

BUSINESS AND GOVERNMENT HAVE WORKED TOGETHER

ADDRESS

by

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I once knew a smart lawyer who always took his well-to-do clients to court dressed up in their old clothes. He thought that got sympathy from the jury. I recognize the same tactics in some of the smart lawyer-candidates who are trying to dress up their political contributors in old clothes to get the sympathy of the voters this fall. It must be annoying that just as they all joined in a calamity chorus picturing their contributors in rags and patches, along comes the news about the profits of leading corporations for 1939.

I hold here the April 1940 business letter of the National City Bank. They cannot say that is New Deal propaganda. It tabulates the profits for 1939 of 2,480 companies representing all major lines and having capital, surplus and undivided profits of more than fifty-five billion dollars. The year's profits on this capital were at an average rate of 6.2 percent. That average reflects the worst as well as the best. But the average profit of manufacturing corporations alone was 8 and 1/2 percent, of public utilities it was 6.9 percent and of trade corporations 11.3 percent.

Now I would like to hear these candidates say what they think these corporations ought to earn if 6 percent to 11 percent represents ruin. What rate of profit do they think our economy can afford to pay these corporations and what is a fair rate of profit with interest rates at their present level and employment and national income down?

If these gentlemen said that, in spite of this general prosperity, there were specific lines of industry that are sick and need attention, I should agree with them. If they said that the concentration of wealth in

the United States has proceeded to a point where the prosperity of the big corporations listed on Wall Street does not indicate an equal prosperity throughout the country, again I should agree. And if they were to say that underlying this corporation prosperity are serious economic and social problems, such as unemployment, again I should agree. But to contend that business in the United States is "on dead center" as one of the candidates put it last night, or that the government is destroying American business, or that there is no prosperity in this land, is little short of ridiculous. The Administration's enemies in the past seven years have predicted in America more ruin to business and to our form of government and to our society, than has actually happened in Europe. The public has again and again found their predictions false. And their claim that American business is in ruins will likewise be found false and those who are making such exaggerated claims are doing business no real service.

It is one of the syndicated fables of the opposition that this administration is hostile to business.

The fact is that the most extensive effort ever made by any administration at cooperation between business and government was undertaken by this Administration when it passed the National Industrial Recovery Act. That authorization of self-government for business was sponsored before congressional committees by my opponent on this platform tonight, Mr. Henry I. Harriman, then President of the United States Chamber of Commerce, as well as by the Administration. Moreover, a similar effort to establish

self-government and to overcome the demoralization of the petroleum industry, and another for the same purpose in the bituminous coal industry were sponsored by this Administration. These measures constituted the greatest experiment in self-regulation and self-control ever offered to American business. Everyone of these ventures was destroyed by businessmen who instituted law suits that were argued by business-lawyers and decided by a court that certainly was not a part of the New Deal. Whether these endeavors, on a permanent basis, were wise for the country as a whole, is arguable, but they offered to businessmen a chance to get together among themselves and write their own ticket -- and American business missed the boat.

I should suppose that the most important need of a successful business would be customers. The great collapse of 1929 was destructive to private business because it destroyed millions of its customers. A laborer out of work, a farmer with his farm under foreclosures, a home owner with his property advertised for taxes, a citizen who has been cheated of his savings by stock salesman, or who has had his savings wiped out by bank failure, is not a first-class customer. To restore the purchasing power of these people, which would again put them in the market as purchasers of useful commodities, has been one of the most persistent and most costly efforts of this Administration. Through emergency work relief, through public buildings programs, through home owners loans, employment insurance and old-age benefits, this Administration has struggled not only to keep their bodies and souls together but also to save these people as customers of business.

After the businessman has customers, his next most important need is enough capital to carry on his trade. No administration in the history of this or any other nation ever made available to private enterprise such an amount of capital to restore the banking and transportation systems, and to provide working capital for manufacturing enterprise. And it has been furnished at a very low rate of interest. This Administration has not only provided business with customers, but also with the capital to meet their demands.

But it is charged that the Administration is hostile to business, because the government is regulating this or controlling that business. Unfortunately, the nature of the competitive business struggle is such that the government has to arbitrate between different groups of businessmen. Practically every regulation that has at any time been imposed on American business has been championed by one group of businessmen to protect itself from the exploitation or oppression of another group.

It was the businessman as a shipper who demanded protection from the businessman as a railroad operator and obtained the creation of the Interstate Commerce Commission to regulate rates and stop rebates and discriminations. It was the businessman who obtained the creation of the Federal Trade Commission to protect him from the unfair trade practices and unfair competition of other businessmen. It was capitalists and investors in American business who demanded a Securities and Exchange Commission to bring truth into the securities business. It was the businessman who bought electric power and the investors who bought "electric securities" who demanded the regulation of the public utilities

holding companies. I am unable to recall a single antitrust prosecution that was not instituted on the complaint of businessmen who sought protection against competitors who threatened them with injury or destruction. Nothing would be more disastrous than for the government to cease these activities and let business be governed only by the principle of dog-eat-dog.

Some businessmen, admitting all of this, point out the National Labor Relations Act, the Wage and Hour Law, and the policy of high wages and maximum welfare for labor as evidence of hostility to business. We still have stone-age mentalities who think that the way to lift business is to keep labor down.

The fact is that American industry is geared to supply a high standard of living and, if the American people are unable to maintain a high consumption of food products and of manufactured goods, American industry will fail. A Chinese coolie labor system in this country would give our industrial giants cheap labor, but it would destroy the market for their goods. The only customer worth his salt to American business is the one who demands the American standard of living. This Administration has been determined to maintain those standards and to arm the laboring forces of the country with such weapons as collective bargaining, so that they may themselves defend their living standards. I know that this is for the good of American labor and I believe it is equally good for American business. A low-wage policy or sweat shop hours may mean temporary profits to a few greedy men, but their general establishment would break down American business just as certainly as it would break the

heart of the American workman.

The campaign of 1940 can be a constructive one if those who are complaining of present legislation will state frankly and honestly what they propose to repeal and what they propose to enact. Why not say what changes they propose to make in the law requiring truth in the sale of securities or regulating the stock exchanges? Why not tell us what they propose to do with the Labor Relations Act or the Wage and Hour Act? What their antitrust policy would be? How much profit will they want for the great industries before they will be willing to support old age pensions or relief for the unemployed?

It will take more than a parade of old clothes to make this country believe that this Administration is hostile to business, when we can go into every community of the nation and point to banks and industries that would not be operating today except for its loan of capital. It will take something besides epithets to convince the long line of customers, who can patronize American business only because the government has come to their rescue, that the President is trying to destroy prosperity. But we cannot, and no decent government ever can, accept the proposition that everything is legitimate if only it makes somebody a profit. Every person who believes, as I do believe, in a system of free private enterprise knows that government must take steps to keep it free and to keep it within the rules of the game. And business itself--legitimate business that wants to thrive on a fair margin of profit and to pay a decent wage and to compete in the market with other businessmen on a decent basis -- knows that business and government not only can cooperate and must cooperate, but that they have cooperated to an unprecedented extent in the last seven years.