

orderly conduct in Chicago are for plain drunkenness.

The enforcement program in Chicago began in 1923. We turn back to 1922 and find that there were 64,853 arrests for drunkenness and disorderly conduct in that year. In 1923, under the enforcement program, the arrests increased to 75,800. In 1924, after two years of enforcement, the arrests jumped up to 86,072, and in 1925, after three years of the most effective enforcement attainable by combined Federal, State and municipal action, the arrests for drunkenness and disorderly conduct mounted up to the astonishing total of 92,888.

Philadelphia also had two years of police enforcement of prohibition under General Smedley D. Butler. In 1923, the year before General Butler embarked upon his spectacular career as enforcement officer extraordinary, Philadelphia staggered along under a burden of only 45,226 arrests for drunkenness, but in 1924, after General Butler got into action, the arrests climbed up to 55,766 and in 1925, after he had been slashing away at enforcement for two years, the arrests for drunkenness reached the peak of 58,617.

The foregoing facts are conclusive proof that the trend toward national sobriety under sane restrictions which enabled citizens to supply their requirements for beer and wine of low alcoholic content, which was progressing so favorably between 1917 and 1919, was completely overthrown by national prohibition, and that drunkenness today, under the Volstead Act, and State prohibition acts in all but a few of the States, is as uncontrolled as it was when the saloons were running wide open and there were no restrictions or limitations upon alcoholic liquors.

Prohibition and Business

It has been the boast of the drys that prohibition is good for business. We beg to remind you that prohibition was put forward as being good for public morals, and that it has been shown that it has been disastrous to public morals. The only defense that can now be made of it is that it is a good economic measure. Prohibitionists have quoted glibly many captains of industry as being favorable to prohibition, but they did not bring any industrial leaders here to so testify. They fall back upon the testimony of Professor [Irving] Fisher of Yale University that it has saved the country \$6,000,000,000 a year.

The defect in Professor Fisher's testimony is that he did not take into consideration the desperate financial plight of American farmers, who, according to Senator Capper of Kansas, have sustained a loss of \$20,000,000,000 in farm values during the past five years [due to a decrease in demand for crops previously used in alcoholic beverages]; and who are now pressing before this Congress numerous bills designed to relieve them from an almost bankrupt

condition.

Neither did Professor Fisher take into account the fact that men who are actually engaged in banking and business admit freely that much of present day prosperity is due to unparalleled buying on installments, with 75 to 85 per cent of all automobiles, furniture, jewelry and numerous other commodities being bought on time payments. The estimates of bankers who have studied the problem, and who have actual knowledge of the question through handling the installment paper, is that in 1925 this installment buying aggregated more than five billion dollars. It is admitted by bankers and real economists actually engaged in business that the present flourishing volume of business in the automobile industry—of which we have heard so much—is due entirely to the installment buying of motor cars. It is not, in any sense, due to prohibition, because the evidence in this case shows that vastly greater amount of money is now being spent for some kind of alcoholic liquors than before prohibition.

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The Great Depression and the New Deal

VIEWPOINT 24A

Self-Help Is the Best Response to Unemployment (1932)

Henry Ford (1863–1947)

Henry Ford, pioneering automaker and founder of the Ford Motor Company, was perhaps the most famous American businessman of his time. A self-made man with little formal schooling, he occasionally wrote newspaper and magazine articles expounding his views on American social problems. The following viewpoint is taken from two such editorials inserted by Ford Motor Company into the magazine *Literary Digest* in 1932, during the Great Depression. Ford advocates encouraging the unemployed to

Henry Ford, "On Unemployment," *Literary Digest*, June 11 & 18, 1932.

help themselves rather than to depend on charity or government relief as the best approach to coping with America's economic difficulties. He also reveals his idealization of rural life, encouraging people to live off the land. In June 1932, when these articles first appeared, approximately 13 million people—about one-quarter of America's labor force—were unemployed in the United States.

What objections does Ford have to "routine" charity? What steps has the Ford Motor Company taken to reduce unemployment and to help the poor, according to the author? What specific steps should the unemployed take to help themselves, according to Ford?

I have always had to work, whether any one hired me or not. For the first forty years of my life, I was an employee. When not employed by others, I employed myself. I found very early that being out of hire was not necessarily being out of work. The first means that your employer has not found something for you to do; the second means that you are waiting until he does.

We nowadays think of work as something that others find for us to do, call us to do, and pay us to do. No doubt our industrial growth is largely responsible for that. We have accustomed men to think of work that way.

In my own case, I was able to find work for others as well as myself. Outside my family life, nothing has given me more satisfaction than to see jobs increase in number and in profit to the men who handle them. And beyond question, the jobs of the world today are more numerous and profitable in wages than they were even eighteen years ago.

The Problem of Unemployment

But something entirely outside the workshops of the nation has affected this hired employment very seriously. The word "unemployment" has become one of the most dreadful words in the language. The condition itself has become the concern of every person in the country.

When this condition arrived, there were just three things to be done. The first, of course, was to maintain employment at the maximum by every means known to management. Employment—hire—was what the people were accustomed to; they preferred it; it was the immediate solution of the difficulty. In our plants we used every expedient to spread as much employment over as many employees as was possible. I don't believe in "make work"—the public pays for all unnecessary work—but there are times when the plight of others compels us to do the human thing even though it be but a makeshift; and

I am obliged to admit that, like most manufacturers, we avoided layoffs by continuing work that good business judgment would have halted. All of our non-profit work was continued in full force and much of the shop work. There were always tens of thousands employed—the lowest point at Dearborn [Michigan] was 40,000—but there were always thousands unemployed or so meagerly employed, that the situation was far from desirable.

When all possible devices for providing employment have been used and fall short, there remains no alternative but self-help or charity.

I do not believe in routine charity. I think it a shameful thing that any man should have to stoop to take it, or give it. I do not include human helpfulness under the name of charity. My quarrel with charity is that it is neither helpful nor human. The charity of our cities is the most barbarous thing in our system, with the possible exception of our prisons. What we call charity is a modern substitute for being personally kind, personally concerned and personally involved in the work of helping others in difficulty. True charity is a much more costly effort than money-giving. Our donations too often purchase exemption from giving the only form of help that will drive the need for charity out of the land.

"Great numbers of people have made the stimulating discovery that they need not depend on employers to find work for them—they can find work for themselves."

Our own theory of helping people has been in operation for some years. We used to discuss it years ago—when no one could be persuaded to listen. Those who asked public attention to these matters were ridiculed by the very people who now call most loudly for some one to do something.

Our own work involves the usual emergency relief, hospitalization, adjustment of debt, with this addition—we help people to alter their affairs in common-sense accordance with changed conditions, and we have an understanding that all help received should be repaid in reasonable amounts in better times. Many families were not so badly off as they thought; they needed guidance in the management of their resources and opportunities. Human nature, of course, presented the usual problems. Relying on human sympathy many develop a spirit of professional indigence. But where co-operation is given, honest and self-respecting persons and families can usually be assisted to a condition which is much less

distressing than they feared.

One of our responsibilities, voluntarily assumed—not because it was ours, but because there seemed to be no one else to assume it—was the care of a village of several hundred families whose condition was pretty low. Ordinarily a large welfare fund would have been needed to accomplish anything for these people. In this instance, we set the people at work cleaning up their homes and backyards, and then cleaning up the roads of their town, and then plowing up about 500 acres of vacant land around their houses. We abolished everything that savored of “handout” charity, opening instead a modern commissary where personal IOU’s were accepted and a garment-making school, and setting the cobblers and tailors of the community to work for their neighbors. We found the people heavily burdened with debt, and we acted informally as their agents in apportioning their income to straighten their affairs. Many families are now out of debt for the first time in years. There has appeared in this village not only a new spirit of confidence in life, but also a new sense of economic values, and an appreciation of economic independence which we feel will not soon be lost. None of these things could have been accomplished by paying out welfare funds after the orthodox manner. The only true charity for these people was somehow to get under their burdens with them and lend them the value of our experience to show them what can be done by people in their circumstances.

Our visiting staff in city work has personally handled thousands of cases in the manner above described. And while no one institution can shoulder all the burden, we feel that merely to mitigate present distress is not enough—we feel that thousands of families have been prepared for a better way of life when the wheels of activity begin turning again.

Self-Help

But there is still another way, a third way, so much better than the very best charitable endeavor that it simply forbids us to be satisfied with anything less. That is the way of Self-Help. . . .

If it is right and proper to help people to become wise managers of their own affairs in good times, it cannot be wrong to pursue the same object in dull times. Independence through self-dependence is a method which must commend itself when understood.

Methods of self-help are numerous and great numbers of people have made the stimulating discovery that they need not depend on employers to find work for them—they can find work for themselves. I have more definitely in mind those who have not yet made that discovery, and I should like to express certain convictions I have tested.

The land! That is where our roots are. There is the basis of our physical life. The farther we get away from the land, the greater our insecurity. From the land comes everything that supports life, everything we use for the service of physical life. The land has not collapsed or shrunk in either extent or productivity. It is there waiting to honor all the labor we are willing to invest in it, and able to tide us across any dislocation of economic conditions.

No unemployment insurance can be compared to an alliance between a man and a plot of land. With one foot in industry and another foot in the land, human society is firmly balanced against most economic uncertainties. With a job to supply him with cash, and a plot of land to guarantee him support, the individual is doubly secure. Stocks may fail, but seedtime and harvest do not fail.

I am not speaking of stop-gaps or temporary expedients. Let every man and every family at this season of the year cultivate a plot of land and raise a sufficient supply for themselves or others. Every city and village has vacant space whose use would be permitted. Groups of men could rent farms for small sums and operate them on the co-operative plan. Employed men, in groups of ten, twenty or fifty, could rent farms and operate them with several unemployed families. Or, they could engage a farmer with his farm to be their farmer this year, either as employe or on shares. There are farmers who would be glad to give a decent indigent family a corner of a field on which to live and provide against next winter. Industrial concerns everywhere would gladly make it possible for their men, employed and unemployed, to find and work the land. Public-spirited citizens and institutions would most willingly assist in these efforts at self-help.

I do not urge this solely or primarily on the ground of need. It is a definite step to the restoration of normal business activity. Families who adopt self-help have that amount of free money to use in the channels of trade. That in turn means a flow of goods, an increase in employment, a general benefit.

No One Is Hurt

When I suggested this last year and enabled our own people to make the experiment, the critics said that it would mean competition with the farmer. If that were true it would constitute a serious defect in the plan. My interest in the success and prosperity of the farmer is attested by my whole business career. The farmer is carrying in the form of heavy taxes the burden of families who cannot afford to buy his produce. Enabling them to raise their own food would not be taking a customer away from the farmer, but would be actually lifting a family off the tax-payer's back. It is argued that farm products are so cheap that it is better to buy than to grow them. This would

be impressive if every one had money to spend. Farm products are cheap because purchasing power is low. And the farmer paying taxes helps to pay the difference. The course I suggest is not competition with the farmer; it deprives him of no customer; it does not affect the big market crops. Gardens never hurt the farmer. Partnerships between groups of city men and individual farmers certainly help the farmer. When a family lifts itself off the welfare lists or increases its free cash by raising its food, it actually helps the farmer as it does every one else, including itself. In fact, it is fundamental that *no one is hurt by self-help*. In the relief of tax burdens and the revival of industry the farmer would share the benefit.

VIEWPOINT 24B

Self-Help Is Not Enough (1932)

Charles R. Walker (1893–1974)

Unemployment during the Great Depression was high, eventually peaking at about 25 percent of America's labor force. In the following viewpoint, Charles R. Walker examines the fate of one laborer who was laid off from the Ford Motor Company. He goes on to examine the effects of unemployment on workers in Detroit and surrounding areas in Michigan, suggesting in his depiction of these workers the limits of self-help as advocated by Henry Ford (see viewpoint 24A). Walker, a former steelworker, was a writer whose works, fictional and nonfictional, examined the effects of industrial technology on the American worker.

How does John Boris, the Ford worker Walker profiles, respond to unemployment? Why is Boris relatively lucky, in Walker's view? Does Boris's situation provide an example of the efficacy as well as the limits of self-help? Why or why not?

In 1914 an extraordinary thing occurred in America. An automobile manufacturer in Detroit announced that he was raising wages for common labor to five dollars a day. Newspaper headlines in Detroit went a little crazy; the streets of the city and of the [nearby] little town of Dearborn were packed with workmen fighting for a chance to work at the new wage. And automobile manufacturers of Detroit and elsewhere raged and gave out desperate interviews prophesying doom. Detectives came to Detroit to investigate Henry Ford. But above all, workmen from all over the United States bought rail-

Excerpted from Charles R. Walker, "Down and Out in Detroit," in *America Faces the Future*, edited by Charles A. Beard (Boston: Houghton Mifflin, 1932).

road tickets and boarded trains for Detroit. Among the latter was John (once Anton) Boris, American citizen of Slav descent, father of a family, who had ambitions to be a 'millerwright' and needed cash for an expanding family. He had been a logger in a Michigan lumber camp, then a worker in an Ohio steel mill where he earned from two to three dollars a day. With thousands of others, he now came to Detroit.

Working at Ford

'In dose days work was hard all right at Ford's, but dey treat us like mens.' One day the straw boss fired a workman in anger. The employment manager stood between the boss and the workman. 'You can't discharge a man out of spite,' he said. 'I am putting you back to work—both of you—in different shops.' Boris remembered the episode a long time. Another day a boy in his department suggested over their noon sandwiches that they should have a union at Ford's. The boy was a skilled worker with a good record. The next week he did not appear in the millwrights' gang. When Boris asked where he was, his companions raised their shoulders. Boris remembered this, too. He decided not to listen to men talking about unions even though they were 'good millwrights.' He decided not to talk about unions himself.

John Boris's wages at Ford's rose steadily as the years passed, till he was making eight dollars a day. His young wife, whom he had found it a delight to cherish as he had promised the priest, had borne him eight children, five of whom were living and going to Michigan schools. One day a letter arrived from a friend in a Texas oil field, saying to come out there for a good job. 'I think I go all right,' he told me, 'can get twenty dollar a day.' But his wife expressed other ideas. 'You stay wid Ford; here steady job—better dan big money for you; las' all de years what you live.' Boris stayed at Ford's.

'The American way,' said the automobile manufacturers in 1927, 'is to pay wages sufficient to guarantee the workingman not only subsistence, but the comforts and some of the luxuries of life. Let him buy a car, a radio, and an American home!' The children wanted a radio, so John got one; but he resisted his foreman's appeal to buy a car, even though American salesmanship did what it could against his Slavic conservatism. Public advice to 'buy a home,' however, appealed to an instinct. The real estate agent made out his contract. There was a five hundred dollars down payment and fifty dollars a month. He started payments and moved in. The house seemed in a sense to be rounding out his millwright's career for him; and better, he thought, than a car—even though the neighbors boasted of both.

It was in this house, under the shaded light of the 'parlor lamp,' that Boris the other day gave me in his

own words the final chapter of this history. The house was subject to foreclosure in default of payment, but the furniture was still intact. The radio stood at the left of the chair where Boris sat; a double door led into a pleasant dining-room.

'Fourteen year,' said Boris, leaning forward, 'I work for Henry Ford. All kin' jobs . . . millerwright, danger jobs; I put in all my young days Henry Ford. Las' July, what you know, he lay me off. When I go out of factory that day I don' believe; I don' believe he do such ting to me. I tink trouble wid man in de office who don' un'erstan'. His voice ceased and he took a deep breath which was expended in the earnest emphasis of his next words: 'I tink,' he said, 'I go Henry Ford *pers'nally!* But what you know! He looked like a boy whom a drunken father had whipped into physical submission. His voice was angry, but with a deep hurt at the core of it. 'I can' get close to him,' he cried, 'I can' get clos' even employment man. De guard say, "We got your name in dere all right, we let you know when we wan' you." Nine mont', he concluded, 'I go no work.'

Coping with Unemployment

Figures show that 14.2 per cent of Detroit's normally employed are out of jobs. Other cities follow close, with Cleveland at 13.8 per cent and Chicago at 13.3. The distinction of Detroit, however, is not that she has been hardest hit in the depression, but that she has done something to buck it. Municipal and community leadership—not the manufacturers—are doing what they can.

During the first of his workless periods, Boris was able to support his family and to continue regular payments on his home. Against public pressure he had exercised thrift, and had in reserve a few hundred dollars. But misfortunes did not attack him singly. His wife fell ill and an operation for tumor was demanded. Boris met the emergency and hired the best doctor he could find. A kidney operation on the woman followed the first, running up medical charges for hospital and doctor to eight hundred dollars. Somewhere during this epoch the son of John Boris, who had gone to an American school and could put matters clearly in written English, composed a letter to the welfare department of the Ford Motor Company.

An 'investigator' arrived promptly, and took the chair, Boris informed me, in which I was sitting. 'Investigator say, "Boris, employment have no right do that to you. You get job back right away. Seven o'clock tomorrow morning you go employment; he put you back on job; tak' this slip."

Going back the next morning through the high mill gate, with the slip tightly held in his fingers, Boris found delightedly that he was admitted to the

office. 'We cannot give you your old job,' they told him, 'at eight dollars a day, but we will give you a new one at six dollars for three days a week.' 'Yes, all right,' said Boris. Lay-off and rehire with a dock of a dollar or two a day is common in the automobile industry. It enables the manufacturer to give the appearance of 'maintaining wages' while effecting the needed economies in his payroll. The same work is performed on 'the new job.' Boris was glad. 'Hard times for everybody,' he explained, 'sure, I take.' The employment manager continued courteously: 'After you work sixty days, you will receive seven dollars a day. . . .

On the sixty-first day, Boris received the promised seven dollars. On the sixty-third his foreman fired him. 'You're finished, Boris,' he said. To Boris it seemed clear that he had been dropped because he was 'making too much money.' And because there were thousands waiting to take his job at minimum pay. But he repressed this resentment and went to the office. 'Anything wrong wid my work for comp'ny?' he asked earnestly. No, the employment man assured him; his work was satisfactory. 'Wid my records for comp'ny?' he persisted, knowing that in hard times a man's record is his friend. 'No,' said the employment man, 'you have a good record with the company. But there is no longer any work for you.' The office then stated that this was not a lay-off, but, as Boris had expressed it, 'finish.' Boris then exploded. In reminiscence of what he had said, his voice came somewhere from the middle of his chest; it was compacted of fourteen years of exploded loyalty.

'I haf' no money now,' he cried, 'lose my home quick, what I do chil'ren, what I do doctor? Fourteen years!' he returned to his original cry, 'I work Henry Ford!'

The employment man looked at him. 'That is a long time; you should have saved money, Boris, to take care of you in your old age.'

Boris trembled. 'You say dat to me!' he cried, struggling for possession of himself. 'I give up my strength to you; I put in all my young days work good for Henry Ford—you can' do dis to me now!'

'Why did you spend all your money?' asked the employment man.

'For why? I tell you. I spen' money for house,' replied John Boris, 'to raise fam'ly, to sen' my chil'ren school, to buy foods, *dat's how I spen' money—*

'Your children are your own business,' said the other, 'not Henry Ford's.'

Betrayed Loyalty

Even in recollection of this episode which terminated his career and hastened the break-up of his family, I was struck by the special character of Boris's

resentment. It seemed clear that he was torn as terribly by the blasting of his workman's loyalty as by the enormity of his personal loss.

'I go out from mill,' he continued. 'I try tink what I do help mysel'. Who I go to? I use tink,' he cried, 'if something come like dis, go to Henry Ford yourself'. But I tell you no workman beeg enough see Henry Ford! Well, I go lawyer—I happen to know him once—who knows ting like dis more what I do. I say: "What can I do now?" He say: "Nutting, John, ain' nutting you can do!"'

John Boris refused to accept the dictum of the lawyer that there was nothing he could do. In accordance with the formula that 'there is plenty of work in the world if a man be willing to take it,' he buried the pride of a skilled maturity, and found a few hours' work in a cushion factory, accepting a wage twenty-seven and one half cents an hour less than Ford's minimum rate in 1914. But long before he managed this, his daughters had taken jobs in the same factory to which he came ultimately. They carried and are still carrying the bulk of the family load.

These latter items make the story of John Boris a relatively lucky one. The family enjoys a small income from wages; John Boris is not, and except only for a few weeks between the time of 'finish' at Ford's and the cushion factory job, has not been rated as one of the unemployed. And he is lucky enough to have escaped charity.

As I was sitting in the Boris parlor, the two girls came in from work. It was nine o'clock. He introduced his daughters to me; they excused themselves and went to the kitchen. John Boris explained: 'Only when they work late, comp'ny give time for supper.' Work begins at seven-thirty; lunch at twelve. 'How late do you work?' I asked the younger girl, when she reappeared. 'Sometimes till nine o'clock,' she answered, 'sometimes till ten. One night last week we worked till eleven-thirty.' I checked up on this and found that in the smaller concerns which have sprung up in the wake of depression, no regularity prevails: the workmen are expected to finish the work available, which sometimes takes five hours, sometimes ten.

'Alice, Louie's girl,' said one of the girls, 'said she felt faint tonight—it seemed to me that Miss Boris thought Alice a little silly for it—so I sent her upstairs to my coat where I keep cookies.'

John Boris had been silent a long time. He moved his shoulders restlessly and looked down at the thick fingers of his hands. 'Las' July,' he said, 'I was good man.' He raised his eyes slowly. 'I ain't man now,' he said.

One of the Lucky Ones

With some effort I looked into the work of the Ford employment office and of the welfare depart-

ment of the Ford Motor Company. A comprehensive stagger system I found had been organized to spread work among the largest possible number. Further than this, a sincere effort was being made everywhere to give jobs to the neediest. Boris was dismissed, I am ready to believe, not through carelessness—but because relatively worse cases needed his job more. In fact the wealth of data put before me by the mayor's unemployment committee of the city of Detroit confirms me in the belief that his particular case, in which job, savings, and home were wiped out, was one of the lucky ones.

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"[The unemployed] were caught in the lay-off which everyone from their employers to the President of the United States assured them was a temporary dip in the cycle of prosperity."

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In addition to Mr. Boris's case, there are 227,000 men totally unemployed. Let us consider some of these. Out of the number, fifteen thousand are reported homeless. Boris as yet is not of this class and will probably escape it by living with relatives. These men are now housed in the 'emergency lodges,' better known as 'flop houses,' which are maintained at the city's expense. What are they like? Take the 'Fisher East Side Lodge.' It is a huge unused factory building lent to the city by Fisher Brothers and housing, when I visited it, sixteen hundred men. Here I found bank tellers with twenty to thirty years' experience, traveling salesmen, expert toolmakers, a vice-president or two, and workmen of every variety.

The mayor's committee estimates that of the 'homeless men' on their records, about ten per cent are chronic vagrants who would be looking for hand-outs in fat times as well as lean. The rest are *bona-fide* unemployment cases with a large white-collar sprinkling. Fifteen thousand homeless is considered large for the size of the city and is generally attributed by manufacturers I talked with to the army of unmarried men attracted to Detroit by the high wages and short hours of the automobile factories. But I discovered that over ten per cent of the homeless group are married men. These are perhaps the least fortunate cases, as contrasted with the relatively fortunate who, like Boris, still command resources of a sort. What is their history? What, for example, becomes of the wife, and what happens to the kids? The story of the married homeless averages as fol-

lows. (I am omitting the cases of suicide and actual starvation.)

A majority of the men are automobile workers; the average age is thirty-eight. Fifteen years ago they came to Detroit attracted by the good wages. A considerable number are college men; as skilled workers, tool designers, and engineers, they made from ten to fifteen dollars a day. They laughed at their white-collar classmates making forty per—and obliged to 'keep up appearances.' The ordinary workers among them were making five dollars a day, or six dollars, or seven dollars, with steady jobs. They married, bought a car, and ultimately started payments on a 'home of their own.'

About six years ago the 'inventory period' of the manufacturers began to stretch. From two weeks' 'vacation' in summer—without pay—it edged up to a month. 'Changing tools' for the new model, repair periods, 'reorganization,' sliced another week or two from the winter months. As a rule the single man didn't care; for him it *was* a vacation. But his married brother got fidgety. He hadn't rigged his budget for a ten-month year. Then among Ford men came the five months' shutdown in 1927. This wiped out a good many surpluses. The surpluses were not large. Why? Most of the men had bought a car, had taken out insurance, and begun payments on the 'home.' By 1929, the family men were worried. Not in a panic, but thinking hard. They still had their homes, they still had the car, but their savings were gone. The expanding vacations gave them an increasing sense of insecurity.

The Depression Hits

Then descended the first months of the depression a year and a half ago. They were caught in the lay-off which everyone from their employers to the President of the United States assured them was a temporary dip in the cycle of prosperity. The first act of the conservative householder was to sell his car—the purchase of which a year before had been all but compelled by company salesmanship. 'It is your duty,' the married man had been told; 'it will guarantee your job.' Two months passed. Just as the newspapers agreed that the 'worst was over,' the married man borrowed four hundred dollars on his furniture. This to keep his end up, to continue payment on his home, pay his insurance premiums, buy food, and keep the boy at school. At this point he had adopted his employers' optimism. 'Things *must* pick up. In another month I'll be back at work.' But the month passes, and the furniture goes to meet the loan. However, there is the hundred dollars which Alice hasn't told him about. With it he manages one more payment on the house, hoping that the rumor about a 'pick-up' at Fisher's will come true. It doesn't.

In a Michigan 'land contract' the owner holds the deed; in case of the tenant's default, payments go to the deed-holder. At this point his contract is foreclosed, and with the house passes forever the three thousand dollars paid to date toward ownership. The children, who have been denied milk for a couple of months, are now sent to grandmother's, or parked around among relatives. The married man and his wife move into two rooms in the suburbs she had always scorned. With the change there passes into discard the emotions which cling to a united family, and to the home as a physical possession, somehow defensible.

The married man, however, at this point is really just beginning to fight. He tells his wife this in as many words. With the burden of the kids off his mind, and with no payments to make on the lost home, he is ready for any kind of work at any pay. It is the mood endorsed by so many well-wishers who themselves are in more fortunate positions. And he gets the work. Any number of young men found a month's neighborhood work, repairing the front steps, trimming hedges, mowing the lawn, or cleaning out the furnace—at a dollar a day, or two.

But this permits a physical subsistence only; it doesn't constitute what the married man hopes for and desires passionately—the beginnings of rehabilitation. After a couple of months the odd-job market is exhausted, and he has learned either to pity or to despise himself. The mental attitude of his new employers is, I find, almost without exception a compound of self-interest and charity. They demand two things of the ex-tool-maker who has asked the privilege of tending furnace for them: first, that he take a rate lower than they would pay an ordinary workman at the job; second, that he show himself abundantly grateful.

At some point during this odd-job epoch, the wife goes back upstate to live with her mother. She suggests he come too. But in the group I am considering, when the man's nerve is still strong, the husband answers: 'No. You go ahead, but I'll stick it in Detroit. This has been our home since 1918, and I certainly can find something. Before you know it I'll be sending for you.' He tries another six months, paying five dollars (a month) for his room. Finally pawns his overcoat, his watch; applies at last to the Welfare for an old pair of shoes.

You and I can call on him today at the Fisher Lodge, where at the moment the city will be able, if tax receipts hold up, to expend twenty-two and a half cents a day on him. Out of this comes a clean cot, clean laundry, and two meals a day. And he—with most of his fellows with whom I talked—is still looking for that job, working a week or two without pay for the city to pay for the winter's board.

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VIEWPOINT 25A

America Needs a New Deal (1932)

Franklin D. Roosevelt (1882–1945)

In July 1932, with the nation still in the depths of the Great Depression, the Democratic Party nominated Franklin D. Roosevelt to run for president against the increasingly unpopular Republican incumbent, Herbert Hoover. Roosevelt was then governor of New York, where he had presided over the expansion of state government programs designed to deal with unemployment and other problems of the Great Depression. In accepting the presidential nomination, he broke with tradition by personally addressing the Democratic National Convention. In his speech, excerpted here, Roosevelt describes what he holds as fundamental differences between the nation's two main political parties concerning government and the people's welfare, and proposes new actions by the federal government to help farmers, the unemployed, and others hurt by the Great Depression. It was in this speech that he introduced the term "New Deal" to the American public.

How does Roosevelt describe the differences between the Republican and Democratic parties? How does he describe the causes and results of the Great Depression? What "simple moral principle" does Roosevelt state is the basis for his program?

The great social phenomenon of this depression, unlike others before it, is that it has produced but a few of the disorderly manifestations that too often attend upon such times.

Wild radicalism has made few converts, and the greatest tribute that I can pay to my countrymen is that in these days of crushing want there persists an orderly and hopeful spirit on the part of the millions

Franklin D. Roosevelt, from his address to the Democratic National Convention, July 2, 1932. Reprinted in *Nothing to Fear: The Selected Addresses of Franklin Delano Roosevelt, 1932–1945*, edited by B.C. Zevin (Boston: Houghton Mifflin, 1946).

of our people who have suffered so much. To fail to offer them a new chance is not only to betray their hopes but to misunderstand their patience.

To meet by reaction that danger of radicalism is to invite disaster. Reaction is no barrier to the radical. It is a challenge, a provocation. The way to meet that danger is to offer a workable program of reconstruction, and the party to offer it is the party with clean hands.

This, and this only, is a proper protection against blind reaction on the one hand and an improvised, hit-or-miss, irresponsible opportunism on the other.

Two Views of Government

There are two ways of viewing the Government's duty in matters affecting economic and social life. The first sees to it that a favored few are helped and hopes that some of their prosperity will leak through, sift through, to labor, to the farmer, to the small business man. That theory belongs to the party of Toryism, and I had hoped that most of the Tories left this country in 1776.

But it is not and never will be the theory of the Democratic Party. This is no time for fear, for reaction or for timidity. Here and now I invite those nominal Republicans who find that their conscience cannot be squared with the groping and the failure of their party leaders to join hands with us; here and now, in equal measure, I warn those nominal Democrats who squint at the future with their faces turned toward the past, and who feel no responsibility to the demands of the new time, that they are out of step with their Party.

Yes, the people of this country want a genuine choice this year, not a choice between two names for the same reactionary doctrine. Ours must be a party of liberal thought, of planned action, of enlightened international outlook, and of the greatest good to the greatest number of our citizens.

Now it is inevitable—and the choice is that of the times—it is inevitable that the main issue of this campaign should revolve about the clear fact of our economic condition, a depression so deep that it is without precedent in modern history. It will not do merely to state, as do Republican leaders to explain their broken promises of continued inaction, that the depression is worldwide. That was not their explanation of the apparent prosperity of 1928. The people will not forget the claim made by them then that prosperity was only a domestic product manufactured by a Republican President and a Republican Congress. If they claim paternity for the one they cannot deny paternity for the other.

I cannot take up all the problems today. I want to touch on a few that are vital. Let us look a little at the recent history and the simple economics, the kind of

economics that you and I and the average man and woman talk.

In the years before 1929 we know that this country had completed a vast cycle of building and inflation; for ten years we expanded on the theory of repairing the wastes of the War, but actually expanding far beyond that, and also beyond our natural and normal growth. Now it is worth remembering, and the cold figures of finance prove it, that during that time there was little or no drop in the prices that the consumer had to pay, although those same figures proved that the cost of production fell very greatly; corporate profit resulting from this period was enormous; at the same time little of that profit was devoted to the reduction of prices. The consumer was forgotten. Very little of it went into increased wages; the worker was forgotten, and by no means an adequate proportion was even paid out in dividends—the stockholder was forgotten.

And, incidentally, very little of it was taken by taxation to the beneficent Government of those years.

What was the result? Enormous corporate surpluses piled up—the most stupendous in history. Where, under the spell of delirious speculation, did those surpluses go? Let us talk economics that the figures prove and that we can understand. Why, they went chiefly in two directions: first, into new and unnecessary plants which now stand stark and idle; and second, into the call-money market [options to buy stock based on the belief the price will rise] of Wall Street, either directly by the corporations, or indirectly through the banks. Those are the facts. Why blink at them?

The Stock Market Crash

Then came the crash. You know the story. Surpluses invested in unnecessary plants became idle. Men lost their jobs; purchasing power dried up; banks became frightened and started calling loans. Those who had money were afraid to part with it. Credit contracted. Industry stopped. Commerce declined, and unemployment mounted.

And there we are today.

Translate that into human terms. See how the events of the past three years have come home to specific groups of people: first, the group dependent on industry; second, the group dependent on agriculture; third, and made up in large part of members of the first two groups, the people who are called "small investors and depositors." In fact, the strongest possible tie between the first two groups, agriculture and industry, is the fact that the savings and to a degree the security of both are tied together in that third group—the credit structure of the Nation.

Never in history have the interests of all the people been so united in a single economic problem.

Picture to yourself, for instance, the great groups of property owned by millions of our citizens, represented by credits issued in the form of bonds and mortgages—Government bonds of all kinds, Federal, State, county, municipal; bonds of industrial companies, of utility companies; mortgages on real estate in farms and cities, and finally the vast investments of the Nation in the railroads. What is the measure of the security of each of those groups? We know well that in our complicated, interrelated credit structure if any one of these credit groups collapses they may all collapse. Danger to one is danger to all.

How, I ask, has the present Administration in Washington treated the interrelationship of these credit groups? The answer is clear: It has not recognized that interrelationship existed at all. Why, the Nation asks, has Washington failed to understand that all of these groups, each and every one, the top of the pyramid and the bottom of the pyramid, must be considered together, that each and every one of them is dependent on every other; each and every one of them affecting the whole financial fabric?

Statesmanship and vision, my friends, require relief to all at the same time.

Taxes and Spending

Just one word or two on taxes, the taxes that all of us pay toward the cost of Government of all kinds.

I know something of taxes. For three long years I have been going up and down this country preaching that Government—Federal and State and local—costs too much. I shall not stop that preaching. As an immediate program of action we must abolish useless offices. We must eliminate unnecessary functions of Government—functions, in fact, that are not definitely essential to the continuance of Government. We must merge, we must consolidate subdivisions of Government, and, like the private citizen, give up luxuries which we can no longer afford.

By our example at Washington itself, we shall have the opportunity of pointing the way of economy to local government, for let us remember well that out of every tax dollar in the average State in this Nation, forty cents enter the treasury in Washington, D.C., ten or twelve cents only go to the State capitals, and forty-eight cents are consumed by the costs of local government in counties and cities and towns.

I propose to you, my friends, and through you, that Government of all kinds, big and little, be made solvent and that the example be set by the President of the United States and his Cabinet. . . .

Unemployment

And now one word about unemployment, and incidentally about agriculture. I have favored the use of certain types of public works as a further emergency

means of stimulating employment and the issuance of bonds to pay for such public works, but I have pointed out that no economic end is served if we merely build without building for a necessary purpose. Such works, of course, should insofar as possible be self-sustaining if they are to be financed by the issuing of bonds. So as to spread the points of all kinds as widely as possible, we must take definite steps to shorten the working day and the working week.

"Republican leaders not only have failed in material things, they have failed in national vision. . . . I pledge myself to a new deal for the American people."

Let us use common sense and business sense. Just as one example, we know that a very hopeful and immediate means of relief, both for the unemployed and for agriculture, will come from a wide plan of the converting of many millions of acres of marginal and unused land into timberland through reforestation. There are tens of millions of acres east of the Mississippi River alone in abandoned farms, in cut-over land, now growing up in worthless brush. Why, every European Nation has a definite land policy, and has had one for generations. We have none. Having none, we face a future of soil erosion and timber famine. It is clear that economic foresight and immediate employment march hand in hand in the call for the reforestation of these vast areas. In so doing, employment can be given to a million men. That is the kind of public work that is self-sustaining, and therefore capable of being financed by the issuance of bonds which are made secure by the fact that the growth of tremendous crops will provide adequate security for the investment.

Yes, I have a very definite program for providing employment by that means. I have done it, and I am doing it today in the State of New York. I know that the Democratic Party can do it successfully in the Nation. That will put men to work, and that is an example of the action that we are going to have.

Aid to Agriculture

Now as a further aid to agriculture, we know perfectly well—but have we come out and said so clearly and distinctly?—we should repeal immediately those provisions of law that compel the Federal Government to go into the market to purchase, to sell, to speculate in farm products in a futile attempt to reduce farm surpluses. And they are the people who are talking of keeping Government out of business.

The practical way to help the farmer is by an arrangement that will, in addition to lightening some of the impoverishing burdens from his back, do something toward the reduction of the surpluses of staple commodities that hang on the market. It should be our aim to add to the world prices of staple products the amount of a reasonable tariff protection, to give agriculture the same protection that industry has today.

And in exchange for this immediately increased return I am sure that the farmers of this Nation would agree ultimately to such planning of their production as would reduce the surpluses and make it unnecessary in later years to depend on dumping those surpluses abroad in order to support domestic prices. That result has been accomplished in other Nations; why not in America, too? . . .

Rediscounting of farm mortgages under salutary restrictions must be expanded and should, in the future, be conditioned on the reduction of interest rates. Amortization payments, maturities should likewise in this crisis be extended before rediscount is permitted where the mortgagor is sorely pressed. That, my friends, is another example of practical, immediate relief: Action.

I aim to do the same thing, and it can be done, for the small home-owner in our cities and villages. We can lighten his burden and develop his purchasing power. Take away, my friends, that spectre of too high an interest rate. Take away that spectre of the due date just a short time away. Save homes; save homes for thousands of self-respecting families, and drive out that spectre of insecurity from our midst.

The Harms of Tariffs

Out of all the tons of printed paper, out of all the hours of oratory, the recriminations, the defenses, the happy-thought plans in Washington and in every State, there emerges one great, simple, crystal-pure fact that during the past ten years a Nation of one hundred twenty million people has been led by the Republican leaders to erect an impregnable barbed wire entanglement around its borders through the instrumentality of tariffs which have isolated us from all the other human beings in all the rest of the round world. I accept th[e] admirable tariff statement in the platform of this convention. It would protect American business and American labor. By our acts of the past we have invited and received the retaliation of other nations. I propose an invitation to them to forget the past, to sit at the table with us, as friends, and to plan with us for the restoration of the trade of the world.

Go into the home of the business man. He knows what the tariff has done for him. Go into the home of the factory worker. He knows why goods do not

move. Go into the home of the farmer. He knows how the tariff has helped to ruin him.

At last our eyes are open. At last the American people are ready to acknowledge that Republican leadership was wrong and that the Democracy is right.

Work and Security

My program, of which I can only touch on these points, is based upon this simple moral principle: the welfare and the soundness of a nation depend first upon what the great mass of the people wish and need; and second, whether or not they are getting it.

What do the people of America want more than anything else? To my mind, they want two things: work, with all the moral and spiritual values that go with it; and with work, a reasonable measure of security—security for themselves and for their wives and children. Work and security—these are more than words. They are more than facts. They are the spiritual values, the true goal toward which our efforts of reconstruction should lead. These are the values that this program is intended to gain; these are the values we have failed to achieve by the leadership we now have.

Our Republican leaders tell us economic laws—sacred, inviolable, unchangeable—cause panics which no one could prevent. But while they prate of economic laws, men and women are starving. We must lay hold of the fact that economic laws are not made by nature. They are made by human beings.

Yes, when—not if—when we get the chance, the Federal Government will assume bold leadership in distress relief. For years Washington has alternated between putting its head in the sand and saying there is no large number of destitute people in our midst who need food and clothing, and then saying the State should take care of them, if there are. Instead of planning two and a half years ago to do what they are now trying to do, they kept putting it off from day to day, week to week, and month to month, until the conscience of America demanded action.

I say that while primary responsibility for relief rests with localities now, as ever, yet the Federal Government has always had and still has a continuing responsibility for the broader public welfare. It will soon fulfill that responsibility. . . .

One word more: Out of every crisis, every tribulation, every disaster, mankind rises with some share of greater knowledge, of higher decency, of purer purpose. Today we shall have come through a period of loose thinking, descending morals, an era of selfishness, among individual men and women and among nations. Blame not Governments alone for this. Blame ourselves in equal share. Let us be frank in acknowledgment of the truth that many amongst us have made obeisance to Mammon, that the profits of

speculation, the easy road without toil, have lured us from the old barricades. To return to higher standards we must abandon the false prophets and seek new leaders of our own choosing.

A New Deal

Never before in modern history have the essential differences between the two major American parties stood out in such striking contrast as they do today. Republican leaders not only have failed in material things, they have failed in national vision, because in disaster they have held out no hope, they have pointed out no path for the people below to climb back to places of security and of safety in our American life.

Throughout the Nation men and women, forgotten in the political philosophy of the Government of the last years, look to us here for guidance and for more equitable opportunity to share in the distribution of national wealth.

On the farms, in the large metropolitan areas, in the smaller cities and in the villages, millions of our citizens cherish the hope that their old standards of living and of thought have not gone forever. Those millions cannot and shall not hope in vain.

I pledge you, I pledge myself, to a new deal for the American people. Let us all here assembled constitute ourselves prophets of a new order of competence and of courage. This is more than a political campaign; it is a call to arms. Give me your help, not to win votes alone, but to win in this crusade to restore America to its own people.

VIEWPOINT 25B

Roosevelt's New Deal Would Destroy America (1932)

Herbert Hoover (1874–1964)

Elected in 1928, Herbert Hoover was president of the United States during the first years of the Great Depression. His popularity suffered sharply as economic conditions worsened in the early 1930s. Nonetheless, he was renominated for the presidency by the Republican Party in 1932. During the campaign he both defended his presidency and attacked his Democratic opponent, Franklin D. Roosevelt. In the following viewpoint, excerpted from a campaign address given at New York City's Madison Square Garden on October 31, 1932, Hoover defends his record and what he calls the "American system" of individual freedom and limited government.

Herbert Hoover, from a campaign speech delivered at Madison Square Garden, New York City, October 31, 1932. Reprinted in *The State Papers and Other Public Writings of Herbert Hoover*, vol. 2, edited by William Starr Myers (New York: Doubleday, Dorian & Co., 1934).

What does Hoover see as the proper role for the federal government in managing the nation's economy? What aspects of the "American system" are most threatened by a Roosevelt presidency, according to Hoover? What hope does Hoover offer the nation of the Great Depression's ending?

This campaign is more than a contest between two men. It is more than a contest between two parties. It is a contest between two philosophies of government.

We are told by the opposition that we must have a change, that we must have a new deal. It is not the change that comes from normal development of national life to which I object, but the proposal to alter the whole foundations of our national life which have been builded through generations of testing and struggle, and of the principles upon which we have builded the Nation. The expressions our opponents use must refer to important changes in our economic and social system and our system of Government, otherwise they are nothing but vacuous words. And I realize that in this time of distress many of our people are asking whether our social and economic system is incapable of that great primary function of providing security and comfort of life to all of the firesides of our 25,000,000 homes in America, whether our social system provides for the fundamental development and progress of our people, whether our form of government is capable of originating and sustaining that security and progress.

This question is the basis upon which our opponents are appealing to the people in their fears and distress. They are proposing changes and so-called new deals which would destroy the very foundations of our American system. . . .

The American System

Let us pause for a moment and examine the American system of government, of social and economic life, which it is now proposed that we should alter. Our system is the product of our race and of our experience in building a nation to heights unparalleled in the whole history of the world. It is a system peculiar to the American people. It differs essentially from all others in the world. It is an American system.

It is founded on the conception that only through ordered liberty, through freedom to the individual, and equal opportunity to the individual will his initiative and enterprise be summoned to spur the march of progress.

It is by the maintenance of equality of opportunity and therefore of a society absolutely fluid in freedom of the movement of its human particles that our

individualism departs from the individualism of Europe. We resent class distinction because there can be no rise for the individual through the frozen strata of classes, and no stratification of classes can take place in a mass livened by the free rise of its particles. Thus in our ideals the able and ambitious are able to rise constantly from the bottom to leadership in the community.

This freedom of the individual creates of itself the necessity and the cheerful willingness of men to act cooperatively in a thousand ways and for every purpose as occasion arises; and it permits such voluntary cooperations to be dissolved as soon as they have served their purpose, to be replaced by new voluntary associations for new purposes.

"Our opponents . . . are proposing changes and so-called new deals which would destroy the very foundations of our American system."

There has thus grown within us, to gigantic importance, a new conception. That is, this voluntary cooperation within the community. Cooperation to perfect the social organization; cooperation for the care of those in distress; cooperation for the advancement of knowledge, of scientific research, of education; for cooperative action in the advancement of many phases of economic life. This is self-government by the people outside of Government; it is the most powerful development of individual freedom and equal opportunity that has taken place in the century and a half since our fundamental institutions were founded.

It is in the further development of this cooperation and a sense of its responsibility that we should find solution for many of our complex problems, and not by the extension of government into our economic and social life. The greatest function of government is to build up that cooperation, and its most resolute action should be to deny the extension of bureaucracy. We have developed great agencies of cooperation by the assistance of the Government which promote and protect the interests of individuals and the smaller units of business. The Federal Reserve System, in its strengthening and support of the smaller banks; the Farm Board, in its strengthening and support of the farm cooperatives; the Home Loan Banks, in the mobilizing of building and loan associations and savings banks; the Federal Land Banks, in giving independence and strength to land mortgage associations; the great mobilization of relief to distress, the mobilization of business and industry in measures of

recovery, and a score of other activities are not socialism—they are the essence of protection to the development of free men.

The primary conception of this whole American system is not the regimentation of men but the cooperation of free men. It is founded upon the conception of responsibility of the individual to the community, of the responsibility of local government to the state, of the state to the National Government.

It is founded on a peculiar conception of self-government designed to maintain this equal opportunity to the individual, and through decentralization it brings about and maintains these responsibilities. The centralization of government will undermine responsibilities and will destroy the system. . . .

Democratic Proposals

A proposal of our opponents which would break down the American system is the expansion of Government expenditure by yielding to sectional and group raids on the Public Treasury. The extension of Government expenditures beyond the minimum limit necessary to conduct the proper functions of the Government enslaves men to work for the Government. If we combine the whole governmental expenditures—National, state, and municipal—we will find that before the World War each citizen worked, theoretically, 25 days out of each year for the Government. In 1924 he worked 46 days a year for the Government. Today he works for the support of all forms of government 61 days out of the year.

No nation can conscript its citizens for this proportion of men's time without national impoverishment and destruction of their liberties. Our Nation cannot do it without destruction to our whole conception of the American system. The Federal Government has been forced in this emergency to unusual expenditures but in partial alleviation of these extraordinary and unusual expenditures, the Republican Administration has made a successful effort to reduce the ordinary running expenses of the Government. Our opponents have persistently interfered with such policies. I only need recall to you that the Democratic House of Representatives passed bills in the last session that would have increased our expenditures by \$3,500,000,000, or 87 per cent. Expressed in day's labor, this would have meant the conscription of 16 days' additional work from every citizen for the Government. This I stopped. . . . But the major point I wish to make—the disheartening part of these proposals of our opponents—is that they represent successful pressures of minorities. They would appeal to sectional and group political support, and thereby impose terrific burdens upon every home in the country. These things can and must be resisted. But they can only be

resisted if there shall be live and virile public support to the Administration, in opposition to political log-rolling and the sectional and group raids on the Treasury for distribution of public money, which is cardinal in the congeries of elements which make up the Democratic party.

These expenditures proposed by the Democratic House of Representatives for the benefit of special groups and special sections of our country directly undermine the American system. Those who pay are, in the last analysis, the man who works at the bench, the desk, and on the farm. They take away his comfort, stifle his leisure, and destroy his equal opportunity. . . .

The Growth of Government

No man who has not occupied my position in Washington can fully realize the constant battle which must be carried on against incompetence, corruption, tyranny of government expanded into business activities. If we first examine the effect on our form of government of such a program, we come at once to the effect of the most gigantic increase in expenditure ever known in history. That alone would break down the savings, the wages, the equality of opportunity among our people. These measures would transfer vast responsibilities to the Federal Government from the states, the local governments, and the individuals. But that is not all; they would break down our form of government. Our legislative bodies can not delegate their authority to any dictator, but without such delegation every member of these bodies is impelled in representation of the interest of his constituents constantly to seek privilege and demand service in the use of such agencies. Every time the Federal Government extends its arm, 531 Senators and Congressmen become actual boards of directors of that business.

Capable men can not be chosen by politics for all the various talents required. Even if they were supermen, if there were no politics in the selection of the Congress, if there were no constant pressure for this and for that, so large a number would be incapable as a board of directors of any institution. At once when these extensions take place by the Federal Government, the authority and responsibility of state governments and institutions are undermined. Every enterprise of private business is at once halted to know what Federal action is going to be. It destroys initiative and courage. . . .

The Cost of Freedom

Even if the Government conduct of business could give us the maximum of efficiency instead of least efficiency, it would be purchased at the cost of freedom. It would increase rather than decrease abuse

and corruption, stifle initiative and invention, undermine development of leadership, cripple mental and spiritual energies of our people, extinguish equality of opportunity, and dry up the spirit of liberty and progress. Men who are going about this country announcing that they are liberals because of their promises to extend the Government in business are not liberals, they are reactionaries of the United States. . . .

Ending Poverty

I am not setting up the contention that our American system is perfect. No human ideal has ever been perfectly attained, since humanity itself is not perfect. But the wisdom of our forefathers and the wisdom of the 30 men who have preceded me in this office hold to the conception that progress can only be attained as the sum of accomplishments of free individuals, and they have held unalterably to these principles.

In the ebb and flow of economic life our people in times of prosperity and ease naturally tend to neglect the vigilance over their rights. Moreover, wrongdoing is obscured by apparent success in enterprise. Then insidious diseases and wrongdoings grow apace. But we have in the past seen in times of distress and difficulty that wrongdoing and weakness come to the surface and our people, in their endeavors to correct these wrongs, are tempted to extremes which may destroy rather than build.

It is men who do wrong, not our institutions. It is men who violate the laws and public rights. It is men, not institutions, which must be punished.

In my acceptance speech four years ago at Palo Alto I stated that—

One of the oldest aspirations of the human race was the abolition of poverty. By poverty I mean the grinding by under-nourishment, cold, ignorance, fear of old age to those who have the will to work.

I stated that—

In America today we are nearer a final triumph over poverty than in any land. The poorhouse has vanished from amongst us; we have not reached that goal, but given a chance to go forward, we shall, with the help of God, be in sight of the day when poverty will be banished from this Nation.

Our Democratic friends have quoted this passage many times in this campaign. I do not withdraw a word of it. When I look about the world even in these times of trouble and distress I find it more true in this land than anywhere else under the traveling sun. I am not ashamed of it, because I am not ashamed of holding ideals and purposes for the progress of the American people. Are my Democratic opponents prepared to state that they do not stand for this ideal or this hope? For my part, I propose to continue to strive for it, and I hope to live to see it accomplished. . . .

America's Choice

My countrymen, the proposals of our opponents represent a profound change in American life—less in concrete proposal, bad as that may be, than by implication and by evasion. Dominantly in their spirit they represent a radical departure from the foundations of 150 years which have made this the greatest nation in the world. This election is not a mere shift from the ins to the outs. It means deciding the direction our Nation will take over a century to come.

For Further Reading

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VIEWPOINT 26A

The New Deal Is a Momentous Achievement (1933)

Allan Nevins (1890–1971)

Franklin D. Roosevelt was elected president in 1932 promising a "New Deal" for the American people. He called Congress into special session shortly after his inauguration in March 1933 to carry out his promise. Over the next hundred days, Roosevelt and Congress passed numerous laws and programs designed to reduce unemployment and promote economic activity. Among the federal agencies and programs created were the National Recovery Administration (NRA), the Agricultural Adjustment Administration (AAA), the Federal Emergency Relief Administration (FERA), the Securities and Exchange Commission (SEC), and the Federal Deposit Insurance Corporation (FDIC).

The following viewpoint is taken from a December 31, 1933, article in the *New York Times Magazine*, in which well-known historian Allan Nevins attempts to summarize the historical events of that year and to evaluate Roosevelt's New Deal. Nevins compares the actions of the United States with those of other countries facing economic depression and argues that the New Deal is an impressive showing of America's ability to adapt to new conditions. Nevins taught American history at Columbia University in New York and held editorial posts at the *New York*

World and New York Sun.

Have the ideas of government undergone a radical change in the United States, according to Nevins? What comments does he make about President Roosevelt's leadership abilities and the American constitutional system? What assertions does Nevins make about the economic prosperity of the 1920s?

The year that now draws to a close has been marked by extraordinary fluctuations and changes. It has been on the whole a year of storm, with nations struggling in the waves left by the World War. Many countries had been half-submerged ever since that conflict. The United States, which for a time had ridden on the top of the surge, fell at the beginning of the year deeper into the trough than any other. In its extremity it turned, like Europe, to new experiments. Certainly in no other year since 1919 has the world seen so many radically new ideas and principles broached.

There has been what seemed to many a great change in ideas of government. Fascism has been striding onward; the United States has entrusted unprecedented peacetime authority to Mr. Roosevelt. There has been a radical revision of men's ideas upon international relationships. World organization has suffered heavily, and theories of "autarchy" or self-containment have made many converts.

In the field of economics also there has been a momentous shifting of ideas—in the United States in particular, which has turned to reduction of production, to restriction of competition and to government intervention for the raising of commodity prices. Bold new financial theories are accepted in high places; most of the world is off the gold standard; the validity of that standard in its old form is being questioned, and in the two most powerful nations [Great Britain and the United States] attempts are being made to manage the currency.

Ideas Born of Crisis

These new ideas, however varied, have one common quality. They are fundamentally the products of a time of unexampled crisis. A number of them bear plain evidence of exaggeration or distortion and one or two even of hysteria. During great tempests there are moments when the earth itself seems to heave and tremble. After they have passed men realize that this was a delusion, that through all the rush and shock of wind and wave the earth stood solid as ever—its quivers were imagined.

Of late, Americans have had a tendency to pass from one exaggeration to another. Six years ago they talked of a new economic era of unprecedented possibilities, of prosperity that nothing could check and

stocks that "will go to a thousand" [as measured by the Dow Jones Industrial Average Index]. Bank presidents said that we had but started on our way, and economists of repute wrote that the soaring stock prices registered a permanent revolution in national well-being. It is possible that at the nadir of the depression many ideas are as warped as were those expressed at the crest of the wave. When we get back to a fairly calm sea we may perceive that both were askew, and that "If hopes [1928] were dupes, fears [in 1933] may be liars."

At any rate, the year 1934 is certain to offer a severe test for many of the ideas and principles propounded in 1933. There is evidence that it will be a year of slowly returning prosperity. The best reason for thinking this is that the recent upward tendency seems to be world-wide. It is the same in England, America, Scandinavia and Australia, which are off the gold basis, and in France, Belgium and Switzerland, which are still on it; the same in nations with managed currencies and in nations without them; the same in high-tariff countries and in moderate-tariff countries. A general trend, whose origins economists trace back to midsummer of 1932, seems to be at work.

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"What actually happened in this nation in 1933 was . . . a magnificent vindication of democracy."

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Theories formed to fit a depression will soon, we may hope, be working in a period of growing normality. Laws and governmental agencies devised for populations badly frightened, and hence ductile and obedient, will have to be applied to populations which are resuming their individualistic habits. And there are other factors as well. Men's whole attitude toward great public questions may change rapidly, as our recent dramatic verdict [repeal] upon Prohibition has just indicated. Altogether, the next twelve-month will undoubtedly sift much which the last year has produced.

Without violating Lowell's wise maxim, "Don't prophesy unless ye know," it is possible to make one flat statement: The recent assertions that ideas of government have undergone a radical change will not be sustained by future events. These assertions rest upon a misreading of the facts. The assumption in certain quarters that in the United States something has befallen democracy, that the concentration of power in the President's hands has meant a "revolution," already begins to appear absurd. No country,

for evident reasons, is less inclined to revolution than the United States. What actually happened in this nation in 1933 was just the opposite, a magnificent vindication of democracy. We proved anew the flexibility of our government, its capacity for meeting unexpected tensions.

The sudden expansion of Presidential authority to overcome a great emergency conformed entirely with the intent of the founders of the Republic. They meant that in war, in periods of internal strife and in great economic crises the President should be endowed with sufficient power to conquer all difficulties. Again and again Presidents have assumed such power. Jefferson did so when he stretched the Constitution till it cracked, Jackson when he met nullification, Lincoln during the Civil War, Wilson during the World War. When the present crisis subsides, Mr. Roosevelt's powers will subside also.

In fact, it is in times like the present and under such bold and resourceful leaders as Mr. Roosevelt that our democratic institutions are at their best. There is some reason to feel discouraged about them when weak Presidents fail to exercise their authority in due degree—and we do not need to go back to Pierce and Buchanan to name such Presidents. There is no reason to feel anything but optimism when we see Congress and President cooperating as they did last spring, the Chief Executive showing sustained leadership and the people responding loyally to the demands of the government. This is representative government as [John] Locke and Montesquieu outlined it two centuries ago and as James Bryce and Woodrow Wilson expounded it more recently.

We have plenty of balance in reserve. The legislative branch will be playing its usual rôle in a few days, and the judiciary is still to be heard from. But the best defenders of democracy have always contended that balance has to give way at times to stern executive leadership. . . .

A New Economic Philosophy

In the economic sphere there is much that is still confused and bewildering. In many respects the American people are still at a half-way point. Yet, again a few statements may be ventured without treading on the dangerous ground of prophecy. For one, the year 1933 seemed to show that the United States is at last accepting a long-contested principle: the principle that no prosperity is a true prosperity unless it embraces substantially the entire population.

This may sound axiomatic. Yet we can now see that during the decade of the Twenties it was disregarded by most Easterners and by a number of those in the highest governmental places. The prosperity which we boasted from 1921 to 1929, and which many

recklessly misused, left large sections of the country untouched. The great mass of the American farmers, the great majority of bituminous [coal] miners, a large part of our textile workers, to name only three groups, were shut out in the cold.

The first of these groups was all-important. Mr. [George] Peek said a few pungent words in Chicago the other day about the folly of trying to make a profit system work while depriving 6,000,000 farmers, who are at the foundation of our whole national life, of any hope of profits. It has been generally acknowledged during 1933 that if the administrations which scolded the farmer so vigorously for demanding just such aid as had been granted to industry in the post-war tariffs had spent a little more energy in devising rational assistance to agriculture, we might have been far better off today. A dollar spent six or eight years ago . . . would have saved many dollars this last year. Instead, the farmer was rebuffed with a lecture on political economy—the lecturers themselves forgetting some of the most elementary tenets of national economy in the larger sense.

Of all the new ideas put into effect by the Roosevelt administration, the idea that the prosperity of the farmers is worth just as much governmental thought and effort as that of the industrialists ought to be surest of continued approval. The administration has turned to a series of frankly experimental devices to help agriculture.

The policy that men should be paid not to grow wheat, cotton, corn and hogs would have astounded an earlier generation. It may not win indefinite acceptance; the coming year may bring it under heavy fire. The farmer himself, still a stanch individualist, who would far rather grow all he could for a large foreign market than grow half of what he could for a restricted domestic market, may insist on changes. Some of them have already been hinted at by Secretary [of Agriculture] Henry Wallace in his utterances on foreign trade as it affects the farmer. But the general principle that the country can never again afford to let the prairies and the plantations drop lower and lower in poverty and discouragement just because its factories and brokerage houses are still flourishing may be taken as fairly established for 1934 and all future years.

Industrial Reform

The fate during the coming year of the various ideas bound up in the NRA [National Recovery Administration] will likewise be interesting to watch. That system of government advisement and assistance to industry, as Mr. Roosevelt calls it—repudiating the word “control”—has hitherto been under the guidance and surveillance of the Executive alone. It will now pass under that of Congress as

well, while the legislation creating it remains to be tested in the highest court.

Unquestionably, if and as the economic crisis passes, the tendency to regard this as purely emergency legislation will gain strength. With much of it certain to lapse, the really interesting question is what permanent residuum will remain. That it will at least leave some permanent benefits of a social nature in higher minimum-wage standards, in shorter hours and in the reduction of child labor may be devoutly hoped.

Some of these benefits will have to be embodied in entirely new legislation. To make sure of the one last named, the abolition of child labor, another constitutional amendment will be required, and already there is evidence that Mr. Roosevelt's bold measures have given impetus to the movement in the States for ratifying it. We may hope that 1934 will prove that much in the NRA standards which has been hailed by social meliorists most jubilantly will remain as a permanent legacy.

Doubtless the fundamental question in the economic sphere, however, is whether the country will long support the new principle that prosperity may be attained and kept by cutting down production, restricting competition and thus raising price levels. This principle, if carried to its logical conclusion, really comes near being "revolutionary" in a minor sense of the word. It is certainly in direct conflict with some of the convictions most deeply ingrained in the American breast.

Most plain citizens of this country still regard the anti-trust laws and all other legislation against collusion, combination, interlocking directorates and the like with the deepest jealousy. Many people have a keen remembrance of some of the evils of monopoly in the days when trusts were most lawless; many have an unshakable faith in the value of competition. The West in particular looks upon this legislation as one of the bulwarks of economic and political liberty.

In general, again, most Americans, however illogically, hold that there is a direct connection between unfettered production and a rising standard of comfort. Various writers, like Walter Lippmann, have lately pointed out that the outcry against overproduction is always raised when depressions occur, that we have often heard it in the past when production was but a fraction of what it now is, and that it has always been forgotten when good times recur.

As for prices, the American public is capable of coming very quickly and sharply to the conclusion that prices and living costs are too high. In this whole field it is clear that the Roosevelt administration has raised many questions which are far from settled. The coming year must go a long way toward providing the answers.

The Gold Standard

Questions of finance may well be left to the experts who are now quarreling so acrimoniously upon the subject. Obviously this debate has as yet come nowhere near its conclusion. Its vehemence has so far perhaps succeeded in impressing upon the general public just one truth. There is no fiat from Heaven which has ordained that the gold dollar of 23.22 grains shall be immutably indispensable to American well-being.

That dollar was fixed, not by supernatural decree, but by act of Congress in 1834. This legislation superseded an earlier law of Congress, which in 1792 fixed a decidedly different gold content (to wit, 24.75 grains) for the dollar. It is possible to conceive of the government fixing a third gold content in 1934 without bringing the nation to utter ruin. The most important characteristic that money can have is stability, and gold has been far from stable.

When, once before, in the years preceding 1896, declining prices called the gold standard into sharp question, the problem was solved by a greatly enlarged production of gold. William Jennings Bryan was able to remark, with complete justice, that the Republicans wanted the gold standard and got it, and that the Democrats wanted more money and got it. Today the solution may have to be very different. It is clearly evident that it will have to be a compromise solution and that it will have to take into account the arguments for higher commodity prices and for a scaling down of debts.

Moreover, most people are now convinced that we need not expect an ideal solution, for in the very nature of the question that is impossible. We did not have an ideal currency before the crash and we should not expect or demand to have it afterward.

The World Situation

As we look back over the year 1933, viewing the world as a whole, it is impossible to avoid the conclusion that the most disturbing development has been the weakening of international ties. So far as the hope of world cooperation and unity goes, the past twelve-month has recorded several heavy defeats. The World Economic Conference in London, while not completely fruitless, did in general prove empty and abortive. The Disarmament Conference came to nothing. Moreover, Germany's rupture with it led to a still more deplorable event. The League of Nations has now been weakened by the withdrawal of the Reich, following hard on that of Japan. Of the world's seven greatest powers, four—United States, Germany, Russia and Japan—are left on New Year's Day of 1934 outside its portals. . . .

The largest single source of the world's present ills,

economic as well as political, is to be found in nationalistic conflicts and barriers. The world depression has descended directly from the World War, its effects accentuated by nationalistic jealousies and disputes over reparations, debts and tariffs. If the coming year is to bring us a permanent hope of better times it must do something to reverse these unfortunate tendencies of 1933—to strengthen the League, to reduce the burden of armaments, to lessen the constant danger of an explosion in Europe, to lower trade barriers and to bring the nations of the world into closer relations and greater friendliness.

VIEWPOINT 26B

The New Deal Is a Limited Achievement (1933)

Suzanne La Follette (1894–1983)

Feminist and journalist Suzanne La Follette was a contributing author and editor for several magazines, including the *Nation* and *American Mercury*. In the following viewpoint, taken from an October 1933 article in *Current History*, La Follette argues that people expecting a radical revolution in government from Franklin D. Roosevelt's New Deal have been or will be disappointed. The New Deal merely attempts to patch up America's capitalist system, she asserts, while leaving broader problems of economic exploitation unsolved.

How do La Follette's views on how radically Roosevelt has changed America differ from those of Allan Nevins (author of the opposing viewpoint)? How will the New Deal affect ordinary workers, according to La Follette? What past sources of employment and opportunity for the unemployed no longer exist, in her view?

There is a strange air of unreality about the New Deal somewhat suggestive of adventure on a rocking-horse. President Roosevelt and his subordinates are attacking real problems—no doubt of that—energetically, enthusiastically, and with wonderful devotion to their tasks. But they appear to be no more aware of the economic implications of those problems than the public whose fears and desperate hopes they unquestionably represent. Their program thus lacks the coherence that understanding would give it, and the contradictions involved make the United States of America in 1933 seem like the world of Lewis Carroll, where anything

From "The Roosevelt 'Revolution'" by Suzanne La Follette, *Current History*, October 1933.

is possible and nothing is real.

As one considers this appearance of unreality, one realizes that it is not strange at all. It is the distinguishing and perennial characteristic of liberal thought and action. Self-deception is the primary requisite of the liberal mind. The liberal does not dare see the reality of the economic injustice whose effects make him so indignant. If he did, he would be obliged to admit that economic injustice should be abolished, not tinkered with; and for a complex of reasons ranging from self-interest to the chance that God may have made him a tinker by temperament, he does not want it abolished. He wants it "regulated in the public interest." His labor is accordingly out of all proportion to his results, and these are likely to be not at all what he expected. He is like a gallant St. George, trying not to kill the dragon but to pull a few of his teeth without hurting him. It is much more difficult, and the results are unpredictable.

Roosevelt's Radicalism

President Roosevelt has been described as "the most radical man in Washington." From the radical point of view this is such faint praise that it does not do him justice. He is a radical in the American tradition of radicalism—that is, a radical by temperament and instinct. He is for the underdog and against the powerful interests that exploit the underdog. He is genuinely concerned for the fifteen million unemployed; he is genuinely concerned for the debt-burdened farmer victimized by low prices for his own product and high prices for the things he must buy. He is quite in the Jeffersonian tradition of radicalism in that he is instinctively on the side of the producing interest in society and against the speculating interest. But like Jefferson's, his championship of the producing interest is only instinctive. It is a far cry from instinctive radicalism to the radicalism which is inspired by an understanding of what economics and politics are really about. To put it concretely, there is a vast difference between having Wall Street investigated and setting out to abolish the economic system which makes Wall Street possible.

Mr. Roosevelt is far from wishing to abolish the economic system which involves the injustice against which he is tilting. Otherwise he would not be in the White House. The will to change in the American people, which he represents and which is the source of his extraordinary influence, is by no means a will to radical change. There is no widespread discontent with the existing economic system; there is only discontent with its inevitable working-out in hardship for the vast majority and enormous wealth for the few. Psychologically we are still under the spell of the freedom of opportunity offered by a vanished frontier. The nineteenth century took this freedom to

inhere in our political and economic institutions, and the twentieth has not yet discovered its error. Thanks to the influence of this self-deception, nine out of ten Americans still believe that the system is divinely ordained and has only somehow fallen into bad hands from which some of its spoils must be rescued for the masses.

"It seems questionable whether the Forgotten Man is likely to share very handsomely in the New Deal."

Let us not minimize the revolutionary feeling which unquestionably existed during the last years of the Hoover regime. One has only to remember the general satisfaction with the political and economic reaction of the post-war period to realize what an extraordinary change the depression brought about in the national temper, which may possibly have momentous consequences, unless renewed prosperity shall change it once more into complacency. But when the American public becomes revolutionary in feeling it cannot, so long as its peculiar attitude toward existing political and economic institutions remains unchanged, translate that feeling into any kind of fundamentally revolutionary action. This perhaps explains the paradox of Mr. Roosevelt. He is a liberal meliorist acting in a revolutionary situation which allows of nothing more fundamental than liberal meliorism. . . .

One cannot foresee, of course, to what lengths or in what direction events may drive the public and the government, but at present it is quite just to say that the New Deal is another attempt to secure everybody's right to life, liberty and the pursuit of happiness by obviating the more onerous effects of the monopolistic system of ownership which denies that right. Mr. Roosevelt clearly expresses its purpose in his book, *Looking Forward*:

I believe that the government, without becoming a prying bureaucracy, can act as a check or counterbalance of this oligarchy [the "few hundred corporations" and "fewer than three dozen banks" which control our economic life] so as to secure initiative, life, a chance to work, and the safety of savings to men and women, rather than the safety of exploitation to the exploiter, safety of manipulation to the manipulator, safety of unlicensed power to those who would speculate to the bitter end with the welfare and property of other people.

The method by which the President hopes to attain this highly desirable purpose, the method

which has already been embodied in the Securities Act, the Banking Act, the National Industrial Recovery Act, is not revolutionary at all. . . . Mr. Roosevelt's method is the old familiar one of government supervision and regulation, valiantly fought for from the day of this country's birth by a long line of liberals whose Pyrrhic victories strew the pages of its history. In the very nature of the situation it could never be anything else.

Why, then, is everyone so hopeful? Because Americans are very slow to learn that it is economic relationships that govern political actions, and not political actions that govern economic relationships. This is another way of saying that those who own rule, and they rule because they own. In a political democracy they may appear to be beaten for a while, but in the end the victory is theirs because the economic power is theirs. They furnish the big campaign contributions; they can use their control of wealth to corrupt public officers; they can even use the people's money to corrupt the people's mind to their purposes, and they are welded into a united front against mercurial popular movements by "the cohesive power of public plunder." At present the owning oligarchy appears to be on the run. The collapse of the philanthropic pretensions with which it masked its unbridled theft, the amazing discovery that not a few of its revered leaders were little better than morons—these developments have served to discredit it in the public mind. But discredited as it is, it still owns—a fact worth bearing in mind as one watches the government's attempts to "regulate it in the public interest."

It is a tremendous economic power which Mr. Roosevelt is trying to "check and counterbalance," for it is concentrated in very few hands. There is, moreover, the curious spectacle of his trying to preserve it in order to check and counterbalance it, for he is continuing Mr. Hoover's policy of propping up with government credit the capital structure through which the American people are exploited. Let us not impugn his motive. As he sees it, the life of the country depends on the capital structure—the jobs of the workers, the savings of all the citizens, the profits of the industrialists and bankers and shopkeepers, the livelihood of the farmers, the incomes of landowners and bondholders. And it is quite true that the capitalist way of life depends upon the preservation of the capitalist system. The vast majority of Mr. Roosevelt's fellow-citizens see the thing as he does. They cannot envisage any other way of life. As Trotsky says, "society actually takes the institutions that depend upon it as given once for all."

The Forgotten Man

But with the structure preserved unaltered, with its liens on production unrevised, it seems questionable

whether the Forgotten Man is likely to share very handsomely in the New Deal. He will still be obliged to carry the heavy load of unearned income—on capitalized franchises, capitalized earning power, bonds issued to enrich underwriters, mortgages held at usurious rates of interest, overcapitalized land values. In addition, he must bear a tax burden which has mounted fantastically since the beginning of the century and has increased rather than lessened during the depression. Contrary to popular belief, all income, unearned as well as earned, and all taxes come out of the labor of the producing classes; there is no other source for them to come from.

A Cursory Glance

Thus, at a cursory glance the New Deal looks like a plan to employ more workers at higher wages so that they can pay higher prices so that interest can be paid on inflated bond-issues, dividends on watered stock, and rents on inflated land values. This is certainly not what Mr. Roosevelt has been promising. Yet might not a stranger, watching the New Deal as it gets under way and not knowing its author's expressed intention to abolish exploitation, be likely to assume that its primary purpose was to rationalize unearned income, which is to say, to stabilize the right of exploitation?

This may be challenged on the ground of the "peaceful revolution" supposedly proceeding under the National Industrial Recovery Act. One should be reluctant to attack this attempt to restore workers to employment if for no other reason than that it is meeting with resistance at the moment from some of the most ruthless of the exploiting interests, such as the steel trust and the coal operators. Moreover, it seems to be eliminating child labor, and we are emotionally stirred by that prospect even though intellectually we should realize that employers can well afford this apparently humanitarian gesture when adult labor can be had at wages as low as those provided in some of the codes submitted or already adopted under the act—codes which indicate that neither the employers nor the government officials have forgotten the sacred right of exploitation that inheres in ownership.

Here the obvious retort may be anticipated by remarking that the administration cannot demand higher minimum conditions than the employers will accept. If you are compromising with an exploiting system you have to respect the right to exploit.

Exploitation of Workers

We say to ourselves, "What must the exploitation of men and women have been during this depression if these minimums mean an improvement in their condition?" We know something of it, for official

agencies have enlightened us from time to time. Women in Pennsylvania sweatshops have been reported as receiving less than \$2 for two weeks' work. In the South the textile workers have lived in a state of virtual peonage for so long that a \$12 minimum wage and a 40-hour week must seem like wealth and leisure to them. But while the government is raising minimum wages it is also trying to raise prices, and even holding inflation in reserve as a means to that end. Suppose the purchasing power of the dollar should drop once more to 50 cents—which seems not at all improbable—what then will be the condition of the worker who is now sure of a minimum wage ranging from \$10 to \$15 a week? One is reminded of the minimum-wage laws for women that liberal reformers have pounded through State Legislatures only to see them rendered valueless by a rise in the cost of living.

To be sure, the National Industrial Recovery Act gives the President dictatorial powers. It authorizes him not only to approve but to prescribe "maximum hours of labor, minimum rates of pay, and other conditions of employment." Theoretically he could use these powers to abolish the exploitation of labor; practically he could and would do no such thing. In order to do so he would have to prescribe wages and conditions of labor which would eliminate unearned income from production, and that would be to destroy the credit structure which the government is maintaining at the taxpayers' expense. Therefore he would not eliminate exploitation. . . .

Viewed objectively, then, the administration's program looks like an attempt to rationalize and stabilize exploitation on a nationalist basis. Through subsidizing a reduction of acreage the government proposes to relieve the farmer from dependence on the export market; at the same time it is trying to raise the domestic price of agricultural staples through the processing tax. Thus the agricultural community is to be enabled to bear its annual rent burden of \$700,000,000, meet the interest on its \$8,500,000,000 of mortgages and pay monopoly prices for farm machinery. And the domestic market for agricultural products at higher prices, and for industrial products, too, is to be enlarged through the National Industrial Recovery Act, which by shortening hours of labor will bring about extensive re-employment—if production continues to improve—and by setting minimum wages for the workers re-employed will increase their buying power—if higher prices do not cancel the value of higher wages. . . .

No New Frontier

The attempt to increase employment by shortening the hours of labor is extremely interesting and significant. It is the only new thing, indeed, about the

New Deal, with the significant exception of the spirit which animates it. Depressions can be lifted only through the opening up of new economic opportunities for the workers who have been squeezed out of their livelihood by licensed greed. In the past these opportunities have been furnished by free land or the rise of new industries. But for the past forty years this country has had no frontier; the industrial worker can no longer avail himself of the free opportunity to "labor the earth" for himself; nor has any industry arisen during this depression, as the automobile and radio industries have in the past, on a scale so large as to absorb enough jobless workers to start the whole productive mechanism anew.

The National Industrial Recovery Act is an attempt to provide a substitute for this means of renewing economic activity. It seems to be regarded by its advocates as a means of restoring equality of opportunity. If the New Deal is successful, it may work in that direction, though only, for reasons already adduced, toward equality of opportunity to be exploited. The fact that even this should at the moment seem like a tremendous social improvement is a terrible indictment of our economic system.

Should Not Expect Miracles

Significant as it is that we have in Washington an administration trying to fight the battle of the suffering masses against their exploiters, it is nevertheless unfortunate that more should be expected of its plan of campaign than is warranted by the plan itself and by the essential liberal meliorism of the American public and the administration. If the New Deal, in spite of the spirit animating it, has here been rather mercilessly analyzed, it is because it seems important that we cease to expect miracles of it. If we do not delude ourselves with extravagant hopes, what is going on in Washington will be of great educational value in showing up the nature and workings of economic forces in this country. If we regard the New Deal as at best a first halting step in the general direction of revolutionary improvement, instead of the revolution sprung full-panoplied from the brow of Mr. Roosevelt, we may save ourselves some disagreeable surprises.

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VIEWPOINT 27A

Social Security Will Harm America (1935)

John C. Gall (1901–1957)

One of the most significant and lasting New Deal measures was the passage of the Social Security Act in 1935. Prior to this time the United States, unlike many countries in Europe and elsewhere, did not have a national system of old-age pensions, unemployment insurance, or public relief. The Great Depression led to growing demand for such programs, including a national movement for old-age pensions led by Francis Townsend, a California physician. Partly in response to public pressure, the Roosevelt administration presented to Congress the Social Security Act, a series of programs that included a partial retirement pension funded by payroll taxes as well as three joint federal-state systems of unemployment insurance, disability insurance, and welfare for mothers with dependent children.

Congress debated Roosevelt's social security bill in the summer of 1935. Among the opponents of the measure was John C. Gall, a labor lawyer and former Treasury official who worked for many years for the National Association of Manufacturers, a business lobbying organization. In the following viewpoint Gall criticizes the proposed Social Security Act and its payroll taxes as impractical and costly to business. The viewpoint is taken from a radio address by Gall on June 6, 1935.

What distinctions does Gall draw between the fundamental objectives of the Social Security Act and the results he predicts of the act itself? What concerns about compulsory insurance does Gall express? Why might the Social Security Act increase unemployment, according to Gall?

I approach a discussion of the subject of Social Security with full realization that the position of the manufacturer with respect to social legislation is easily misunderstood and as readily misinterpreted. Objection to the form of legislation, or to its timeliness, or to any of its details, is translated by many into opposition to its objective. But that is not the attitude of those for whom I am privileged to speak.

We agree at once that society must, as a matter of self-defense, care for all those persons who for one reason or another have become unwilling victims of

John C. Gall, "Will the Administration's Social Security Bill Promote Recovery?" a radio speech broadcast June 6, 1935. Reprinted in *Vital Speeches of the Day*, vol. 1, pp. 610–13 (1935).

any of the great hazards of life and who have no means of livelihood save that provided by society itself. We make no distinction in this respect between old age destitution and that arising from accident, ill health, or unemployment.

Debating the Means

But the means by which this objective is to be accomplished, the political and social organizations which have the responsibility for providing the necessary assistance, and the extent of the assistance to be given are fundamental matters upon which we believe there not only can be, but is, great disagreement among people who, like ourselves, are sympathetic with the objective.

Will the Administration's Social Security Bill promote recovery? If I wished to indulge in the kind of wisecracking to which employers have been constantly subjected during the past two years, I should comment that *if this bill will promote recovery it is the single exception which proves the rule.* . . .

The Proposed Plan

For the purpose of our discussion, we shall have to assume that, broadly speaking, the Administration's proposal is for a measure embodying two groups of provisions, the one of a permanent character, the other temporary. The permanent features are a system of so-called unemployment insurance, more accurately described as "unemployment benefits"; a Federal contributory old-age pension provision; and provision for permanent entry of the Federal Government into the field of insurance through sale of old-age annuities. The features presumably intended to be temporary contemplate outright Federal appropriations to the several States to supplement State appropriations for relief of old-age dependency, aids to dependent children, maternal and child welfare, vocational rehabilitation, and public health services. The permanent features, except for the voluntary annuities to be sold, are to be supported by a special tax levy upon employers and employees. The annual appropriations by the Federal Government itself, for operation of the temporary provisions, will be approximately one hundred millions of dollars in the first year, and not less than two hundred millions per year in succeeding years until the permanent system becomes effective. These amounts take no account whatever of the additional State and local taxes and appropriations necessary to meet the minimum requirements for receipt of Federal appropriations.

The permanent old-age pension feature is to be supported through taxes on employers and employees subject to the Act. The unemployment benefit provisions do not represent a Federal system, but

through the levy of a heavy payroll tax against employers, passage of State laws would be compelled in order that the employer's Federal tax might be remitted in proportion to his liability under State laws. The Federal Act does not require any levy whatever against employees who are ultimately supposed to benefit by the Act. The burdens levied under these permanent features begin almost at once, but no benefits are payable for several years to come.

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"How can real recovery . . . be promoted by discouraging employers from expanding employment and increasing payrolls?"

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That, briefly, is a broad outline of the so-called Social Security scheme. We are now asked whether it will promote recovery. The answer would seem too obvious to argue: How can recovery be promoted by additional expenditures from a Federal treasury already far in the red? How can recovery be promoted by the levy of new and additional taxes on employers and employees, when the effect is to withdraw from the channels of trade and commerce a substantial portion of the income normally spent for goods and services? How can real recovery, which means restoration of normal employment and payrolls, be promoted by discouraging employers from expanding employment and increasing payrolls? How can recovery be promoted by payroll taxes which directly induce the substitution of machinery for men? Let us not forget that employers pay men, not machines.

But let us see what some of the advocates of this bill have said of it as a recovery measure. The Secretary of Labor [Frances Perkins] herself said, last November [1934]:

Unemployment insurance alone is not a cure-all. It will not put men back to work and it does not eliminate the necessity for relief. Obviously, we need more than unemployment insurance. We need work programs and well conceived plans for economic rehabilitation. We need to revive the construction and other durable goods industries and to stimulate increased production by private industry.

Senator Pat Harrison, of Mississippi, in charge of the bill in the Senate, said on May 30th:

At the outset I wish to impress upon you that it is not the purpose of unemployment compensation to meet the extraordinary situation with which we are now faced, for this emergency is being largely met by the public works program. The social security

bill, on the other hand, looks to the future and seeks to provide ways and means for permanently dealing with the problem of unemployment in the years to come. . . .

These remarks related primarily to the unemployment compensation features of the measure. I presume no one will contend that the permanent old-age pension plan will promote recovery, since no benefits are to be paid under it until approximately 1942. Where, then, are the "recovery" features of the bill? In the mere appropriation of funds to the States under the temporary provisions of the Act? If so, and if that is a sound method of promoting recovery, why stop at one hundred million dollars, or even two hundred, per annum? Why not adopt the Townsend plan [a proposed \$200 monthly national old-age pension] and purchase recovery even more quickly? Any argument that the mere distribution of public money promotes recovery is based on the fallacious proposition that consumer purchasing power can be produced and maintained by legislative fiat. The Secretary of Labor in April 1934 said that unemployment insurance "would have the important advantage of giving purchasing power to a small but steady market for the products of all our businesses and all our great industrial institutions. It would put a bottom to the fall of depression and unemployment as it has done in England."

England's Example

Well, let us see whether the English agree with her about that. The Royal Commission on Unemployment Insurance, appointed in 1930 after the British Unemployment Insurance system had completely broken down, reported after careful investigation, as follows:

The effect of an insurance or a relief scheme upon the community's purchasing power varies. It is sometimes represented as an infallible remedy for unemployment, maintaining purchasing power under all circumstances and so providing a demand for unemployed labour. If the unemployment relieved is due to any causes . . . except general trade depression, there is no ground for this view. It overlooks the fact that the payment of unemployment benefit is merely a transfer of purchasing power to the beneficiaries from contributors and taxpayers who supply the Fund, and others who lend to the Government when the Fund is in debt. To the extent that it enables the unemployed to maintain their purchasing power without contributing currently to society's income, it reduces the resources and purchases of these others. The aggregate of purchases made, and therefore, it may be assumed, of employment given, is the same, the only difference is in the distribution of these purchases. . . .

What about foreign experience with compulsory

unemployment insurance? It is obvious that Russia, Germany and Italy, operating under dictatorships, and with complete state control of industry and labor, offer no precedent unless the advocates of compulsory insurance wish to concede an analogy of political and economic conditions. There is much that we can learn from England, but even there the record is one of a complete breakdown of the insurance fund, and a resort to the public treasury. Their Act has been amended 25 times in the 24 years of its existence and is even now undergoing revision.

The Secretary of Labor in a radio address of February 25, 1935, said:

It is not amiss to note here that social legislation in European countries, begun some 25 years ago, is still in a developmental state and has been subjected to numerous changes as experience and changing conditions dictated.

The question before us is not whether there is enough merit in compulsory social insurance to warrant our experimenting with it at the proper time. The question is whether we are warranted in experimenting in a time like this, when there is still widespread unemployment. Remember that no responsible advocate of unemployment insurance claims it will put a single unemployed man to work. On the other hand, official reports of the British Government show that certain types of unemployment are made chronic as a result of social insurance. All of you may not agree with Henry Ford but there is much common sense in his observation, made since the depression began, that:

To regard present conditions as permanent and then to legislate as if they were, is a serious mistake. It is the surest way to keep these wrong things with us. I would not insure unemployment; to me that looks like the surest way of establishing unemployment as a permanent evil. . . . In every case where it exists, unemployment insurance is simply taken out of industry's pay envelope in advance. The men can do that for themselves if they want to, as well as any government can do it. . . . Somebody has to earn everything that is paid. No amount of juggling can change that fact. There is no exempt class. Establish unemployment insurance and you simply remove the pressure toward abolishing unemployment. The people then accept unemployment as a not too serious fact. But it is useless to discuss that, because if you insure unemployment it is only a matter of time before the insurance collapses under the load of unemployment it creates.

In my opinion, the temporary provisions of the Social Security Bill should be segregated from the permanent features. Congress has already appropriated some five billions of dollars to be used by the President for relief of economic distress. Let the necessary amount be allocated from that fund to

meet the requirements of destitution and dependency in the several States.

No Need for Haste

As to the permanent system contemplated by the bill enough has been said to indicate that it has no relation to recovery except, as many believe, to defer and retard it. As to those portions, there is no necessity for unseemly haste. The year 1936, after all, is not necessarily the millennium. Let us therefore proceed after mature study and consideration. Many problems have scarcely been touched by the studies so far made. It took the British two years to study a proposed revision after 20 years of experience.

These observations are, I believe, adequate to demonstrate the necessity for making haste slowly. This is particularly true in a country like ours where unemployment on a wide scale has been the exception and not the rule throughout our history; where natural resources abound; where new industries employing hundreds of thousands of people have developed and will continue to develop from year to year; and where many of our most serious social, political, and economic problems arise out of failure to balance the interests of industry and agriculture. It must be borne in mind that the agricultural population of Great Britain constitutes only about 8 per cent of the total. In this country our agricultural population is $\frac{1}{4}$ of our total. What will be the effect on them if they are left out of any system which may be adopted and yet are called upon to contribute to its support, both directly through taxation and indirectly through increased costs of the goods and services they must buy?

Must we institute a system, change it twenty-five times in the next twenty-five years as England has done, and at the end of that time find it necessary to constitute a commission to salvage the essentials of the system and restore the fund to solvency? Or shall we determine in advance what plan, if any, is best suited to our own people and our own standards?

Constitutional Questions

I regret that time does not permit me to discuss the serious constitutional questions involved in the Social Security Bill. The Associated Press informs us that the Secretary of Labor, upon leaving the White House on Tuesday, declared:

The Social Security measure is not based on the interstate commerce clause, but rather on the Federal Government's taxing clause. We have consulted eminent lawyers on this legislation.

It would be interesting to know whether this legal advice was received from the same source that advised the Administration that the National Industrial Recovery Act was constitutional; that the Rail-

way Pension Act was constitutional; that the Frazier-Lemke Act was constitutional; and that the removal of a member of the Federal Trade Commission was authorized by law,—as to all of which the Supreme Court held there was no constitutional warrant.

What a tragedy it would be for the Administration again to hold the promise to the ear and break it to the heart by forcing enactment of another law of doubtful constitutionality! That would promote, not social security, but a fresh wave of social insecurity. . . .

May I conclude with the admonition of that great friend of young America, Edmund Burke:

Better to be despised for too anxious apprehensions than ruined by too confident security.

VIEWPOINT 27B

Social Security Will Benefit America (1935)

Frances Perkins (1880–1965)

A central figure in President Franklin D. Roosevelt's New Deal, and especially the enactment of the Social Security Act of 1935, was Frances Perkins. The first woman to serve in the cabinet of a U.S. president, she was secretary of labor from 1933 to 1945. Perkins, whose earlier career included teaching, social work, and service as New York state industrial commissioner, chaired a special committee appointed by Roosevelt to draft social welfare legislation. The committee drafted the Social Security Act, which was introduced to Congress in June and passed and signed into law on August 14, 1935. The following viewpoint is taken from a radio speech Perkins gave on September 2, 1935, to describe the benefits of the newly passed law to the American people.

Who will be the main beneficiaries of the Social Security Act, according to Perkins? In her view, how will the act help prevent future depressions?

People who work for a living in the United States of America can join with all other good citizens on this forty-eighth anniversary of Labor Day in satisfaction that the Congress has passed the Social Security Act. This Act establishes unemployment insurance as a substitute for haphazard methods of assistance in periods when men and women willing and able to work are without jobs. It provides for old age pensions which mark great progress over the measures upon which we have hitherto depended in caring for those who have been

From Frances Perkins, "The Social Security Act," a radio speech broadcast September 2, 1935. Reprinted in *Vital Speeches of the Day*, vol. 1, pp. 792–94 (1935).

unable to provide for the years when they no longer can work. It also provides security for dependent and crippled children, mothers, the indigent disabled and the blind.

Old people who are in need, unemployables, children, mothers and the sightless, will find systematic regular provisions for needs. The Act limits the Federal aid to not more than \$15 per month for the individual, provided the State in which he resides appropriates a like amount. There is nothing to prevent a State from contributing more than \$15 per month in special cases and there is no requirement to allow as much as \$15 from either State or Federal funds when a particular case has some personal provision and needs less than the total allowed.

Following essentially the same procedure, the Act as passed provides for Federal assistance to the States in caring for the blind, a contribution by the State of up to \$15 a month to be matched in turn by a like contribution by the Federal Government. The Act also contains provision for assistance to the States in providing payments to dependent children under sixteen years of age. There also is provision in the Act for cooperation with medical and health organizations charged with rehabilitation of physically handicapped children. The necessity for adequate service in the fields of public and maternal health and child welfare calls for the extension of these services to meet individual community needs.

Old-Age Benefits

Consider for a moment those portions of the Act which, while they will not be effective this present year, yet will exert a profound and far-reaching effect upon millions of citizens. I refer to the provision for a system of old-age benefits supported by the contributions of employer and employees, and to the section which sets up the initial machinery for unemployment insurance.

Old-age benefits in the form of monthly payments are to be paid to individuals who have worked and contributed to the insurance fund in direct proportion to the total wages earned by such individuals in the course of their employment subsequent to 1936. The minimum monthly payment is to be \$10, the maximum \$85. These payments will begin in the year 1942 and will be to those who have worked and contributed.

Because of difficulty of administration not all employments are covered in this plan at this time so that the law is not entirely complete in coverage, but it is sufficiently broad to cover all normally employed industrial workers.

As an example of the practical operation of the old-age benefit system, consider for a moment a typical young man of thirty-five years of age, and let us

compute the benefits which will accrue to him. Assuming that his income will average \$100 per month over the period of thirty years until he reaches the age of sixty-five, the benefit payments due him from the insurance fund will provide him with \$42.50 per month for the remainder of his life. If he has been fortunate enough to have an income of \$200 per month, his income will subsequently be \$61.25 per month. In the event that death occurs prior to the age of sixty-five, 3½% of the total wages earned by him subsequent to 1936 will be returned to his dependents. If death occurs after the age of sixty-five, his dependents receive the same amount, less any benefits paid to him during his lifetime.

This vast system of old-age benefits requires contributions both by employer and employee, each to contribute 3% of the total wage paid to the employee. This tax, collected by the Bureau of Internal Revenue, will be graduated, ranging from 1% in 1937 to the maximum 3% in 1939 and thereafter. That is, on this man's average income of \$100 a month he will pay to the usual fund \$3 a month and his employer will also pay the same amount over his working years.

Unemployment Insurance

In conjunction with the system of old-age benefits, the Act recognizes that unemployment insurance is an integral part of any plan for the economic security of millions of gainfully employed workers. It provides for a plan of cooperative Federal-State action by which a State may enact an insurance system, compatible with Federal requirements and best suited to its individual needs.

The Federal Government attempts to promote and effectuate these State systems, by levying a uniform Federal pay-roll tax of 3% on employers employing eight or more workers, with the proviso that an employer who contributes to a State unemployment compensation system will receive a credit of 90% of this Federal tax. After 1937, additional credit is also allowable to any employer who, because of favorable employment experience or adequate reserves, is permitted by the State to reduce his payments.

In addition, the Act provides that after the current fiscal year the Federal Government allocate annually to the States \$49,000,000 solely for the administration of their respective insurance systems, thus assuring that all money paid for State unemployment compensation will be reserved for the purpose of compensation to the worker. It has been necessary, at the present time, to eliminate essentially the same groups from participation under the unemployment insurance plan as in the old-age benefit plan, though it is possible that at some future time a more complete coverage will be formulated.

The State of New York, at the present time, has a

system of unemployment compensation which might well illustrate the salient factors desired in such a plan; in the event of unemployment, the worker is paid 50% of his wages weekly for a period not exceeding 16 weeks in any 52 weeks. This payment begins within three weeks after the advent of actual unemployment. California, Washington, Utah and New Hampshire have passed unemployment insurance laws in recent months and Wisconsin's law is already in effect. Thirty-five States have old-age pension statutes and mothers' pension acts are in force in all but three States.

With the States rests now the responsibility of devising and enacting measures which will result in the maximum benefits to the American workman in the field of unemployment compensation. I am confident that impending State action will not fail to take cognizance of this responsibility. The people of the different States favor the program designed to bring them greater security in the future and their legislatures will speedily pass appropriate laws so that all may help to promote the general welfare.

Federal legislation was framed in the thought that the attack upon the problems of insecurity should be a cooperative venture participated in by both the Federal and State Governments, preserving the benefits of local administration and national leadership. It was thought unwise to have the Federal Government decide all questions of policy and dictate completely what the States should do. Only very necessary minimum standards are included in the Federal measure leaving wide latitude to the States.

"Our social security program will be a vital force working against the recurrence of severe depressions in the future."

While the different State laws on unemployment insurance must make all contributions compulsory, the States, in addition to deciding how these contributions shall be levied, have freedom in determining their own waiting periods, benefit rates, maximum benefit periods and the like. Care should be taken that these laws do not contain benefit provisions in excess of collections. While unemployment varies greatly in different States, there is no certainty that States which have had less normal unemployment heretofore will in the future have a more favorable experience than the average for the country.

It is obvious that in the best interests of the worker, industry and society, there must be a certain uniformity of standards. It is obvious, too, that we must

prevent the penalizing of competitive industry in any State which plans the early adoption of a sound system of unemployment insurance, and provide effective guarantees against the possibility of industry in one State having an advantage over that of another. This the uniform Federal tax does, as it costs the employer the same whether he pays the levy to the Federal Government or makes a contribution to a State unemployment insurance fund. The amount of the tax itself is a relative assurance that benefits will be standardized in all States, since under the law the entire collection must be spent on benefits to unemployed.

A Sound and Reasonable Plan

The social security measure looks primarily to the future and is only a part of the administration's plan to promote sound and stable economic life. We cannot think of it as disassociated from the Government's program to save the homes, the farms, the businesses and banks of the Nation, and especially must we consider it a companion measure to the Works Relief Act which does undertake to provide immediate increase in employment and corresponding stimulation to private industry by purchase of supplies.

While it is not anticipated as a complete remedy for the abnormal conditions confronting us at the present time, it is designed to afford protection for the individual against future major economic vicissitudes. It is a sound and reasonable plan and framed with due regard for the present state of economic recovery. It does not represent a complete solution of the problems of economic security, but it does represent a substantial, necessary beginning. It has been developed after careful and intelligent consideration of all the facts and all of the programs that have been suggested or applied anywhere.

Few legislative proposals have had as careful study, as thorough and conscientious deliberation, as that which went into the preparation of the social security programs. It is embodied in perhaps the most useful and fundamental single piece of Federal legislation in the interest of wage earners in the United States. As President Roosevelt said when he signed the measure: "If the Senate and House of Representatives in their long and arduous session had done nothing more than pass this bill, the session would be regarded as historic for all time."

This is truly legislation in the interest of the national welfare. We must recognize that if we are to maintain a healthy economy and thriving production, we need to maintain the standard of living of the lower income groups of our population who constitute ninety per cent of our purchasing power. The President's Committee on Economic Security, of which I had the honor to be chairman, in drawing up

the plan, was convinced that its enactment into law would not only carry us a long way toward the goal of economic security for the individual, but also a long way toward the promotion and stabilization of mass purchasing power without which the present economic system cannot endure.

That this intimate connection between the maintenance of mass purchasing power through a system of protection of the individual against major economic hazards is not theoretical is evidenced by the fact that England has been able to withstand the effects of the world-wide depression, even though her prosperity depends so largely upon foreign trade. English economists agree with employers and workers that this ability to weather adverse conditions has been due in no small part to social insurance benefits and regular payments which have served to maintain necessary purchasing power.

Our social security program will be a vital force working against the recurrence of severe depressions in the future. We can, as the principle of sustained purchasing power in hard times makes itself felt in every shop, store and mill, grow old without being haunted by the spectre of a poverty-ridden old age or of being a burden on our children.

The costs of unemployment compensation and old-age insurance are not actually additional costs. In some degree they have long been borne by the people, but irregularly, the burden falling much more heavily on some than on others, and none of such provisions offering an orderly or systematic assurance to those in need. The years of depression have brought home to all of us that unemployment entails huge costs to government, industry and the public alike.

Unemployment insurance will within a short time considerably lighten the public burden of caring for those unemployed. It will materially reduce relief costs in future years. In essence, it is a method by which reserves are built up during periods of employment from which compensation is paid to the unemployed in periods when work is lacking.

The passage of this act with so few dissenting votes and with so much intelligent public support is deeply significant of the progress which the American people have made in thought in the social field and awareness of methods of using cooperation through government to overcome social hazards against which the individual alone is inadequate.

During the fifteen years I have been advocating such legislation as this I have learned that the American people want such security as the law provides. It will make this great Republic a better and a happier place in which to live—for us, our children and our children's children. It is a profound and sacred satisfaction to have had some part in securing this great boon to the people of our country.

For Further Reading

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World War II

VIEWPOINT 28A

The United States Should Give Lend-Lease Aid to Great Britain (1940)

Franklin D. Roosevelt (1882–1945)

The outbreak of war in Europe in 1939, much like the outbreak of war in 1914, forced the United States to face a series of decisions on how to respond. Some Americans, believing that the United States should not repeat its 1917 decision to send troops to Europe, urged that the United States remain strictly neutral. This stance was consistent with a series of Neutrality Acts passed by Congress in the 1930s that prevented the United States from providing arms or monetary loans to warring nations or in other ways becoming embroiled in foreign wars. President Franklin D. Roosevelt, in the early months of World War II, successfully pressed Congress to relax the arms embargo and to sell arms to the Allies (Great Britain and France) on a limited “cash and carry” basis. Controversy remained as to whether such limited aid would be enough for the Allies, and if not, whether America should do more.

The following viewpoint is taken from one of the most significant of President Roosevelt’s “fireside chats”—his radio speeches to the American public discussing important problems and decisions of his presidency. Roosevelt made this particular address on December 29, 1940, at the close of an eventful year that saw the fall of France, Denmark, Norway, Belgium, and Holland to Nazi Germany; the passage of the first peacetime military draft in U.S. history; and Roosevelt’s own reelection to an unprecedented third term as president. Great Britain, the sole remaining European democracy, had informed the United States it was running out of money to pay for needed arms, planes, tanks, and other supplies. Roo-