

SHOULD THE NEW DEAL POLICIES BE CONTINUED?

ADDRESS

by

^{H.}
ROBERT M. JACKSON

Attorney General of the United States

at

Town Hall of Buffalo

Erlanger Theatre
Buffalo, N.Y.
February 10, 1940
8:45 p.m.

In establishing the Town Hall of Buffalo you are founding one of the basic institutions of democratic government, and I count it a privilege to help. The price of free government is that citizens must keep themselves informed and alert and critical of those in office, Our people need uncensored facts and undistorted information. But also they need the diversity of interpretation of events and the clash of opinion which helps to form individual judgments, the sum of which constitutes public opinion.

I am glad that Buffalo yields the platform tonight to one of her neighbors from the east and to one who lives somewhat to the west. Perhaps I ought to say to one from the right and one from the left. Regardless of party, we in western New York respect the forthright character of James W. Wadsworth, and we like him because we don't have to wait for a Gallup poll to find out where he stands. As one of the most consistent opponents of New Dealism in both parties, he is an appropriate, as well as an altogether worthy, adversary.

If we were to use our short time in taking up detailed measures of the New Deal I could select a half dozen that I think he would find little fault with, and he could select some that I would not care fully to endorse. In that way we might keep strictly to the topic but never really meet. It is necessary to deal, therefore, with the more general philosophy of the New Deal, which I believe should continue to guide our national policy.

The New Deal is the outgrowth of the economic collapse which hit this nation with unprecedented severity in 1929. It came in the midst of a highly conservative administration which enjoyed the full confidence of business. It was not foreseen by those in power and was

long and often denied to be really a depression. And remember this - the depression came after several years of the kind of administration, the kind of legislation, and the kind of business confidence that they now tell us we should go back to. And, moreover, they are unable to this day to tell us why it came when it did or what caused it, and the party under whose administration it occurred did not then produce, and has not since proposed, even a partial remedy.

In the midst of this collapse, so complete that it threatened the social order and the nation's domestic tranquillity, the New Deal was born. Problems met with action that was often frankly experimental because there was no previous American experience to guide it. Such was the Securities and Exchange Regulation, the Social Security Act, the N.R.A., the Labor Relations Act, and many others. Other problems were left over from experiments of the previous administration which had either failed or been too timidly tried to be helpful. Such were the Agricultural Adjustment Act, the Reconstruction Finance Corporation, the Home Owners Loan Corporation, the Farm Credit Administration, and many others. Still others were urgent in the relief of distress which exhausted local taxing resources were no longer able to handle. These include the extensive W.P.A. program, the large Public Works Administration, the National Youth Administration and the C.C.C. camps.

I do not for one moment claim that so novel, so swift, and so extensive a program of action was free from error or conflict of policy, or faulty execution. Certainly it is our duty to reexamine these several policies and in the light of the lessons of experience reshape them in more permanent alignment with what we hope for the long future of America.

In this process, however, we must remember that today the

New Deal, whatever its defects, represents the only body of political philosophy and the only coherent program of action to adjust our life to the new problems of this decade. No other political body has offered a constructive or affirmative alternative. Mr. Wadsworth disagrees with the basic philosophy of the New Deal. But his party will not follow him in repudiating it. His party cannot make up its mind whether to be right or left of Roosevelt, so it will just straddle. One wing will tell you the New Deal must be ended, root and branch, while another wing poses as being bigger and better New Dealers than Roosevelt. They tell you he is a "defeatist" and want you to think they will begin fighting where he left off. The Republican party will wobble around between these two extremes, while the country comes to the conclusion that it prefers the authentic and original Roosevelt to the counterfeit Roosevelts.

In his last annual message the President put into a single sentence the problem he has faced and the cost if he had failed. He said:

"The social and economic forces which have been mismanaged abroad until they have resulted in revolution, dictatorship, and war are the same as those which we here are struggling to adjust peacefully at home."

It has been a basic doctrine of the New Deal that our economic system needed to be reformed in order to save it. Those whose privileges and profits were threatened by such a program have attempted to make it appear that the New Deal and this administration are anti-private enterprise. Nothing is farther from the truth. To try to rid American business of its parasites and speculators is no more hostile to private enterprise than it is hostile to a dog to try to rid him of his fleas.

Every time an American workingman has followed the counsels of thrift and industry and temperance in order to save for his old age and has then seen his savings swept away by a bank failure, or a foreclosure on his home, or by the fraud of a glib stock salesman, or by a period of unemployment, a blow has been dealt at our system of private enterprise.

The plain fact is that this system of private enterprise is not going to be safe for anybody if it isn't safe for small investors, for willing workmen, for thrifty home owners, and for small independent business men. An able historian, with the perspective of scholarship has come close to my philosophy in saying:

"The real danger from the liberal point of view, is not that Nazis and Communists will destroy liberal democracy by free speaking, but that liberal democracy, through its own failure to cure social ills, will destroy itself by breeding Nazis and Communists."

If I were to name today the most significant trend toward socialism in the United States, I would point to the growing concentration of the control of wealth and business in a few hands. I would point to the disappearance of the local utility, the independent merchant, and the small industry. It is this concentration of wealth which has produced a necessary concentration and centralization of government in order to deal with it. I am confident that over the years the greatest problem which this country faces is this growing control of the chance to work at productive machinery for a living, the growing control of the opportunities of youth, and the growing control of our economic resources by a few men who are free of effective social responsibility. That subject is now being studied by the Temporary National Economic Committee, and if you

have followed its results day by day, you have been astonished at its story of the throttling of private enterprise by other private enterprise, of the big business fish eating the small fish. One of the great services which the New Deal has performed has been to hold this clinic over the sick body of business and one of the tasks of the next administration will be to formulate its findings into a program. I favor following through on it. It will, of course, die a-borning if our Republican friends have their way.

Another point of doctrine in which the advocates of the New Deal generally are in disagreement with its predecessors is that the New Deal has believed in an efficient and effective government for the promotion of the general welfare and the protection of the people from exploitation, and the solution of its economic problems. That is the kind of government that our forefathers thought they were founding. Our Constitution was organized in the midst and as the result of the serious economic collapse of the country which followed the American Revolution. Ships were rotting in the harbors, workmen were idle in the cities, property values had faded away, and the government's promises were not, to use the expression of that day, "worth a Continental." To bring order into our economic life and to establish a public credit with which to encourage the resumption of industry, the Constitution was established and under John Marshall its powers were given a vigorous and broad interpretation to the end that the government should be equal to the problems of its people. Then arose the slave power, fearfully jealous of the national power, from which it rightfully thought danger might come to it, and the energies of a generation of able judges were directed toward limiting and restricting federal power through

judicial interpretation. After Abraham Lincoln waged his fight against the Court and the slave power and removed that menace, another interest arose. The great financial and industrial combinations were able to play one state against another and render state regulations pretty ineffective, but they rightly saw in federal power a menace to their exploitations. So they, too, for further generations bent their efforts to restrictive judicial interpretation. This movement reached its climax and its end in 1936 when it had almost come to be held that the government had no power except a shadow, and the restrictive interpretations were used to wreck substantially the whole of the first four years work of the New Deal.

There is one part of the New Deal which will be continued. It has been my privilege to have a part in writing into the fundamental law of this nation the conception of a government more widely useful to its citizens, better able to govern the powerful, and more competent to protect the weak. It is possible for a succeeding administration to sabotage particular measures for the exercise of these powers, to choke them off with inadequate appropriations, or to staff their agencies with unsympathetic personnel, but the people of the United States will not readily allow any administration to shed itself of the responsibilities in the future as they have in the past. I wonder if you have taken time to review the extent and importance of the restoration of the powers of popular government under the administration of President Roosevelt. The very first power given by the Constitution is to raise revenues and appropriate funds for the common defense and the general welfare. Almost every clause of the Constitution had been the subject of interpretations in the one hundred and fifty years of our government, but it was not until the adminis-

tration of Franklin D. Roosevelt that the power of the federal government to serve the general welfare was sufficiently exercised to be challenged and sustained in the Social Security cases. The way is now open to our country, as it has always been open to most others, to relieve some of the individual cruelties and hardships of our system by resort to unemployment insurance, health insurance, and old age benefits.

The power has been won to enact wage and hour laws, child labor laws in interstate commerce, Labor Relations Acts, an Agricultural Adjustment program, to regulate a distressed industry, like the bituminous coal industry, to regulate utility holding companies, to give municipalities the benefit of bankruptcy powers that private corporations have long enjoyed, to tax the salaries of public officers the same as other citizens, and even to tax the salaries of federal judges.

Of course, to those persons who believe in the doctrine of laissez faire, who think that government has no function except to keep the domestic peace and conduct foreign affairs, these changes are unwelcome. Those of us, however, who believe that the people may use their greatest social organization to advance their welfare, just as private organizations advance private welfare, see this change as opening up new frontiers for statesmanship.

I am willing to grant that our system is so complex that its total operation is not yet fully understood and is influenced by forces and factors that are neither known nor measured. But certainly a country of such natural wealth as is our boast can, if our society is rightly

organized and guided, insist on a decent subsistence income for its families, on adequate protection and security for the aged and unemployed, and on rewards for labor that will increase as its own productivity increases. I cannot believe that American ingenuity is unequal to the task of so utilizing our boundless resources that they will produce an income in goods and services that will sustain a general standard of living that we think of as American. I am not ready to accept long and disastrous depressions as a necessary evil, for I believe government spending could be so planned and timed as certainly to shorten the duration and to lessen the depth of depressions, and that government collections can be so increased in time of prosperity as to balance the budget, reduce debt, and offset the dangers of booms.

Governor Eccles has well said: "The cardinal principle of our national economic policy, I believe, must be to direct the flow of our national income so as to maintain an equilibrium between the goods and services that we are able to produce and the purchasing power wherewith our people can command them." It is, of course, true that such an object requires adjustment of policy to meet such changes in conditions as the passing of the frontiers with their free lands, the retarding of the rate of growth of our population, the change from a debtor nation to a creditor nation, the collapse of foreign markets, and other economic shifts that characterize a changing world.

The major measures of the Roosevelt regime have been directed to strengthening the economic foundations of our democracy, by salvaging agriculture, by giving employment to the idle and security to the home owner, by protecting the collective bargaining power of industrial workers, by establishing minimum wages, unemployment insurance and

old age pensions, by recapitalizing impaired banking structures, railroads and industrial corporations, by guaranteeing bank deposits, and by introducing a minimum of reform necessary to a decent business life.

And the Administration, having made sure of the economic foundation of our democracy, has made equally sure of its political foundations. You, almost alone among the great nations of the earth, are preparing for a national election in which every citizen may freely vote to turn out of power those who govern him. You have only to pick up your Buffalo papers to know that your government is not restraining freedom of the press. You may talk about Roosevelt with even aristocratic bitterness without disappearing or being prosecuted. These things attest the soundness of our freedom in a world where freedom abroad has all but disappeared.

The New Deal has been merely a shaking off of old traditions, a defiance of old lethargies, and a setting about with new energy to reshape our economic and social system to stand the shock of financial collapse, social confusion, and international brutality. These years of the New Deal have been rightly called by one of our most respected historians the "decade of a great rally." You can no more rip the philosophy of the New Deal out of future American life than you can rip out the philosophy of the Emancipation Proclamation or the strong doctrine of the Declaration of Independence. It is our best insurance against a return of grim and tragic years under those who would destroy it.