names deleted from the *Dun & Bradstreet Reference Book*, came to 337,568; the recorded failures total only 4 percent of this disappearance. Some of the deletions undoubtedly were mere changes of name, legal form or ownership. The editors of *Dun's Review* estimate that 177,000 business ventures passed from the scene.



Here the record of business mortality in 1940 stops. For the credit agency cannot record the failures of the more numerous ventures which neither seek nor are able to obtain credit.

The widow who opens a candy store with the few hundred dollars left her by an anxious spouse; the doctor, dentist or lawyer who borrows from relatives the price of his "shingle"; the newsstand and the peddler's cart; the boarding house farmer; above all, because his number is legion, the farmer whose hard-earned savings are put into a modest equity which the first crop failure will wipe out.

Nobody will ever know how many of these "businesses" open and close. Why? Why do they appear? What causes their disappearance?

Eighty per cent of all businesses recorded have a capitalization of \$10,000 or less. But this does not take into account the marginal ventures with a capital investment of, say, from \$50 up, which come and go with unrecorded and kaleidoscopic rapidity.

All of them have but one purpose: the making of a living. Significantly enough, more of these ventures come into being during times when jobs are scarce, when men over forty are particularly "not

wanted." Then it is that capital, little capital, comes and goes unrecorded.

The small enterprises fail for the same reason that big accumulations of capital fail: there is no market for their product. The business men who escape the scythe whistle vigorously when they read the obituary notices, and their comforting tune is: "They failed because of poor management." In many cases that is true. How can one learn management when one is unemployed?

But upon examination we find that many of the "failures" were quite successful managers during better times. The thing that caused them to lose their skill was the lack of demand for it. Capital fails when it is not wanted.

It would be a telling tale if we knew the total in dollars and in fixed capital seeking employment that vanishes each year—a total would include all the marginal ventures into the production of goods and services. It would be telling for several reasons.

It would probably demonstrate that the sum compares favorably with the total of capital that succeeds in keeping its head above water. More important, from a social point of view, it would fill in the details of the picture of human frustration and degradation embodied in that uncivilized word: unemployables. For among the "failures" are those venturesome souls who refuse to become the driftwood of the tidal wave of depression, strike out against it with their hard-earned and meager tools and are ultimately swept with their savings into the limbo of the unwanted.

Capital loss is human loss. For capital is more impotent without labor than labor is without capital. When the energy of the one finds no market, the capabilities of the other have no value. When their combined production stops, when capital and labor both "fail," human desires go unsatisfied, and human aspirations are stunted.

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