

if some of the men turn out more units. And as practical men, we know that has happened in innumerable cases. Moreover, while time rates particularly protect the workers in the handicraft trades where the worker sets the pace, they do not do so in the mass production industries where the machines set the pace.

“In the fourth place, many men join unions in order to protect themselves from being victimized by their foremen. The foreman wields enormous power in modern industry, and if he becomes prejudiced against a worker he can make it extremely unpleasant for the man and often force him to lose his job...

“Finally, a great majority of the workers have now become aware of the unfortunate but widespread practice of espionage on the part of employers. I do not know how many of you have read the fourteen volumes of testimony taken on this subject by a subcommittee of the United States Senate...The average workers know all about this and resent it. There is nothing that we in this room would personally resent more than being spied upon by people who were passing themselves off as our ostensible friends and associates, and of having our lawful and legitimate acts then used to deprive us of our position...

“That is not the way that Americans want to live, and I ask you if it is any wonder that the manual workers should seek to combine so that spies and stool pigeons may not be able to take away their livelihood?”

Herbert Hoover: On Intrusive Government

Former President Herbert Hoover answered The Economic Club of Chicago's invitation with a visit and an address on the problems of government intrusion on December 16, 1937, as the nation struggled through the long depression.



“Your letter echoes the anxiety of millions of Americans for the security of their jobs, their savings, the opportunity to better themselves and their children. They are thinking of the long years before they are entitled to an old age pension. I approach that summons with great humility. The questions range far above partisanship. The progress of democracy requires that we present different points of view. We must pound out reason and the basis of cooperation on the anvil of debate.

“By the economic middle class I take it you mean all the people who have to support themselves. You mean the people who have sacrificed years of devotion to learn to do their jobs skillfully. They are the creative people. They are the people who want to get forward. They are the quiet, decent people who are busy keeping things going. They seldom appear in the press except when they die. Unless this great group have a chance the whole will fail. They have to carry the burdens of the unfortunate...

“We possess the resources and the equipment to produce more than mere food, shelter and clothing for the whole of our population. We are still able to contend for the right to govern ourselves. Ours has been a great adventure in free men and free ideas and free enterprise. That experiment has not failed. At present, it has become muddled...

“What is imperative for the moment is relief from pressures which stagnate billions of industrial and

home construction and millions of jobs for men. But it is currents deeper than this recession that we are discussing tonight, although this recession is one of the indications of profound currents...

“We had for nearly a century industrial pioneers who mainly devoted themselves to building up the great industrial tools provided by scientific discovery. Those generations did a good job. They won for America the greatest economic triumph in all history. That is the unique ability to produce a plenty for a wholesome standard of living and comfort to all the people. Private initiative and enterprise proved to be the very mother of plenty. It had its social weaknesses. That generation gave too little heed to equitable diffusion among all the people of the output of their triumph in production...

“Our greatest economic weakness was the organization and shocking abuses in finance and banking. Our segment of the war depression was deepened by our credit inflations and failures. Our people were amply warned. But democracies seldom act until the shock comes. Then they get impatient...

“We must not confuse true liberal reforms with Planned Economy, which has other purposes. Constant reform is a necessity of growth. The objectives of this administration in reforms directed to cure business abuses, to remedy social ills, old age needs, housing, sweated labor, etc. are right. Nor is Planned Economy necessary to bring them about.

“The central idea of Planned Economy which concerns me is the gigantic shift of government from the function of umpire to the function of directing, dictating and competing in our economic life. No one will deny that the government is today increasingly controlling prices, wages, volume of production and investment.

“Its weapons include politically managed currency, managed credit, managed interest rates, huge expenditure in pump priming and inflation of bank deposits. Further weapons are to use relief funds to

build government into competitive business. It has stretched the taxing powers deep into the control of business conduct. Regulation to prevent abuse has been stretched into instruments of dictation. The policeman on the streets of commerce to expedite the traffic, to keep order and stop robbery, now orders our destination and tells us what to do when we get there. It will be a depressing day for America when the farmer can be put in jail for failure to obey the dictates of Washington as to what he may sow and what he may reap.

“I do not agree with these New Deal objectives, for there are here fundamental conflicts with free men in which there is no compromise, no middle ground. We have now had nearly five years experience with these ideas. They were put forward as only for an emergency. And yet every session of Congress faces demands for more and more.

“The very forces of Planned Economy involve constantly increasing delegation of discretionary power to officials. They involve constantly greater centralization of government. They involve conflicts with the Constitution. They involve minimizing the independence of the Congress and the Judiciary. They involve huge deficits, great increase in debt and taxes and dangers of inflation.

“Somehow, I do not believe these things make for either economic or social security or enlarge the opportunities of the people. The results are obvious violations of common sense. Transient political officials cannot plan the evolution of 120 million people. We cannot assume that Americans are incapable of conducting their own lives and their daily affairs for their own good. We cannot increase standards of living by restricting production. We cannot spend ourselves into prosperity. We cannot hate ourselves into it either. We cannot constantly increase costs of production without increasing prices and therefore decreasing consumption and employment. We cannot place punitive taxes on industry without stifling new enterprises and jobs...

“Group conflicts in the country have been magni-

fied. We have become a sadly divided America. In the words these groups use and the reprisals they undertake, they have brought us fear, confusion, worry and distractions. If every group gets all they ask for, nobody will get anything. Do these things make for economic security or equal opportunity? There are considerations of government far higher than money or comfort. That is its relations to moral and spiritual values. Part of these Planned Economy measures are a surrender of the spiritual for the material. Part of them proceed by unmoral steps. No government can reform the social order unless it sets higher standards of morals and rectitude than those whom it governs.

“I ask you, is there economic security without moral security?”

“American young men and women should have the right to plan, to live their own lives with the limitation that they shall not injure their neighbors. What they want of government is to keep the channels of opportunity open and equal, not to block them and then send them a tax bill for doing it. They want rewards to the winners in the race. They do not want to be planed down to a pattern. To red-blooded men and women there is joy of work and there is joy in the battle of competition. There is the daily joy of doing something worthwhile, of proving ones own worth, of telling every evil person where he can go. There is the joy of championing justice to the weak and downtrodden. These are the battles which create the national fiber of self-reliance and self-respect. That is what made America. If you concentrate all adventure in the government, it does not leave much constructive joy for the governed...”

“No system can stand on pure economics. The economic and social gears must be enmeshed. The primary objective of our system must be to eliminate poverty and the fear of it. Men cannot be free until the minds of men are free from insecurity and want. But security and plenty can be built only upon a release of the productive energies of men. Moreover economic security and even social security can be had in jail but it lacks some of the

attractions of freedom....

“The economically successful must carry the burdens of social improvement for the less fortunate by taxes or otherwise. Child labor, health, sweated labor, old age, and housing are but part of our social responsibilities. The nation must protect its people in catastrophes beyond their control.

“This is no philosophy of laissez-faire or-dog-eat-dog. It is a philosophy of free men with the responsibilities of freedom. It requires no tampering with the Constitution or the independence of the Judiciary. It is a system of faith in the competence, the self-discipline and the moral stamina of the American people and the divine inspiration of free men. It is a system of forward movement to far greater attainment.

“Our transcendent need at this moment in America is a change in direction toward this system. A confident, alert, alive and free people, enthused with incentive and enterprise, can quickly repair losses, repay debts, and bury mistakes. It can build new opportunity and new achievement.”

William O. Douglas on Small Industries

Before he was appointed to the U.S. Supreme Court, William O. Douglas served in a variety of appointed regulatory positions under President Franklin D. Roosevelt. On February 1, 1938, as chairman of The Securities and Exchange Commission, he addressed The Chicago Economic Club and talked about small industry.

“Strangely enough many people fail to understand how extremely important small industry is to our whole economy. It takes no statistical analysis to indicate the enormous importance to our nation of the industry employing from 100 to 200 men and women. Out of a total of 411,000 corporations reporting balance sheets and filing income tax returns in 1934, 386,000 had total assets of less