
Franklin D. Roosevelt — “The Great Communicator”
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Series 1: Franklin D. Roosevelt’s Political Ascension

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1932 August 20

Columbus, OH - Campaign Speech

READING COPY

In no other State did I meet on the same platform 4 states some
with whom I have had closer association in the years preceding
1. Cox - 2. Luv. White - 3. Baker - 4. Backley

ADDRESS OF GOVERNOR FRANKLIN D. ROOSEVELT
AT
COLUMBUS, OHIO
SATURDAY AFTERNOON, AUGUST 20, 1932

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When I opened my campaign in Chicago seven weeks ago I spoke briefly and plainly of the issues of this campaign. Following that address I outlined to the people of the country the platform of my party. In the order of logic I should devote this address to the Republican platform and the speech of acceptance of my opponent. I find it necessary, therefore, not only to discuss these statements but to consider them in the light of Republican policies and promises of the past few years. To do so without severe criticism is impossible.

I regret this necessity. Destructive criticism is never justified for its own sake. But to build we must first clear the ground. We must find out

why the present Republican leadership built so unwisely. We must determine the causes that made the old structure collapse. We must take borings to determine the necessary character of the foundation. To justify our right to build we must show not only a sound plan but why, in contrast, this plan offers the hope of better things.

Both platforms and the speeches of acceptance of both candidates at least have agreed upon one thing; that the major issue in this campaign is the economic situation. The people are now asked to judge whether the present Administration has been wise in its economic policies, as revealed in the President's statements and actions. Only in this sense is this criticism directed at an individual.

I propose to show that this leadership misunderstood the forces which were involved in the economic life of the country, that it encouraged a vast speculative boom and that when the reckoning came the Administration

was not frank - not honest with the people, and by blundering statements and actions postponed necessary readjustments. This prolonged and deepened the depression.

H.05

Much of our trouble came from what the President described as Quote a new basis in government relation with business: in fact a new relationship of government with its citizens.(Unquote) ~~His serious purpose is, in his own words, Quote to set up a systematic organization of the whole business community.~~ Unquote. The fact that he believes this policy definitely affects business he has asserted many times. For example, in taking credit for the expansion of export trade, he said (Quote) It is not chance things like this don't happen. (Unquote) Here is the case summed up in the President's own words. At St.Louis in 1928 he said, (Quote) Without the wise policies which the Republican party has made effective through the past seven

and a half years, the great prosperity we now enjoy would not have been possible. // Remember this, my friends, in the face of present assertions that government cannot affect business conditions. If he claims to lead, he must take the responsibility of what the army does and where it goes.

[This mobilization of business as the President practices it by promotion and advertising methods will always be defective. His power to influence public opinion is great], but his driving will, as it has been well put, - always be back-seat driving - ineffective and dangerous.

Apart from the futility and danger of such interference the President's thought is a wide departure from the Republican tradition as voiced by ~~President Harding~~ *of a former Repub Pres* slogan of less government in business. Republicans everywhere should see this. It is completely alien to the traditions of his party. The coincidence of the two policies

is as dangerous a mixture as fire and powder. This is the tragic folly of the past four years.

4.10
10 min

Even before the election of Mr. Hoover a terrible race began between the rising tide of bubble fortunes in the stock market and the rising tide of unemployment. Mr. Hoover's own records in the Department of Commerce showed that there were two million fewer men at work in the four principal fields of employment in 1925 than there had been six years previously, although the population and production had vastly increased and many new industries had appeared. Despite huge profits in a handful of large corporations, more than half the corporations of the country were reporting no net income. Nevertheless, we were, said Mr. Hoover, on the verge of the (Quote) greatest commercial expansion in history. (Unquote) High wages would create new consuming power, accelerated mass and machine production would lower costs. Buy more! Owe more! Spend more! This was the program.

This caused the deluge of high pressure selling, lavish extravagance, head-on plunges into debt and yet more debt and all this coupled with the President's idea of government sponsorship of the whole headlong plunge, was the dangerous doctrine called (Quote) the new economics.(Unquote) It was the hey-dey of promoters, sloganeers, mushroom millionaires, opportunists, adventurers of all kinds. In this mad whirl was launched Mr. Hoover's campaign. Perhaps foreseeing it, a shrewd man from New England, while in the cool detachment of the Dakota hills, had typed on a narrow slip of paper, (Quote) I do not choose to run.(Unquote)

It was already obvious even to the administration that the forced production of our industry was far too great for our domestic markets. The President had to meet this fact and he did meet it by an audacious and fateful suggestion. We were to sell

what he called (Quote) the constantly increasing surplus (Unquote) abroad. But how could this be done in the collapsed state of world finance? He answered, (Quote) it is an essential part of the further expansion of our foreign trade that we should interest ourselves in the development of backward or crippled countries by means of loans (Unquote).

Obedient to this suggestion, the United States, which had already loaned fourteen billions abroad, was now lending overseas at a rate of two billion dollars per year. Thus was produced in fact the crop of foreign bonds which American investors know to their cost.

WAT

The old economics had gone out of business;
to the suggestion that mass and machine production
ultimately must destroy employment, the President
simply observed, "This is the re-echo of a
century ago." And the new economics went merrily
on. The agitation had already begun for the raising
of protective tariffs according to good Republican
principle. There were protests that you could not
increase protective tariffs preventing foreigners
from selling, and at the same time expect a greater
expansion of our foreign trade. Said the President:
"This theory was sound enough in the old days of
direct barter." And after discussing polyangular trade,
he concluded "This I believe finally extinguishes
the already depleted importance of the theory
that our tariff seriously damages the buying power
of foreign countries." I think the President
himself knew better; but behind him was the insistent

Mr. Grundy. They had let the President have his foreign loans -- not unnaturally, in view of the huge banking commissions which were being made out of these loans. But Mr. Grundy and the Republican leaders, looking for something more substantial than the fanciful promises from abroad that were being sold ^{to} American investors, asked for a copper-riveted American market, sealed by the highest tariff in the history of the world. The President hesitated, because he must have seen the awful nature of the choice. But his courage failed. Grundyism had its way; and American industry, accelerated to a pace never before known, suddenly found the brakes locked on a slippery road. ^{And} The law of gravity did the rest.

Back in 1928 when the Republican candidate told us that our prosperity was permanent and safe, red flags of warning were flying unheeded.

For some years the collapse of farm prices

had prostrated agriculture with nothing done to help.
In industry, [larger industrial groups, mergers,
holding companies, began to return fabulous paper
profits; but] the number of corporations reporting
net income was steadily diminishing. In banking,
Paul Warburg, a great financial authority and a great
man who had given years of his life to the original
building up of the Federal Reserve system, issued
early in 1929 public warning that speculation
had gone wild and that the country would have to pay
for it. ^{and} Notwithstanding the appearance of prosperity,
unemployment was steadily increasing. Months before,
the American Federation of Labor had sounded an alarm
with regard to the rapid decrease in the number of
jobs.

System too
And the Federal Reserve ~~Board~~ saw the clouds

too but did little *to help*

The Administration lined up with the stock

4.15
(15 min)

market; and the warnings went unheeded. The President apparently forgot that in 1922 he himself had written: (Quote) Thirty years ago our business community considered the cyclic financial panic inevitable. We know, now that we have cured it through the Federal Reserve Board. (Unquote). ^{yet in 1929} And he took the opposite course, nullifying the Board's effort.

[^{was} It has been suggested that the American public was apparently elected to the role of Alice in Wonderland; and I agree that Alice was peering into the wonderful looking glass of the new economics.] White knights had great schemes of unlimited ^{new} ~~sales~~ in foreign markets and discounted the future ten years ahead. The poorhouse was to vanish like the Cheshire cat. A mad hatter invited everyone to (Quote) have some more profits, (Unquote) though there were no profits, except on paper. A cynical

Father Williams in the lower district of Manhattan balanced the sinuous eel of a pool-ridden stock market on the end of his nose. A puzzled, somewhat skeptical Alice, asked the Republican leadership some simple questions.

"Will not the printing and selling of more stocks and bonds, the building of new plants and the increase of efficiency produce more goods than we can buy? No, shouted the Jabberwock, the more we produce the more we can buy."

"What if we produce a surplus? Oh, we can sell it to foreign consumers."

"How can the foreigners buy it? Why we will lend them the money. I see, says Alice, they will buy our surplus with our own money."

"Of course, these foreigners will pay us back by sending us their goods? Oh, not at all; says Humpty Dumpty. We sit on a high wall of a Hawley-Smoot Tariff."

"How will the foreigners pay off these loans? That is easy: did you ever hear of a moratorium?"]

✓₀ At last we are at the heart of the magic formula of 1928. Strange as it may seem the road to abolition of poverty was a constantly increasing mass and machine production. The absorption of the surplus was to be through the (Quote) development of backward and crippled countries by means of loans (Unquote) as Mr. Hoover explained.

“
The (Quote) lift yourself up by your own boot straps (Unquote) theory was believed: it appeared to work. People voted the exponent of the new economics into office and rushed into the markets to buy. Under the spell of this fable they sacrificed on the altar of the stock markets the frugal savings of a lifetime.

[Business men sincerely believed that they had heard expert advice and risked their solvency by a new burst of expansion. Bankers, trusting the words of the leaders of a party which had advocated sound money and sound credit, made their loans not wisely

but too much.] Common sense was hushed before the spell of an economic necromancy sponsored by Washington itself.

Between ~~the~~ ^{that} day when the abolition of poverty was proclaimed, in August 1928, and the end of that year, the market balloon rose thirty per cent. It did not stop. It went on, up and up, up and up, for many fantastic months [always up and up, until at last it was eighty per cent higher than the year before.] These were as the figures of a dream. The balloon had reached the economic stratosphere, above the air, where mere man cannot survive. Then came the crash. The paper profits vanished overnight; the savings pushed into the markets at the peak, dwindled to nothing. Only the cold reality remained -- the debts were real -- the only realities in the cold dawn of deflation amid a nebulous welter of

magnificently engraved certificates not worth the cost of the artistic scroll work on them.

And now came what I believe to be the real crime of the Republican Administration. They had a sea of statistics at hand; but the Administration did not tell the truth. On October 25, 1929 -- the day after the big break -- the President observed:

4.20. (Quote) The fundamental business of the country, that
20 min is production and distribution of commodities, is on
a sound and prosperous basis. (Unquote) After further violent breaks, he insisted: (Quote) There is no reason why business could not be carried on as usual. (Unquote)

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On December 3, the President sent a message to Congress: (Quote) The sudden threat of unemployment and especially the recollection of the economic consequences of previous crashes under a much less secure financial system, created unwarranted pessimism and fear. We have re-established confidence. (Unquote) And again,

with what seems now like ghastly humor, the speech continued, (Quote) I wish to emphasize that during the past year (1929) the nation has continued to grow in strength. Our people have advanced in comfort.(Unquote) Meanwhile common citizens in their family affairs and industrial and commercial agencies, began to trim their sails. The President disapproved of this prudence. He attacked what he called (Quote) a tendency to pause in their plans for continuation and expansion of business. (Unquote) (Quote) I have," said he, "instituted systematic and voluntary measures of cooperation with the business institutions and with the State and municipal authorities, to make certain that the fundamental business of the country shall continue as usual. (Unquote) On March 7, 1930, came the classic remark of the whole depression. Said the President to the press: (Quote) All the evidence indicates that the worst effects of the crash upon unemployment will have been passed during the next

sixty days. (Unquote)

It is not past yet. On May 1, 1930, the White House once more insisted, (Quote) We have now passed the worst. (Unquote) In October, 1930, after the false start and the disastrous aftercrash of that fateful summer, proclaimed the White House: (Quote) The depression is but a temporary halt in the prosperity of a great people. The income of a large part of our people has not been reduced. (Unquote) On December 2, 1930 it was announced that (Quote) We have already weathered the worst of the storm. (Unquote) And then, as the ^{my friends} depression steadily deepened, all was silence.

[Now there was nothing more in all this than a wild gamble that the situation would, in some unexplained way, come out right. The federal budget was arranged for 1930 on the theory that nothing had altered. The safety of our financial system; the jobs and living of millions

of individuals and the safety of business enterprises in general, were staked on this guess. The people who faced the facts were saved; the others were ruined.]

This is the measure of Republican leadership.

Finally
When facts could no longer be ignored an excuse had to be found. Washington discovered that the depression came from abroad. In October of last year, the official policy came forth - (Quote) The depression has been deepened by events from abroad which are beyond the control either of our citizens or our goernment; (Unquote) - an excuse ^{*note will*} which the President still maintained in his acceptance speech last week.

Not for partisan purposes but in order to set forth history aright, that excuse ought to be quietly considered. The records of the civilized nations of the world prove two facts; first; that the economic structure of other nations was affected by our own tide of specualtion and the curtailment of our lending helped to bring on their

distress. Second that the bubble burst first in the land of its origin -- the United States. The major collapse abroad followed. It was not simultaneous with ours. Moreover, further curtailment of our loans plus the continual stagnation caused by the Grundy tariff have continued the depression throughout international commerce. [If in your own minds you hesitate to believe this on the grounds that it may be actuated by political motives, then I beg you to look for yourself at any reliable index of international trade, of loans, of price trends, of interest rates, of production, of the other nations of the world.] To paraphrase Kipling, (Quote) On our own heads the sin and the saving lie. (Unquote)

I sum up the history of the last Administration in four sentences.

4.25
25 min.

1 It encouraged speculation and over production, through its false economic policies.

2 It attempted to minimize the crash and misled the people as to its gravity.

3 It erroneously charged the cause to other nations of the world.

4 It refused to recognize and correct the evils at home which had brought it forth, delayed relief and forgot reform.

So much for a dispassionate review of the facts of history. I have placed the blame. But to place the blame is not enough.

The logical question before us now is this: What steps have been taken to recognize the errors of the past? What concrete remedies have been proposed to prevent them from happening in the future?

The real point at issue is this. Have the leaders of the Republican party, under a captaincy distinguished, during the past four years by errors of leadership, unwillingness to face facts whose whole theory of curing the country's ills has been to call his leading sufferers together in conference to tell him how they may be healed; has this party, I ask under this leader suddenly become the heaven sent healer of the country who will now make well all that has been ill? In other words, has the Republican elephant, spotted with the mire through which he has wandered blindly during these last four years, suddenly by miracle overnight, become a sacred white elephant of spotless purity, to be worshipped and followed by the people, or has he merely been scrubbed and white-washed by cunning showmen in the hope that they can deceive a credulous electorate for four years more.?

The Republican platform provides the familiar explanation that the length and depth of the depression came from abroad. But there is no recognition of the part played by unsound investing policies permitted under a lax and indifferent leadership. This caused a very considerable part of the losses sustained by the people of this country. The only constructive suggestion regarding investments is an evasion. It says that serious problems have arisen from uniting investment to commercial banking; but it does not have the courage to suggest a separation. It provides no remedy.

The acceptance speech of the distinguished gentleman who is running against me is equally empty of hope on this subject. There is an eloquent description of the storm through which we are passing;

glimpses through the clouds, of troubled officers
pacing the deck wondering what to do; [belated
recognition that the storm rose out of a hot current
of speculation; stout adherence to the alibi that
the secondary phases came from abroad; the outline of
the ship clouded in vague phrases about the
(Quote) intrepid soul of our people (Unquote)
Changing the figure of speech,] he speaks with feeling
of a (Quote) soil poisoned by speculation (Unquote)
in which grew "ugly weeds of waste, exploitation and
abuse of financial power," ^{he speaks} but not of the beneficent
sun of administrative approval under the rays of
which these weeds sprouted and flourished.

[As to the claim to economic captaincy,
the address is completely unregenerate. He said:

(Quote) I am organizing the private industrial and financial resources of the country to cooperate effectively with the vast governmental instruments which we have in motion.(Unquote)]

4.30
30 min

The only approach to the protection of the investing public beyond temporary and immediate loans is a vague reference to a stronger banking system which will not, he says, "permit the credit system of the country to be made available without adequate check for wholesale speculation in securities." He adds that "for seven years I have repeatedly warned against private loans abroad for non-productive purposes (Unquote).

I have set forth thus in the words of Republican leaders the rise, the decline and the fall of the "new economics". We now come to the philosophy which, the President maintains, is behind all this. Here we have a strange contrast. We have in many utterances,

ending with the acceptance speech, an exposition of the doctrine of American individualism. Set over against this theory is an actual policy which is directly in conflict with it.

Appraising the situation in the bitter dawn of a cold morning after, what do we find?

We find two-thirds of American industry concentrated in a few hundred corporations, and actually managed by not more than five thousand men.

We find more than half of the savings of the country invested in corporation stocks and bonds, and made the sport of the American stock markets.

We find fewer than three dozen private banking houses, and stock selling adjuncts in the commercial banks, directing the flow of American capital [within the country and to those "backward or crippled nations" on which the President built so heavily.]

In other words, we find concentrated economic power in a few hands, the precise opposite of the individualism of which the President speaks.

We find a great part of our working population with no chance of earning a living except by grace of this concentrated industrial machinery; and we find that millions and millions of Americans are out of work, throwing upon the already burdened government the necessity of relief.

We find a tariff that has cut off any chance of a foreign market for our products which has had the effect of cutting the earnings of the farmer to the extent of threatening him with foreclosure and want.

We find the Republican leaders proposing no solution except more debts, more conferences under the same bewildered leadership; more government money in business and no government attempt to wrestle with basic problems.

[And we have a stirring appeal to the intrepid soul of the American people.

Now I believe in the intrepid soul of the American people; and I believe also in its horse sense.]

I am going now to outline my own economic creed, and a substantial part of the constructive program that I hope to initiate.

I, too, believe in individualism; but I mean it in everything that the word implies. I believe, that our industrial and economic system is made for individual men and women; and not individual men and women for the benefit of the system. I believe that the individual should have full liberty of action to make the most of himself; but I do not believe that in the name of that sacred word a few powerful interests should be permitted to make industrial cannon-fodder of the lives of half of the population of the United States. I believe in the sacredness of private property, which means that I do not believe that it should be subjected to the ruthless manipulation of professional gamblers in the stock markets and in the corporate system. I share the President's

complaint against regimentation; but unlike him, I dislike it not only when it is carried on by an informal group amounting to an economic government of the United States, but when it is done by the government of the United States itself. I believe that the government, without becoming a prying bureaucracy, can act as a check or counter-balance to this oligarchy so as to secure initiative, life, a chance to work, and the safety of savings to men and women, rather than safety of exploitation to the exploiter, safety of manipulation to the financial manipulator, safety of unlicensed power to those who would speculate to the bitter end with the welfare and property of other people. The word "individualism" is a bitter word in the mouth of Republican leaders who have fostered regimentation without stint or limit. Opposition to financial exploitation is a ghostly sham in men who have created, encouraged and brought into being the very powers of exploitation. We must get back to first principles; we must make American

4.35

35 min.

individualism what it was intended to be -- equality of opportunity for all, the right of exploitation for none.

Before this campaign is ended, I shall state fully to the country my policies with regard to the conduct of government. Some of these policies I have already set forth.

Today, I lay before you another, and I do so in direct and plain English.

Let me ask you a practical question: If either by manipulation or as a result of economic law a definite even though partial improvement in industrial production and commodity values were to begin in the near future would the people of this country be satisfied to have a continuance of the same governmental policies toward speculation that were definitely practiced before the crash? Would the people of this country welcome a return of practices in banking, in

the sale of foreign securities, in the flotation of
mergers or in concealed and unsound practices of
corporate financing to which the nation was treated
in the years prior to 1929?

For every sane man and woman in this country
I answer ^{" 710 "} ~~in the negative~~. I now ask ^{one} further question ^{" 710 "} ~~to~~
which current history also answers ~~in the negative~~. Does
the Republican platform or do the Republican nominees
and leaders ~~promise~~ concrete and immediate remedies to
prevent a return of the methods which were so largely
instrumental in bringing us where we are today?

In contrast to ^{that} ~~a~~ complete silence on their
part, and in contrast to the theories of the year
1928 which I have shown that the Republican leaders
still hold, I propose an orderly, explicit and
practical group of fundamental remedies. These will
protect not the few but the great mass of average
American men and women who, I am not ashamed to repeat,

have been forgotten by those in power.

These measures, like my own whole theory of the conduct of government, are based on telling the truth.

Government cannot prevent some individuals from making errors of judgment. But government can prevent to a very great degree the fooling of sensible people through misstatements and through the withholding of information on the part of private organizations great and small which seek to sell investments to the people.

First: Toward this end and to inspire truth telling, I propose that every effort be made to prevent the issue of manufactured and unnecessary securities of all kinds which are brought out merely for the purpose of enriching those who handle their sale to the public; and I further propose that with respect to legitimate securities, the sellers shall tell the uses to which the money is to be put. This truth-telling requires that definite and accurate statements be made to the buyers

in respect to the bonuses and commissions ^{which} the sellers are to receive; and, furthermore, true information as to the investment of principal, as to the true earnings, ^{the} true liabilities and ^{the} true assets of the corporation itself.

Secondly. We are well aware of the difficulty and often the impossibility under which state governments have labored in the regulation of holding companies which sell securities in interstate commerce. It is logical and necessary that the full extent of Federal power be applied to such regulation.

Third - For the very ^{simple} ~~practical~~ reason that the many exchanges in the business of buying and selling securities and commodities can by the practical expedient of moving elsewhere avoid regulation by any given state, I propose the use of Federal authority in their regulation.

4.40

40 ^{min}

Fourth - The events of the past three years prove that the supervision of national banks for the protection of depositors has been ineffective. I propose much more rigid supervision.

Fifth - We have witnessed not only the unrestrained use of bank deposits in speculation to the detriment of local credit but we are also aware that this speculation was encouraged by the Government itself. I propose that such speculation be discouraged and prevented.

Sixth - Investment banking is a legitimate business. Commercial banking is another wholly separate and distinct legitimate business. Their consolidation and mingling is contrary to public policy. I propose their separation.

Seventh - Prior to the panic of 1929 the funds of the Federal Reserve System were used practically without check for many speculative purposes. I propose the restriction of Federal Reserve ~~banks~~ in accordance with the original plans and earlier practices of the Federal Reserve system.

Finally, I propose two new policies for which legislation is not required. They are policies of fair and open dealing on the part of the officials of the Administration with the American investing public. In the first place I promise you that it will no longer be possible for international bankers or others to sell to the investing public of America foreign securities on the implied understanding that these securities have been passed on or approved by the State Department or any other agency of the Federal Government.

In the second place I assure you that high public officials in the next Administration will neither by word or by deed seek to influence the prices of stocks and bonds. The Government has access to vast information concerning the economic life of the country. The present Administration has all too often issued statements which

have had no relation to the scientific information
which it possessed. This has shaken public confidence. *It*

must stop.
The ^{se} assurance_A which I am here giving you ^{me} ~~is~~ to my
mind more important than all other remedies. *A* Restored
confidence in the actions and statements of executive
authority is indispensable. This Administration has
risked the lives and property and welfare of the people
through a policy of disastrous governmental speculation.

It is no wonder that stagnation has resulted -
a stagnation born of fear. But this is a distrust
not of ourselves, not in our fundamental soundness ,
not in our innate ability to work out our future. It is
a distrust in our leaders - in the things they say and the
things they do.

Therefore, the confidence which the Administration
has asked us as individual citizens, to have in ourselves
is not enough. The kind of confidence we most need is

confidence in the integrity, the soundness, the liberalism, the vision, and the old-fashioned horse sense of our National leadership.

Without that kind of confidence we are forever insecure. With that kind of confidence the future is ours to conquer.

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SPEECH OF GOVERNOR FRANKLIN D. ROOSEVELT

ECONOMIC POLICIES

Columbus, Ohio - August 20, 1932

In the order of logic I should devote this address to the Republican platform and the speech of acceptance of my opponent. I find it necessary, therefore, not only to discuss these statements but to consider them in the light of Republican policies and promises of the past few years. To do so without severe criticism is impossible.

I regret that necessity, for destructive criticism is never justified for its own sake. And yet, to build we must first clear the ground. We must find out why the Republican leadership -- and mind you, all the way through this campaign I am not talking about the millions of fine men and women who make up the Republican party, I am addressing my remarks to the Republican leadership -- why that Republican leadership built so unwisely. We must determine the causes that made the whole structure collapse.

We must take borings to determine the necessary character of the foundation. To justify our right to build we must show not only a sound plan but why, in contrast, this plan leads to hope of better things.

Both platforms and the speeches of acceptance of both candidates at least have agreed upon one thing; that

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This is a transcript made by the White House stenographer from his shorthand notes taken at the time the speech was made. Underlining indicates words extemporaneously added to the previously prepared reading copy text. Words in parentheses are words that were omitted when the speech was delivered, though they appear in the previously prepared reading copy text.

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the major issue in this campaign is the economic situation. The people are now asked to judge whether the present administration has been wise in its economic policies, as revealed in the President's statements and actions. Only in this sense is this criticism directed at an individual.

I propose to show that this leadership misunderstood the forces which were involved in the economic life of the country, that it encouraged a vast speculative boom, and that when the reckoning came the administration was not frank -- not honest -- with the people, and by blundering statements and actions postponed necessary readjustments.

Much of our trouble came from what the President described as "a new basis in government relation with business; in fact, a new relationship of government with its citizens."

The fact that he believes this policy definitely affects business he has asserted many times. For example, in taking credit for the expansion of export trade, he said, "It is not chance. * * * Things like this don't happen."

Here is the case summed up in the President's own words. At St. Louis in 1928 he said, "Without the wise policies which the Republican party has made effective through the past seven and a half years, the great prosperity we now enjoy would not have been possible."

Remember this, my friends, in the face of present assertions that government cannot affect business conditions.

He even claims he must take the responsibility of what the army does and where it goes.

This mobilization of business as the President practises it by promotion and advertising methods will always be defective. His power to influence public opinion is great, but this driving will, as it has been well put, always be back-seat driving -- ineffective and dangerous.

Apart from the futility and danger of such interference the President's thought is a wide departure from the Republican tradition as voiced by President Harding's slogan of less government in business. Republicans everywhere should understand and see this in this year, 1932. It is completely alien to the traditions of his party. The coincidence of the two policies is as dangerous a mixture as fire and powder. This is the tragic folly of the past four years.

Even before the election of Mr. Hoover a terrible race began between the rising tide of bubble fortunes in the stock market and the rising tide of unemployment. Mr. Hoover's own records in the Department of Commerce showed that there were 2,000,000 fewer men at work in the four principal fields of employment in 1925 than there had been six years previously, although the population and production had vastly increased and many new industries had appeared.

Despite huge profits in a handful of large corporations, the fact remained that more than half the corporations

of the country were reporting no net income. Nevertheless we were, said Mr. Hoover in that campaign, on the verge of the "greatest commercial expansion in history."

High wages would create new consuming power, accelerated mass and machine production would lower costs. Buy more! Owe more! Spend more! This was the program. This caused the deluge of high-pressure selling, lavish extravagance, head-on plunges into debt and yet more debt, and all this, coupled with the President's idea of government sponsorship of the whole headlong plunge, was the dangerous doctrine called "the new economics."

It was the heyday of promoters, sloganeers, mushroom millionaires, opportunists, adventurers of all kinds. In this mad whirl was launched Mr. Hoover's campaign. Perhaps foreseeing it, a shrewd man from New England, while in the cool detachment of the Dakota hills, on a narrow slip of paper wrote the historic words, "I do not choose to run."

It was already obvious even to the administration that the forced production of our industry was far too great for our domestic markets. The President had to meet this fact and he did meet it by an audacious and fateful suggestion. We were to sell what he called "the constantly increasing surplus." We were to sell it abroad.

But how could this be done in the collapsed state of world finance? He answered, "It is an essential part of

the further expansion of our foreign trade that we should interest ourselves in the development of backward or crippled countries by means of loans."

Obedient to this suggestion, the United States, which had already loaned fourteen billions abroad, was lending overseas at a rate of two billion dollars per year. Thus was produced, my friends, in fact the crop of foreign bonds which American investors know to their cost today. The old economics had gone out of business. To the suggestion that mass and machine production ultimately destroys employment, the President simply observed, and again I quote his words, "This is the re-echo of a century ago."

And the new economics went merrily on. The agitation had already begun for the raising of protective tariffs according to good Republican principles. There were protests, of course, protests that you could not increase protective tariffs, preventing foreigners from selling, and at the same time expect a greater expansion of our foreign trade.

Said the President: "This theory was sound enough in the old days of direct barter." And after discussing poly-angular trade, he concluded in these words: "This, I believe, finally extinguishes the already depleted importance of the theory that our tariff seriously damages the buying power of foreign countries."

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him was the insistent Mr. Grundy. They had let the President have his foreign loans -- not unnaturally, in view of the huge banking commissions which were being made out of these loans.

But Mr. Grundy and the Republican leaders, looking for something more substantial than the fanciful promises from abroad that were being sold to American investors, asked for a copper-riveted American market, sealed by the highest tariff in the history of the world.

The President hesitated, because he must have seen at that time the awful nature of the choice. But his courage failed. Grundyism had its way; and American industry, accelerated to a pace never before known, suddenly found the brakes locked on a slippery road. The law of gravity did the rest.

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And the Federal Reserve Board saw the clouds, too, but did little to help.

The administration lined up with the stock market, and the warnings went unheeded. The President apparently forgot that in 1922 he himself had written as follows: "Thirty years ago our business community considered the cyclic financial panic inevitable. We know, now that we have cured it through the Federal Reserve Board." And yet in 1929 he took the opposite course, nullifying the board's effort.

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The "lift-yourself-up-by-your-own-boot-straps" theory was believed. Yes, it appeared to work. People voted the exponent of the new economics into office and rushed into the markets to buy. Under the spell of this fable they sacrificed on the altar of the stock market the frugal savings of a lifetime.

Business men sincerely believed that they had heard expert advice and risked their solvency by a new burst of expansion. Common sense was hushed before the spell of an economic necromancy sponsored by Washington itself.

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On December 2, 1930, it was announced that "we have already weathered the worst of the storm." And then, my friends, as the depression steadily continued, all was silence.

That was the measure of Republican leadership.

Finally, when facts could no longer be ignored and excuses had to be found, Washington discovered that the depression came from abroad. In October of last year, the official policy came to us as follows: "The depression has been deepened by events from abroad which are beyond the control either of our citizens or our government" -- an excuse, note well, my friends, which the President still maintained in his acceptance speech last week.

Not for partisan purposes but in order to set forth

history aright, that excuse ought to be quietly considered. The records of the civilized nations of the world prove two facts; first, that the economic structure of other nations was affected by our own tide of speculation, and the curtailment of our lending helped to bring on their distress; second, that the bubble burst first in the land of its origin -- the United States.

The major collapse in other countries followed. It was not simultaneous with ours. Moreover, further curtailment of our loans, plus the continual stagnation in trade caused by the Grundy tariff, has continued the depression throughout international affairs.

So I sum up the history of the present administration in four sentences:

First, it encouraged speculation and overproduction, through its false economic policies.

Second, it attempted to minimize the crash and misled the people as to its gravity.

Third, it erroneously charged the cause to other nations of the world.

And finally, it refused to recognize and correct the evils at home which had brought it forth; it delayed relief; it forgot reform.

So much for a dispassionate review of the facts of history. I have placed the blame. But to place the blame

is not enough.

The logical question before us now is this: What steps have been taken to recognize the errors of the past? What concrete remedies have been proposed to prevent them from happening in the future?

The real point at issue is this. Have the leaders of the Republican party, under a captaincy distinguished during the past four years by errors of leadership, unwillingness to face facts, whose whole theory of curing the country's ills has been to call his leading sufferers together in conference to tell him how they may be helped, has this party, I ask, under this leader, suddenly become the Heaven-sent healer of the country who will now make well all that has been ill?

In other words, has the Republican elephant, spotted with the mire through which he has wandered blindly during these last four years, suddenly by miracle overnight become a sacred white elephant of spotless purity, to be worshipped and followed by the people, or has he merely been scrubbed and whitewashed by cunning showmen in the hope that they can deceive a credulous electorate for four years more?

Let's look at the records. The Republican platform provides the familiar explanation that the length and depth of the depression came from abroad. But there is no recognition of the part played by unsound investing policies under

a lax and indifferent leadership. That caused, as we know, a very considerable part of the losses sustained by the people of this country.

The only constructive suggestion regarding investments is an evasion. It says that serious problems have arisen from uniting investment to commercial banking; but it does not have the courage to suggest a separation of the two. It provides no remedy.

The acceptance speech of the distinguished gentleman who is running against me is equally empty of hope on this subject. There is an eloquent description of the storm through which we are passing; glimpses through the clouds, of troubled officers pacing the deck wondering what to do.

He speaks with feeling of a soil poisoned by speculation in which grew ugly weeds of waste, exploitation and the abuse of financial power, but he speaks not of the beneficent ways of the sun of administrative approval under which these weeds sprouted and flourished.

The only approach to the protection of the investing public beyond temporary and immediate loans is a vague reference to a stronger banking system which will not, he says, "permit the credit of the country to be made available without adequate check for wholesale speculation in securities."

He adds that "for seven years I have repeatedly warned against credit loans abroad for non-productive purposes,"

whatever that may be.

I have set forth thus in the words of Republican leaders the rise, the decline and the fall of the administration. We now come to the philosophy which, the President maintains, is behind all this. Here we have a strange contrast. We have in many utterances, ending with the acceptance speech, an exposition of the doctrine of American individualism. Set over against that theory is an actual policy that is directly in conflict with it.

Appraising the situation in the bitter dawn of a cold morning after, what do we find?

We find two-thirds of American industry concentrated in a few hundred corporations, and actually managed by not more than five human individuals.

We find more than half of the savings of the country invested in corporate stocks and bonds, and made the sport of the American stock market.

We find fewer than three dozen private banking houses, and stock-selling adjuncts of commercial banks, directing the flow of American capital.

In other words, we find concentrated economic power in a few hands, the precise opposite of the individualism of which the President speaks.

We find a great part of our working population with no chance of earning a living except by grace of this concentrated industrial machine; and we find that millions and

millions of Americans are out of work, throwing upon the already burdened government the necessity of relief.

We find a tariff that has cut off any chance of a foreign market for our products, that has had the effect of cutting the earnings of the farmer to the extent of threatening him with foreclosure and want.

We find the Republican leaders proposing no solution except more debts, more conferences under the same bewildered leadership; more government money in business and no government attempt to wrestle with basic problems. And we have a stirring appeal to the intrepid soul of the American people.

Now I believe in the intrepid soul of the American people; but I believe also in its horse sense. I am going on now to outline my own economic creed, and a substantial part of the constructive program that I hope to initiate.

I, too, believe in individualism; but I mean it in everything that the word implies.

I believe that our industrial and economic system is made for individual men and women, and not individual men and women for the benefit of the system.

I believe that the individual should have full liberty of action to make the most of himself; but I do not believe that in the name of that sacred word a few powerful interests should be permitted to make industrial cannon fodder of the lives of half of the population of the United States.

I believe in the sacredness of private property, which means that I do not believe that it should be subjected to the ruthless manipulation of professional gamblers in the stock markets and in the corporate system.

I share the President's complaint against regimentation; but unlike him, I dislike it not only when it is carried on by an informal group, an unofficial group, amounting to an economic Government of the United States, but also when it is done by the Government of the United States itself.

I believe that the government, without becoming a prying bureaucracy, can act as a check or counterbalance to this oligarchy so as to secure the chance to work and the safety of savings to men and women, rather than safety of exploitation to the exploiter, safety of manipulation to the financial manipulator, safety of unlicensed power to those who would speculate to the bitter end with the welfare and property of other people.

Yes, the word "individualism" is a bitter word in the mouth of Republican leaders, who have fostered regimentation without stint or limit. Opposition to financial exploitation is a ghastly sham in men who have created, encouraged and brought into being the very power of exploitation. We must be back to first principles; we must make American individualism what it was intended to be -- equality of opportunity for all, the right of exploitation for none.

Some of the Democratic policies I have already set forth.

Today I lay before you another, and I do so in direct and plain English.

Let me ask you a practical question; if by manipulation or as the result of economic law a definite, even though partial, improvement in industrial production and commodity values were to begin in the near future, would the people of this country be satisfied to have a continuance of the same governmental policies toward speculation that were definitely practiced before the crash?

Would the people of this country welcome a return of practices in banking, in the sale of foreign securities, in the flotation of mergers or in concealed and unsound practices of corporate finance to which the nation was treated in the years prior to 1929?

For every sane man and woman in this country I answer no. I now ask one further question, a question to which current history also answers no. Does the Republican platform or do the Republican nominees and leaders promise concrete and immediate remedies to prevent a return of what has so largely been instrumental in bringing us where we are today? A thousand times no.

In contrast to a complete silence on their part, and in contrast to the theories of the year 1928, which I have

shown that the Republican leaders still hold, I propose an orderly, explicit and practical group of fundamental remedies. These will protect not the few but the great mass of average American men and women who, I am not ashamed to repeat, have been forgotten by those in power.

These measures, like my whole theory of the conduct of government, are based on what? Based on telling the truth.

Government cannot prevent some individuals from making errors of judgment. But government can prevent to a very great degree the fooling of sensible people through mis-statements and through the withholding of information on the part of private organizations, great and small, which seek to sell investments to the people of the nation.

First -- Toward that end and to inspire truth telling, I propose that every effort be made to prevent the issue of manufactured and unnecessary securities of all kinds which are brought out merely for the purpose of enriching those who handle their sale to the public; and I further propose that with respect to legitimate securities the sellers shall tell the uses to which the money is to be put. This truth telling requires that definite and accurate statements be made to the buyers in respect to the bonuses and commissions the sellers are to receive; and, furthermore, true information as to the investment of principal, as to the true earnings,

true liabilities and true assets of the corporation itself.

Second -- We are well aware of the difficulty and often the impossibility under which State Governments have labored in the regulation of holding companies that sell securities in interstate commerce. It is logical. It is necessary and it is right that Federal power be applied to such regulation.

Third -- For the very simple reason that the many exchanges in the business of buying and selling securities and commodities can by the practical expedient of moving elsewhere avoid regulation by any given State, I propose the use of Federal authority in the regulation of these exchanges.

Fourth -- The events of the past three years prove that the supervision of national banks for the protection of the public has been ineffective. I propose vastly more rigid supervision.

Fifth -- We have witnessed not only the unrestrained use of bank deposits in speculation to the detriment of local credit, but we are also aware that this speculation was encouraged by the government itself. I propose that such speculation be discouraged and prevented.

Sixth -- Investment banking is a legitimate business. Commercial banking is another wholly separate and distinct business. Their consolidation and mingling is contrary to public policy. I propose their separation.

Seventh -- Prior to the panic of 1929 the funds of the Federal Reserve System were used practically without check for many speculative enterprises. I propose the restriction of Federal Reserve Banks in accordance with the original plans and earlier practices of the Federal Reserve System under Woodrow Wilson.

Finally, my friends, I propose two new policies for which legislation is not required. They are policies of fair and open dealing on the part of the officials of the American Government with the American investing public.

In the first place, I promise you that it will no longer be possible for international bankers or others to sell to the investing public of America foreign securities on the implied understanding that these securities have been passed on or approved by the State Department or any other agency of the Federal Government.

In the second place, I assure you that high public officials in the next administration will neither by word nor deed seek to influence the prices of stocks and bonds. The government has access to vast information concerning the economic life of the country, but the present administration has all too often issued statements that have had no relation to the scientific information which it possessed. That has shaken public confidence and it is going to stop.

My friends, these assurances which I am here giving

you are to my mind greatly important in the long list of remedies that we propose. Restored confidence in the actions and statements of executive authority is indispensable. This administration during these four years has risked the lives and property and welfare of the people of the country through a policy of disastrous governmental speculation.

It is no wonder that stagnation has resulted -- a stagnation born of fear. But this is a distrust not of ourselves, not in our fundamental soundness, not in our innate ability to work out our future. It is a distrust in our leaders -- in the things they say and the things they do.

Therefore, the confidence that the administration has asked us as individual citizens to have in ourselves is not enough. The kind of confidence we most need is confidence in the integrity, the soundness, the liberalism, the vision, and the old-fashioned horse sense of our national leadership.

Without that kind of confidence we are forever insecure. With that kind of confidence in the leadership of America, represented by the government in Washington, the future is ours to conquer and to hold.

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Speech, Columbus Ohio, Aug. 20, 1932

In the order of logic I should devote this address to the Republican platform and the speech of acceptance of my opponent. + find it necessary, therefore, not only to discuss these statements but to consider them in the light of Republican policies and promises of the past few years. To do so without severe criticism is impossible.

I regret that necessity, for destructive criticism is never justified for its own sake. And yet, to build, we must first clear the ground. We must find out why the Republican leadership--and mind you, all the way through this campaign I am not talking about the millions of fine men and women who make up the Republican party, I am addressing my remarks to the republican leadership--why that republican leadership built so unwisely. We must determine the causes that made the whole structure collapse.

We must take borings to determine the necessary character of the foundation. To justify our right to build we must show not only a sound plan but why, in contrast, this plan leads to hope of better things.

Both platforms and the speeches of acceptance of both candidates at least have agreed upon one thing; that the major issue in this campaign is the economic situation. The people are now asked to judge whether the present administration has been wise in its economic policies, as revealed in the President's statements and actions. Only in this sense is this criticism directed at an individual.

I propose to show that this leadership misunderstood the forces which were involved in the economic life of the country, that it encouraged a vast speculative boom, and that when the reckoning came the administration was not frank--not honest--with the people, and by blundering statements and actions postponed necessary readjustments.

Much of our trouble came from what the President described as "a new basis in government relation with business; in fact, a new relationship of government with its citizens."

The fact that he believes this policy definitely affects business he has asserted many times. For example, in talking credit for the expansion of export trade, he said, "It is not chance. .. Things like this don't happen."

Here is the case summed up in the President's own words. At St. Louis in 1928 he said, "Without the wise policies which the Republican party has made effective through the past seven and a half years, the great prosperity we now enjoy would not have been possible."

Remember this, my friends, in the face of present assertions that govt. cannot affect business conditions. He even claims he must take the responsibility of what the army does and where it goes.

This mobilization of business as the President practises it by promotion and advertising methods will always be defective. His power to influence public opinion is great, but this driving will, as it has been well put, always be back-seat driving--ineffective and dangerous.

Apart from the futility and danger of such interference the President's though is a wide departure from the Republican tradition as voiced by President Harding's slogan of less government in business. Republicans everywhere should understand and see this in this year, 1932. It is completely alien to the traditions of his party. The coincidence of the two policies is as dangerous a mixture as fire and powder. This is the tragic folly of the past four years.

Even before the election of Mr. Hoover a terrible race began between the rising tide of bubble fortunes in the stock market and the rising tide of unemployment. Mr. Hoover's own records in the Dept. of Commerce showed that there were 2,000,000 fewer men at work in the four principal fields of employment in 1925 than there had been six years previously, although the population and production had vastly increased and many new industries had appeared.

Despite huge profits in a handful of large corporations, the fact remained that more than half the corporations of the country were reporting no net income. Nevertheless we were, said Mr. Hoover in that campaign, on the verge of the "greatest commercial expansion in history."

"High wages would create new consuming power, accelerated mass and machine production would lower costs. Buy more! Owe more! Spend more! This was the program. This caused the deluge of high-pressure selling, lavish extravagance, head-on plunges into debt and yet more debt, and all this, coupled with the President's idea of government sponsorship of the whole headlong plunge, was the dangerous doctrine called "the new economics."

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But how could this be done in the collapsed state of world finance? He answered, "It is an essential part of the further expansion of our foreign trade that we should interest ourselves in the development of backward or crippled countries by means of loans."

Obedient to this suggestion, the U.S., which had already loaned 14 billions abroad, was lending overseas at a rate of \$2 billion a year. Thus was produced, my friends, in fact the crop of foreign bonds which American investors know to their cost today. The old economics had gone out of business. To the suggestion that mass and machine production ultimately destroys employment, the President simply observed, and again I quote his words, "This is the re-echo of a century ago."

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Finally, when facts could no longer be ignored and excuses had to be found, Washington discovered that the depression came from abroad. In October of last year, the official policy came to us as follows: "The depression has been deepened by events from abroad which are beyond the control either of our citizens or our government"--an excuse, note well, my friends, which the President still maintained in his acceptance speech last week.

Not for partisan purposes but in order to set forth history aright, that excuse ought to be quietly considered. The records of the civilized nations

of the world prove two facts; First, that the economic structure of other nations was affected by our own tide of speculation, and the curtailment of our lending helped to bring on their distress; second, that the bubble burst first in the land of its origin--the U.S.

The major collapse in other countries followed. It was not simultaneous with ours. Moreover, further curtailment of our loans, plus the continual stagnation in trade caused by the Grundy tariff, has continued the depression throughout international affairs.

So I sum up the history of the present administration in four sentences: First, it encouraged speculation and overproduction, through its false economic policies.

Second, it attempted to minimize the crash and misled the people as to its gravity.

Third, it erroneously charged the cause to other nations of the world.

And finally, it refused to recognize and correct the evils at home which had brought it forth; it delayed relief; it forgot reform.

So much for a dispassionate review of the facts of history. I have placed the blame. But to place the blame is not enough.

The logical question before us now is this: What steps have been taken to recognize the errors of the past? What concrete remedies have been proposed to prevent them from happening in the future?

The real point at issue is this. Have the leaders of the Republican party, under a captaincy distinguished during the past four years by errors of leadership, unwillingness to face facts, whose whole theory of curing the country's ills has been to call his leading sufferers together in conference to tell him how they may be helped, has this party, I ask, under this leader, suddenly become the Heaven-sent healer of the country who will now make well all that has been ill?

In other words, has the Republican elephant, spotted with the mire through which he has wandered blindly during these last four years, suddenly by miracle overnight become a sacred white elephant of spotless purity, to be worshiped and followed by the people, or has he merely been scrubbed and whitewashed by cunning showmen in the hope that they can deceive a credulous electorate for four years more?

Let's look at the records. The Republican platform provides the familiar explanation that the length and depth of the depression came from abroad. But there is no recognition of the part played by unsound investing policies under a lax and indifferent leadership. That caused, as we know, a very considerable part of the losses sustained by the people of this country.

The only constructive suggestion regarding investments is an evasion. It says that serious problems have arisen from uniting investment to commercial banking; but it does not have the courage to suggest a separation of the two. It provides no remedy.

The acceptance speech of the distinguished gentleman who is running against me is equally empty of hope on this subject. There is an eloquent description of the storm through which we are passing; glimpses through the clouds, of troubled officers pacing the deck wondering what to do.

He speaks with feeling of a soil poisoned by speculation in which grew ugly weeds of waste, exploitation and the abuse of financial power, but he speaks not of the beneficent rays of the sun of administrative approval under which these weeds sprouted and flourished.

The only approach to the protection of the investing public beyond temporar and immediate loans is a vague reference to a stronger banking system which will not, she says, "permit the credit of the country to be made available without adequate check for wholesale speculation in securities."

He adds that "for seven years I have repeatedly warned against credit loans abroad for non-productive purposes," whatever that may be. I have set forth thus in the words of Republican leaders the rise, the decline and the fall of the administration. We now come to the philosophy which, the President maintains behind all this. Here we have a strange contrast. We have in many utterances, ending with the acceptance speech, an exposition of the doctrine of American individualism. Set over against that theory is an actual policy that is directly in conflict with it.

A ppraising the situation in the bitter dawn of a cold morning after, what do we find? We find 2/3 of American industry concentrated in a few hundred corporations, and actually managed by not more than 5 human individuals. We find more than half of the savings of the country invested in corporate stocks and bonds, and made the sport of the American stock market. We find fewer than 3 dozen private banking houses, and stock-selling adjuncts of commercial banks, directing the flow of American capital. In other words, we find concentrated economic power in a few hands, the precise opposite of the individualism of which the President speaks.

We find a great part of our working population with no chance of earning a living except by grace of this concentrated industrial machine; and we find that millions and millions of Americans are out ~~of~~ work, throwing upon the already burdened government the necessity of relief.

We find a tariff that has cut off any chance of a foreign market for our products, that has had the effect of cutting the earnings of the farmer to the extent of threatening him with foreclosure and want. We find the Republican leaders proposing no solution except more debts, more conferences under the same bewildered leadership; more government money in business and no government attempt to wrestle with basic problems. And we have a stirring appeal to the intrepid soul of the American people.

Now I believe in the intrepid soul of the American people; but I believe also in its horse sense. I am going on now to outline my own economic creed, and a substantial part of the constructive program that I hope to initiate.

I, too, believe in individualism; but I mean it in everything that the word implies.

I believe that our industrial and economic system is made for individual men and women, and not individual men and women for the benefit of the system.

I believe that the individual should have full liberty of action to make the most of himself; but I do not believe that in the name of that sacred word a few powerful interests should be permitted to make industrial cannon-fodder of the lives of half of the population of the U.S.

I believe in the sacredness of private property, which means that I do not believe that it should be subjected to the ruthless manipulation of professional gamblers in the stock markets and in the corporate system.

I share the President's complaint against regimentation; but unlike him, I dislike it not only when it is carried on by an informal group, an unofficial group, amounting to an economic government of the U.S., but also when it is done by the Government of the U.S. itself.

I believe that the government, without becoming a prying bureaucracy, can act as a check or counter-balance to this oligarchy so as to secure the chance to work and the safety of savings to men and women, rather than safety of exploitation to the exploiter, safety of manipulation to the financial manipulator, safety of unlicensed power to those who would speculate to the bitter and with the welfare and property of other people.

Yes, the word "individualism" is a bitter word in the mouth of Republican leaders, who have fostered regimentation without stint or limit. Opposition to financial exploitation is a ghastly sham in men who have created, encouraged and brought into being the very power of exploitation. We must be back to first principles; we must make American individualism what it was intended to be -- equality of opportunity for all, the right of exploitation for none.

Some of the Democratic policies I have already set forth.

Today I lay before you another, and I do so in direct and plain English.

Let me ask you a practical question; if by manipulation or as the result of economic law a definite even though partial improvement in industrial production and commodity values were to begin in the near future, would the people of this country be satisfied to have a continuance of the same governmental policies toward speculation that were definitely practiced before the crash?

Would the people of this country welcome a return of practices in banking, in the sale of foreign securities, in the flotation of mergers or in concealed and unsound practices of corporate finance to which the nation was treated in the years prior to 1929?

For every sane man and woman in this country I answer no. I now ask one further question, a question to which current history also answers no. Does the Republican platform or do the Republican nominees and leaders promise concrete and immediate remedies to prevent a return of what has so largely been instrumental in bringing us where we are today? A thousand times no.

In contrast to a complete silence on their part, and in contrast to the theories of the year 1928, which I have shown that the Republican leaders still hold, I propose an orderly, explicit and practical group of fundamental remedies. These will protect not the few but the great mass of average American men and women who, I am not ashamed to repeat, have been forgotten by those in power.

These measures, like my whole theory of the conduct of government, are based on what? Based on telling the truth.

Government cannot prevent some individuals from making errors of judgment. But government can prevent to a very great degree the fooling of sensible people through misstatements and through the withholding of information on the part of private organizations, great and small, which seek to sell investments to the people of the nation.

First -- Toward that end and to inspire truth telling, I propose that every effort be made to prevent the issue of manufactured and unnecessary securities of all kinds which are brought out merely for the purpose of enriching those who handle their sale to the public; and I further propose that with respect to legitimate securities the sellers shall tell the uses to which the money is to be put. This truth-telling requires that definite and accurate statements be made to the buyers in respect to the bonuses and commissions the sellers are to receive; and,

furthermore, true information as to the investment of principal, as to the true earnings, true liabilities and true assets of the corporation itself.

Second -- We are well aware of the difficulty and often the impossibility under which State Governments have labored in the regulation of holding companies that sell securities in interstate commerce. It is logical. It is necessary and it is right that Federal power be applied to such regulation.

Third -- For the very simple reason that the many exchanges in the business of buying and selling securities and commodities can by the practical expedient of moving elsewhere avoid regulation by any given State, I propose the use of Federal authority in the regulation of these exchanges.

Fourth -- The events of the past three years prove that the supervision of national banks for the protection of the public has been ineffective. I propose vastly more rigid supervision.

Fifth -- We have witnessed not only the unrestrained use of bank deposits in speculation to the detriment of local credit, but we are also aware that this speculation was encouraged by the government itself. I propose that such speculation be discouraged and prevented.

Sixth -- Investment banking is a legitimate business. Commercial banking is another wholly separate and distinct business. Their consolidation and mingling is contrary to public policy. I propose their separation.

Seventh -- Prior to the panic of 1929 the funds of the Federal Reserve System were used practically without check for many speculative enterprises. I propose the restriction of Federal Reserve Banks in accordance with the original plans and earlier practices of the Federal Reserve System under Woodrow Wilson.

Finally, my friends, I propose two new policies for which legislation is not required. They are policies of fair and open dealing on the part of the officials of the American Government with the American investing public.

In the first place, I promise you that it will no longer be possible for international bankers or others to sell to the investing public of America foreign securities on the implied understanding that these securities have been passed on or approved by the State Department or any other agency of the Federal Government.

In the second place, I assure you that high public officials in the next administration will neither by word nor deed seek to influence the prices of stocks and bonds. The government has access to vast information concerning the economic life of the country, but the present administration has all too often issued statements that have had no relation to the scientific information which it possessed. That has shaken public confidence and it is going to stop.

My friends, these assurances which I am here giving you are to my mind greatly important in the long list of remedies that we propose. Restored confidence in the actions and statements of executive authority is indispensable. This administration during these four years has risked the lives and property and welfare of the people of the country through a policy of disastrous governmental speculation.

It is no wonder that stagnation has resulted -- a stagnation born of fear. But this is a distrust not of ourselves, not in our fundamental soundness, not in our innate ability to work out our future. It is a distrust in our leaders -- in the things they say and the things they do.

Therefore, the confidence that the administration has asked us as individual citizens to have in ourselves is not enough. The kind of confidence we most need is confidence in the integrity, the soundness, the liberalism, the vision, and the old-fashioned horse sense of our national leadership.

Without that kind of confidence we are forever insecure. With that kind of confidence in the leadership of America, represented by the government in Washington, the future is ours to conquer and to hold.

To the Editor:

This is sent for whatever editorial comment you wish to make.

GOVERNOR FRANKLIN D. ROOSEVELT'S SPEECH
AT COLUMBUS, OHIO, AUGUST 20, 1932

When I opened my campaign in Chicago seven weeks ago I spoke briefly and plainly of the issues of this campaign. Following that address I outlined to the people of the country the platform of my party. In the order of logic I should devote *this* address to the Republican Platform and the speech of acceptance of my opponent. I find it necessary, therefore, not only to discuss these statements but to consider them in the light of Republican policies and promises of the past few years. To do so without severe criticism is impossible.

I regret this necessity. Destructive criticism is never justified for its own sake. But to build we must first clear the ground. We must find out why the present Republican leadership built so unwisely. We must determine the causes that made the old structure collapse. We must take borings to determine the necessary character of the foundation. To justify our right to build we must show not only a sound plan but why, in contrast, this plan offers the hope of better things.

Both platforms and the speeches of acceptance of both candidates at least have agreed upon one thing; that the major issue in this campaign is the economic situation. The people are now asked to judge whether the present Administration has been wise in its economic policies, as revealed in the President's statements and actions. Only in this sense is this criticism directed at an individual.

I propose to show that this leadership misunderstood the forces which were involved in the economic life of the country, that it encouraged a vast speculative boom and that when the reckoning came the Administration was not frank—not honest—with the people, and by blundering statements and actions postponed necessary readjustments. This prolonged and deepened the depression.

Much of our trouble came from what the President described as "a new basis in government relation with business: in fact a new relationship of government with its citizens." The fact that he believes this policy definitely affects business he has asserted many times. For example, in taking credit for the expansion of

export trade, he said, "It is not chance. . . . things like this don't happen." Here is the case summed up in the President's own words. At St. Louis in 1928 he said, "Without the wise policies which the Republican Party has made effective through the past seven and a half years, the great prosperity we now enjoy would not have been possible." Remember this, my friends, in the face of present assertions that government cannot affect business conditions. If he claims to lead, he must take the responsibility of what the army does and where it goes.

This mobilization of business as the President practices it by promotion and advertising methods will always be defective. His power to influence public opinion is great, but this driving will, as it has been well put, always be back-seat driving—ineffective and dangerous.

Apart from the futility and danger of such interference the President's thought is a wide departure from the Republican tradition as voiced by President Harding's slogan of less government in business. Republicans everywhere should see this. It is completely alien to the traditions of his party. The coincidence of the two policies is as dangerous a mixture as fire and powder. This is the tragic folly of the past four years.

Even before the election of Mr. Hoover a terrible race began between the rising tide of bubble fortunes in the stock market and the rising tide of unemployment. Mr. Hoover's own records in the Department of Commerce showed that there were two million fewer men at work in the four principal fields of employment in 1925 than there had been six years previously, although the population and production had vastly increased and many new industries had appeared. Despite huge profits in a handful of large corporations, more than half the corporations of the country were reporting no net income. Nevertheless we were, said Mr. Hoover, on the verge of the greatest commercial expansion in history. High wages would create new consuming power, accelerated mass and machine production would lower costs. Buy more! Owe more! Spend more! This was the program. This caused the deluge of high pressure selling, lavish extravagance, head-on plunges into debt and yet more debt and all this coupled with the President's idea of government sponsorship of the whole headlong plunge, was the dangerous doctrine called "the new economics." It was the hey-day of promoters, sloganeers, mushroom millionaires, opportunists, adventurers of all kinds. In this mad whirl was launched Mr. Hoover's campaign. Perhaps foreseeing it, a shrewd man from New England,

while in the cool detachment of the Dakota hills, had typed on a narrow slip of paper, "I do not choose to run."

It was already obvious even to the administration that the forced production of our industry was far too great for our domestic markets. The President had to meet this fact and he did meet it by an audacious and fateful suggestion. We were to sell the constantly increasing surplus abroad. But how could this be done in the collapsed state of world finance? He answered, "it is an essential part of the further expansion of our foreign trade that we should interest ourselves in the development of backward or crippled countries by means of loans."

Obedient to this suggestion, the United States, which had already loaned fourteen billions abroad, was now lending overseas at the rate of two billion dollars per year. Thus was produced in fact the crop of foreign bonds which American investors know to their cost. The old economics had gone out of business; to the suggestion that mass and machine production ultimately must destroy employment, the President simply observed, "This is the re-echo of a century ago." And the new economics went merrily on. The agitation had already begun for the raising of protective tariffs according to good Republican principle. There were protests that you could not increase protective tariffs preventing foreigners from selling, and at the same time expect a greater expansion of our foreign trade. Said the President: "The theory was sound enough in the old days of direct barter." And after discussing polyangular trade, he concluded, "This I believe finally extinguishes the already depleted importance of the theory that our tariff seriously damages the buying power of foreign countries." I think the President himself knew better; but behind him was the insistent Mr. Grundy. They had let the President have his foreign loans—not unnaturally, in view of the huge banking commissions which were being made out of these loans. But Mr. Grundy and the Republican leaders, looking for something more substantial than the fanciful promises from abroad that were being sold American investors, asked for a copper-riveted American market, sealed by the highest tariff in the history of the world. The President hesitated, because he must have seen the awful nature of the choice. But his courage failed. Grundyism had its way; and American industry, accelerated to a pace never before known, suddenly found the brakes locked on a slippery road. The law of gravity did the rest.

Back in 1928 when the Republican candidate told us that our

prosperity was permanent and safe, red flags of warning were flying unheeded.

For some years the collapse of farm prices had prostrated agriculture with nothing done to help. In industry, larger industrial groups, mergers, holding companies, began to return fabulous paper profits; but the number of corporations reporting net income was steadily diminishing. In banking, Paul Warburg, a great financial authority and a great man who had given years of his life to the original building up of the Federal Reserve system, issued early in 1929 public warning that speculation had gone wild and that the country would have to pay for it. Notwithstanding the appearance of prosperity, unemployment was steadily increasing. Months before, the American Federation of Labor had sounded an alarm with regard to the rapid decrease in the number of jobs.

And the Federal Reserve Board saw the clouds too but did little.

The Administration lined up with the stock market; and the warnings went unheeded. The President apparently forgot that in 1922 he himself had written: "Thirty years ago our business community considered the cyclic financial panic inevitable. We know, now we have cured it through the Federal Reserve system." And he took the opposite course, nullifying the Board's effort.

It has been suggested that the American public was apparently elected to the role of Alice in Wonderland; and I agree that Alice was peering into the wonderful looking glass of the new economics. White knights had great schemes of unlimited sales in foreign markets and discounted the future ten years ahead. The poorhouse was to vanish like the Cheshire cat. A mad hatter invited everyone to "have some more profits," though there were no profits, except on paper. A cynical Father William in the lower district of Manhattan balanced the sinuous eel of a pool-ridden stock market on the end of his nose. A puzzled, somewhat skeptical Alice, asked the Republican leadership some simple questions.

Will not the printing and selling of more stocks and bonds, the building of new plants, and the increase of efficiency produce more goods than we can buy? No, shouted the Jabberwock, the more we produce the more we can buy.

What if we produce a surplus? Oh, we can sell it to foreign consumers.

How can the foreigners buy it? Why will they lend them the money. I see, says Alice, they will buy our surplus with our own money.

Of course, these foreigners will pay us back by sending us their goods? Oh, not at all; says Humpty Dumpty. We sit on a high wall of a Hawley-Smoot Tariff.

How will the foreigners pay off these loans? That is easy; did you ever hear of a moratorium?

At last we are at the heart of the magic formula of 1928. Strange as it may seem the road to abolition of poverty was a constantly increasing mass and machine production. The absorption of the surplus was to be through the "development of backward and crippled countries by means of loans" as Mr. Hoover explained.

The "lift yourself up by your own boot straps" theory was believed: it appeared to work. People voted the exponent of the new economics into office and rushed into the markets to buy. Under the spell of this fable they sacrificed on the altar of the stock markets the frugal savings of a lifetime. Business men sincerely believed that they had heard expert advice and risked their solvency by a new burst of expansion. Bankers, trusting the words of the leaders of a party which had advocated sound money and sound credit, made their loans not wisely but too much. Common sense was hushed before the spell of an economic necromancy sponsored by Washington itself.

Between the day when the abolition of poverty was proclaimed, in August 1928, and the end of that year, the market balloon rose thirty per cent. It did not stop. It went on, up and up, up and up, for many fantastic months—always up and up, until at last it was eighty per cent higher than the year before. These were as the figures of a dream. The balloon had reached the economic stratosphere, above the air, where mere man cannot survive. Then came the crash. The paper profits vanished overnight; the savings pushed into the markets at the peak, dwindled to nothing. Only the cold reality remained—the debts were real—the only realities in the cold dawn of deflation amid a nebulous welter of magnificently engraved certificates not worth the cost of the artistic scroll work on them.

And now came what I believe to be the real crime of the Republican Administration. They had a sea of statistics at hand; but the Administration did not tell the truth. On October 25, 1929—the day after the big break—the President observed: "The fundamental business of the country, that is production and distribution of commodities, is on a sound and prosperous basis." After further violent outbreaks, he insisted: "There is no reason why business could not be carried on as usual."

On December 3, the President sent a message to Congress: "The sudden threat of unemployment and especially the recollection of the economic consequences of previous crashes under a much less secure financial system, created unwarranted pessimism and fear. We have re-established confidence." And again, with what seems now like ghastly humor, the speech continued. "I wish to emphasize that during the past year (1929) the nation has continued to grow in strength. Our people have advanced in comfort." Meanwhile common citizens in their family affairs and industrial and commercial agencies, began to trim their sails. The President disapproved of this prudence. He attacked what he called "a tendency to pause in their plans for continuation and expansion of business." "I have," said he, "instituted systematic and voluntary measures of cooperation with the business institutions and with the State and municipal authorities, to make certain that the fundamental business of the country shall continue as usual." On March 7, 1930, came the classic remark of the whole depression. Said the President to the press: "All the evidence indicates that the worst effects of the crash upon unemployment will have been passed during the next sixty days."

On May 1, 1930, the White House once more insisted, "We have now passed the worst." In October, 1930, after the false start and the disastrous aftercrash of that fateful summer, proclaimed the White House: "The depression is but a temporary halt in the prosperity of a great people. The income of a large part of our people has not been reduced." On December 2, it was announced that "We have already weathered the worst of the storm." And then, as the depression steadily deepened, all was silence.

Now there was nothing more in all this than a wild gamble that the situation would, in some unexplained way, come out right. The federal budget was arranged for 1930 on the theory that nothing had altered. The safety of our financial system: the jobs and living of millions of individuals and the safety of business enterprises in general, were staked on this guess. The people who faced the facts were saved; the others were ruined. This is the measure of Republican leadership.

When facts could no longer be ignored an excuse had to be found. Washington discovered that the depression came from abroad. In October of last year, the official policy came forth—"The depression has been deepened by events from abroad which are beyond the control either of our citizens or our government;"

—an excuse which the President still maintained in his acceptance speech last week.

Not for partisan purposes but in order to set forth history aright, that excuse ought to be quietly considered. The records of the civilized nations of the world prove two facts; first: that the economic structure of other nations was affected by our own tide of speculation and the curtailment of our lending helped to bring on their distress. Second: that the bubble burst first in the land of its origin—the United States. The major collapse abroad followed. It was not simultaneous with ours. Moreover, further curtailment of our loans plus the continual stagnation caused by the Grundy tariff have continued the depression throughout international commerce. If in your own minds you hesitate to believe this on the grounds that it may be actuated by political motives, then I beg of you to look for yourself at any reliable index of international trade, of loans, of price trends, of interest rates, of production, of the other nations of the world. To paraphrase Kipling, "On our own heads the sin and the saving lie."

I sum up the history of the last Administration in four sentences.

It encouraged speculation and over production, through its false economic policies.

It attempted to minimize the crash and misled the people as to its gravity.

It erroneously charged the cause to other nations of the world.

It refused to recognize and correct the evils at home which had brought it forth, delayed relief and forgot reform.

So much for a dispassionate review of the facts of history. I have placed the blame. But to place the blame is not enough.

The logical question before us now is this: What steps have been taken to recognize the errors of the past? What concrete remedies have been proposed to prevent them from happening in the future?

The real point at issue is this. Have the leaders of the Republican Party, under a captaincy distinguished, during the past four years by error of leadership, unwillingness to face facts, whose whole theory of curing the country's ills has been to call his leading sufferers together in conference to tell him how they may be healed; has this party, I ask under this leader suddenly become the heaven sent healer of the country who will now make well all that has been ill? In other words, has the Republican elephant, spotted with the mire through which he has wandered blindly during these last four years, suddenly by miracle over night, become a sacred white elephant of spotless purity, to be wor-

shipped and followed by the people, or has he merely been scrubbed and white-washed by cunning showmen in the hope that they can deceive a credulous electorate for four years more.

The Republican Platform provides the familiar explanation that the length and depth of the depression came from abroad. But there is no recognition of the part played by unsound investing policies permitted under a lax and indifferent leadership. This caused a very considerable part of the losses sustained by the people of this country. The only constructive suggestion regarding investments is an evasion. It says that serious problems have arisen from uniting investment to commercial banking; but it does not have the courage to suggest a separation. It provides no remedy.

The acceptance speech of the distinguished gentleman who is running against me is equally empty of hope on this subject. There is an eloquent description of the storm through which we are passing; glimpses through the clouds, of troubled officers pacing the deck wondering what to do; belated recognition that the storm rose out of a hot current of speculation; stout adherence to the alibi that the secondary phases came from abroad; the outline of the ship clouded in vague phrases about the "intrepid soul of our people." Changing the figure of speech, he speaks with feeling of a "soil poisoned by speculation" in which grew "ugly weeds of waste, exploitation and abuse of financial power," but not of the beneficent sun of administrative approval under the rays of which these weeds sprouted and flourished.

As to the claim to economic captaincy, the address is completely unregenerate. He said: "I am organizing the private industrial and financial resources of the country to cooperate effectively with the vast governmental instruments which we have in motion."

The only approach to the protection of the investing public beyond temporary and immediate loans is a vague reference to a stronger banking system which will not, he says, "permit the credit system of the country to be made available without adequate check for wholesale speculation in securities." He adds that "for seven years I have repeatedly warned against private loans abroad for non-productive purposes."

I have set forth thus in the words of Republican leaders the rise, the decline and the fall of the "new economics." We now come to the philosophy which, the President maintains, is behind all this. Here we have a strange contrast. We have in many utterances, ending with the acceptance speech, an exposition of

the doctrine of American individualism. Set over against this theory is an actual policy which is directly in conflict with it.

Appraising the situation in the bitter dawn of a cold morning after, what do we find?

We find two-thirds of American industry concentrated in a few hundred corporations, and actually managed by not more than five thousand men.

We find more than half of the savings of the country invested in corporation stocks and bonds, and made the sport of the American stock markets.

We find fewer than three dozen private banking houses, and stock selling adjuncts in the commercial banks, directing the flow of American capital within the country and to those "backward or crippled nations" on which the President built so heavily.

In other words, we find concentrated economic power in a few hands, the precise opposite of the individualism of which the President speaks.

We find a great part of our working population with no chance of earning a living except by grace of this concentrated industrial machinery; and we find that millions and millions of Americans are out of work, throwing upon the already burdened government the necessity of relief.

We find a tariff that has cut off any chance of a foreign market for our products which has had the effect of cutting the earnings of the farmer to the extent of threatening him with foreclosure and want.

We find the Republican leaders proposing no solution except more debts, more conferences under the same bewildered leadership; more government money in business and no government attempt to wrestle with basic problems. And we have a stirring appeal to the intrepid soul of the American people.

Now I believe in the intrepid soul of the American people; and I believe also in its horse sense. I am going now to outline my own economic creed, and a substantial part of the constructive program that I hope to initiate.

I, too, believe in individualism; but I mean it in everything that the word implies. I believe, that our industrial and economic system is made for individual men and women; and not individual men and women for the benefit of the system. I believe that the individual should have full liberty of action to make the most of himself; but I do not believe that in the name of that sacred word a few powerful interests should be permitted to make industrial cannon-fodder of the lives of half of the population of the United

States. I believe in the sacredness of private property, which means that I do not believe that it should be subjected to the ruthless manipulation of professional gamblers in the stock markets and in the corporate system. I share the President's complaint against regimentation; but unlike him, I dislike it not only when it is carried on by an informal group amounting to an economic government of the United States, but when it is done by the government of the United States itself. I believe that the government, without becoming a prying bureaucracy, can act as a check or counter-balance to the oligarchy so as to secure initiative life, a chance to work, and the safety of savings to men and women, rather than safety of exploitation to the exploiter, safety of manipulation to the financial manipulator, safety of unlicensed power to those who would speculate to the bitter end with the welfare and property of other people. The word "individualism" is a bitter word in the mouth of Republican leaders who have fostered regimentation without stint or limit. Opposition to financial exploitation is a ghastly sham in men who have created, encouraged and brought into being the very powers of exploitation. We must get back to first principles; we must make American individualism what it was intended to be—equality of opportunity for all, the right of exploitation for none.

Before this campaign is ended, I shall state fully to the country my policies with regard to the conduct of government. Some of these policies I have already set forth.

Today, I lay before you another, and I do so in direct and plain English.

Let me ask you a practical question: If either by manipulation or as a result of economic law a definite even though partial improvement in industrial production and commodity values were to begin in the near future would the people of this country be satisfied to have a continuance of the same governmental policies toward speculation that were definitely practiced before the crash? Would the people of this country welcome a return of practices in banking, in the sale of foreign securities, in the flotation of mergers or in concealed and unsound practices of corporate financing to which the nation was treated in the years prior to 1929.

For every sane man and woman in this country I answer in the negative. I now ask one further question which current history also answers in the negative. Does the Republican platform or do the Republican nominees and leaders promise concrete and immediate remedies to prevent a return of the methods which were so largely instrumental in bringing us where we are today?

In contrast to a complete silence on their part, and in contrast to the theories of the year 1928 which I have shown that the Republican leaders still hold, I propose an orderly, explicit and practical group of fundamental remedies. These will protect not the few but the great mass of average American men and women who, I am not ashamed to repeat, have been forgotten by those in power.

These measures, like my own whole theory of the conduct of government, are based on telling the truth.

Government cannot prevent some individuals from making errors of judgment. But government can prevent to a very great degree the fooling of sensible people through misstatements and through the withholding of information on the part of private organizations great and small which seek to sell investments to the people.

First: Toward this end and to inspire truth telling, I propose that every effort be made to prevent the issue of manufactured and unnecessary securities of all kinds which are brought out merely for the purpose of enriching those who handle their sale to the public; and I further propose that with respect to legitimate securities, the sellers shall tell the uses to which the money is to be put. This truth-telling requires that definite and accurate statements be made to the buyers in respect to the bonuses and commissions the sellers are to receive; and, furthermore, true information as to the investment of principal, as to the true earnings, true liabilities and true assets of the corporation itself.

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Government itself. I propose that such speculation be discouraged and prevented.

Sixth: Investment banking is a legitimate business. Commercial banking is another wholly separate and distinct legitimate business. Their consolidation and mingling is contrary to public policy. I propose their separation.

Seventh: Prior to the panic of 1929 the funds of the Federal Reserve System were used practically without check for many speculative purposes. I propose the restriction of Federal Reserve banks in accordance with the original plans and earlier practices of the Federal Reserve system.

Finally, I propose two new policies for which legislation is not required. They are policies of fair and open dealing on the part of the officials of the Administration with the American-investing public. In the first place I promise you that it will no longer be possible for international bankers or others to sell to the investing public of America, foreign securities on the implied understanding that these securities have been passed on or approved by the State Department or any other agency of the Federal Government.

In the second place I assure you that high-public officials in the next Administration will neither by word nor by deed seek to influence the prices of stocks and bonds. The Government has access to vast information concerning the economic life of the country. The present Administration has all too often issued statements which have had no relation to the scientific information which it possessed. This has shaken public confidence.

The assurance which I am here giving you is to my mind more important than all other remedies. Restored confidence in the actions and statements of executive authority is indispensable. This Administration has risked the lives and property and welfare of the people through a policy of disastrous governmental speculation.

It is no wonder that stagnation has resulted—a stagnation borne of fear. But this is a distrust not of ourselves, not in our fundamental soundness, not in our innate ability to work out our future. It is a distrust in our leaders—in the things they say and the things they do.

Therefore, the confidence which the Administration has asked us as individual citizens, to have in ourselves is not enough. The kind of confidence we most need is confidence in the integrity, the soundness, the liberalism, the vision, and the old-fashioned horse sense of our National leadership.

Without that kind of confidence we are forever insecure. With that kind of confidence the future is ours to conquer.



The Republican platform in the light of Republican policies and promises, at Columbus, Ohio, August 20, 1932

When I opened my campaign in Chicago seven weeks ago I spoke briefly and plainly of the issues of this campaign. Following that address I outlined to the people of the country the platform of my party. In the order of logic I should devote this address to the Republican platform and the speech of acceptance of my opponent. I find it necessary, therefore, not only to discuss these statements but to consider them in the light of Republican policies and promises of the past few years. To do so without severe criticism is impossible.

I regret this necessity. Destructive criticism is never justified for its own sake. But to build we must first clear the ground. We must find out why the present Republican leadership built so unwisely. We must determine the causes that made the old structure collapse. We must take borings to determine the necessary character of the foundation. To justify our right to build we must show not only a sound plan but why, in contrast, this plan offers the hope of better things.

Both platforms and the speeches of acceptance of both candidates at least have agreed upon one thing; that the major issue in this campaign is the economic situation. The people are now asked to judge whether the present administration has been wise in its economic policies, as revealed in the President's statements and actions. Only in this sense is this criticism directed at an individual.

I propose to show that this leadership misunderstood the forces which were involved in the economic life of the country, that it encouraged a vast speculative boom and that when the reckoning came the administration was not frank—not honest—with the people, and by blundering statements and actions postponed necessary readjustments. This prolonged and deepened the depression.

Much of our trouble came from what the President described as "a new basis in government relation with business: in fact a new relationship of government with its citizens." His serious purpose is, in his own words: "to set up a systematic organization of the whole business community." The fact that he believes this policy definitely affects business he has asserted many times. For example, in taking credit for the expansion of export trade, he said: "It is not chance . . . things like this don't happen." Here is the case summed up in the President's own words. At St. Louis in 1928 he said: "Without the wise policies which the Republican Party has made effective through the past seven and a half years, the great prosperity we now enjoy would not have been possible." Remember this, my friends, in the face of present assertions that government cannot affect business conditions. If he claims to lead, he must take the responsibility of what the army does and where it goes.

This mobilization of business as the President practices it by promotion and advertising methods will always be defective. His power to influence public opinion is great, but his driving will, as it has been well put, always be back-seat driving—ineffective and dangerous.

Apart from the fatality and danger of such interference the President's thought is a wide departure from the Republican tradition as voiced by President Harding's slogan of less government in business. Republicans everywhere should see this. It is completely alien to the traditions of his party. The coincidence of the two policies is as dangerous a mixture as fire and powder. This is the tragic folly of the past four years.

Even before the election of Mr. Hoover a terrible race began between the rising tide of bubble fortunes in the stock market and the rising tide of unemployment. Mr. Hoover's own records in the Department of Commerce showed that there were two million fewer men at work in the four principal fields of employment in 1925 than there had been six years previously, although the population and production had vastly increased and many new industries had appeared. Despite huge profits in a handful of large corporations, more than half the corporations of the country were reporting no net income. Nevertheless we were, said Mr. Hoover, on the verge of the "greatest commercial expansion in history." High wages would create new consuming power, accelerated mass and machine production would lower costs. Buy more! Own more! Spend more! This was the program. This caused the deluge of high pressure selling, lavish extravagance, head-on plunges into debt and yet more debt and all this coupled with the President's idea of government sponsorship of the whole headlong plunge, was the dangerous doctrine called the "new economics." It was the hey-day of promoters, sloganers, mushroom millionaires, opportunists, adventurers of all kinds. In this mad whirl was launched Mr. Hoover's campaign. Perhaps foreseeing it, a shrewd man from New England, while in the cool detachment of the Dakota hills, had typed on a narrow slip of paper: "I do not choose to run."

It was already obvious even to the administration that the forced production of our industry was far too great for our domestic markets. The President had to meet this fact and he did meet it by an audacious and fateful suggestion. We were to sell what he called "the constantly increasing surplus" abroad. But how could this be done in the collapsed state of world finance? He answered: "It is an essential part of the further expansion of our foreign trade that we should interest ourselves in the development of backward or crippled countries by means of loans."

Obedient to this suggestion, the United States, which had already loaned fourteen billions abroad, was lending overseas at a rate of two billion dollars per year. Thus was produced in fact the crop of foreign bonds which American investors know to their cost. The old economics had gone out of business; to the suggestion that mass and machine production ultimately must destroy employment, the President simply observed: "This is the re-echo of a century ago." And the new economics went merrily on. The agitation had already begun for the raising of protective tariffs according to good Republican principle. There were protests that you could not increase protective tariffs preventing foreigners from selling, and at the same time expect a greater expansion of our foreign trade. Said the President: "This theory was sound enough in the old days of barter." And after discussing polyangular trade, he concluded "This I believe finally extinguishes the already depleted importance of the theory that our tariff seriously damages the buying power of foreign countries." I think the President himself knew better; but behind him was the insistent Mr. Grundy. They had let the President have his foreign loans—not unnaturally, in view of the huge banking commissions which were being made out of these loans. But Mr. Grundy and the Republican leaders, looking for something more substantial than the fanciful promises from abroad that were being sold American investors, asked for a copper-riveted American market, sealed by the highest tariff in the history of the world. The President hesitated, because he must have seen the awful nature of the choice. But his courage failed. Grundism had its way; and

American industry, accelerated to a pace never before known, suddenly found the brakes locked on a slippery road. The law of gravity did the rest.

Back in 1928 when the Republican candidate told us that our prosperity was permanent and safe, red flags of warning were flying unheeded.

For some years the collapse of farm prices had prostrated agriculture with nothing done to help. In industry, larger industrial groups, mergers, holding companies, began to return fabulous paper profits; but the number of corporations reporting net income was steadily diminishing. In banking, Paul Warburg, a great financial authority and a great man who had given years of his life to the original building up of the Federal Reserve system, issued early in 1929 public warning that speculation had gone wild and that the country would have to pay for it. Notwithstanding the appearance of prosperity, unemployment was steadily increasing. Months before, the American Federation of Labor had sounded an alarm with regard to the rapid decrease in the number of jobs.

And the Federal Reserve Board saw the clouds too but did little.

The administration lined up with the stock market; and the warnings went unheeded. The President apparently forgot that in 1922 he himself had written: "Thirty years ago our business community considered the cyclic financial panic inevitable. We know now that we have cured it through the Federal Reserve Board." And he took the opposite course, nullifying the board's effort.

It has been suggested that the American public was apparently elected to the role of Alice in Wonderland; and I agree that Alice was peering into the wonderful looking glass of the new economics. White knights had great schemes of unlimited sales in foreign markets and discounted the future 10 years ahead. The poorhouse was to vanish like the Cheshire cat. A mad hatter invited everyone to "have some more profits," though there were no profits, except on paper. A cynical Father William in the lower district of Manhattan balanced the sinuous eel of a pool-ridden stock market on the end of his nose. A puzzled, somewhat skeptical Alice, asked the Republican leadership some simple questions.

Will not the printing and selling of more stocks and bonds, the building of new plants, and the increase of efficiency produce more goods than we can buy? No, shouted the Jabberwock, the more we produce the more we can buy.

What if we produce a surplus? Oh, we can sell it to foreign consumers.

How can the foreigners buy it? Why will they lend them the money. I see, says Alice, they will buy our surplus with our own money.

Of course, these foreigners will pay us back by sending us their goods? Oh, not at all; says Humpty Dumpty. We sit on a high wall of a Hawley-Smoot Tariff.

How will the foreigners pay off these loans? That is easy; did you ever hear of a moratorium?

At last we are at the heart of the magic formula of 1928. Strange as it may seem the road to abolition of poverty was a constantly increasing mass and machine production. The absorption of the surplus was to be through the "development of backward and crippled countries by means of loans," as Mr. Hoover explained.

The "lift yourself up by your own boot straps" theory was believed; it appeared to work. People voted the exponent of the new economics into office and rushed into the markets to buy. Under the spell of this fable they sacrificed on the altar of the stock markets the frugal savings of a lifetime. Business men sincerely believed that they had heard expert advice and risked their slovenly by a new burst of expansion. Bankers, trusting the words of the leaders of a party which had advocated sound money and sound credit, made their loans not wisely but too much. Common sense was hushed before the spell of an economic necromancy sponsored by Washington itself.

Between the day when the abolition of poverty was proclaimed, in August 1928, and the end of that year, the market balloon rose 30 per cent. It did not stop. It went on, up and up, up and up, for many fantastic months—always up and up, until at last it was 80 per cent higher than the year before. These were as the figures of a dream. The balloon had reached the economic stratosphere, above the air, where mere man cannot survive. Then came the

crash. The paper profits vanished overnight; the savings pushed into the markets at the peak, dwindled to nothing. Only the cold reality remained—the debts were real—the only realities in the cold dawn of deflation amid a nebulous welter of magnificently engraved certificates not worth the cost of the artistic scroll work on them.

And now came what I believe to be the real crime of the Republican Administration. They had a sea of statistics at hand; but the administration did not tell the truth. On October 25, 1929—the day after the big break—the President observed: "The fundamental business of the country, that is production and distribution of commodities, is on a sound and prosperous basis." After further violent breaks, he insisted: "There is no reason why business could not be carried on as usual."

On December 3, the President sent a message to Congress: "The sudden threat of unemployment and especially the recollection of the economic consequences of previous crashes under a much less secure financial system, created unwarranted pessimism and fear. We have re-established confidence." And again, with what seems now like ghastly humor, the speech continued: "I wish to emphasize that during the past year (1929) the Nation has continued to grow in strength. Our people have advanced in comfort." Meanwhile common citizens in their family affairs and industrial and commercial agencies began to trim their sails. The President disapproved of this prudence. He attacked what he called "a tendency to pause in their plans for continuation and expansion of business." "I have," said he, "instituted systematic and voluntary measures of co-operation with the business institutions and with the State and municipal authorities, to make certain that the fundamental business of the country shall continue as usual." On March 7, 1930, came the classic remark of the whole depression. Said the President to the press: "All the evidence indicates that the worst effects of the crash upon unemployment will have been passed during the next 60 days."

It is not past yet. On May 1, 1930, the White House once more insisted: "We have now passed the worst." In October, 1930, after the false start and the disastrous aftercrash of that fateful summer, proclaimed the White House: "The depression is but a temporary halt in the prosperity of a great people. The income of a large part of our people has not been reduced." On December 2, it was announced that: "We have already weathered the worst of the storm." And then, as the depression steadily deepened, all was silence.

Now there was nothing more in all this than a wild gamble that the situation would, in some unexplained way, come out right. The Federal budget was arranged for 1930 on the theory that nothing had altered. The safety of our financial system; the jobs and living of millions of individuals and the safety of business enterprises in general, were staked on this guess. The people who faced the facts were saved; the others were ruined. This is the measure of Republican leadership.

When facts could no longer be ignored an excuse had to be found. Washington discovered that the depression came from abroad. In October of last year, the official policy came forth—"The depression has been deepened by events from abroad which are beyond the control either of our citizens or our government;"—an excuse which the President still maintained in his acceptance speech last week.

Not for partisan purposes but in order to set forth history aright, that excuse ought to be quietly considered. The records of the civilized nations of the world prove two facts; first, that the economic structure of other nations was affected by our own tide of speculation and the curtailment of our lending helped to bring on their distress. Second, that the bubble burst first in the land of its origin—the United States. The major collapse abroad followed. It was not simultaneous with ours. Moreover, further curtailment of our loans plus the continual stagnation caused by the Grundy Tariff have continued the depression throughout international commerce. If in your own minds you hesitate to believe this on the grounds that it may be actuated by political motives, then I beg you to look for yourself at any reliable index of international trade, of loans, of price trends, of interest rates, of produc-

tion, of the other nations of the world. To paraphrase Kipling: "On our own heads the sin and the saving lie."

I sum up the history of the last administration in four sentences.

It encouraged speculation and over production, through its false economic policies.

It attempted to minimize the crash and misled the people as to its gravity. It erroneously charged the cause to other nations of the world.

It refused to recognize and correct the evils at home which had brought it forth, delayed relief and forgot reform.

So much for a dispassionate review of the facts of history. I have placed the blame. But to place the blame is not enough.

The logical question before us now is this: What steps have been taken to recognize the errors of the past? What concrete remedies have been proposed to prevent them from happening in the future?

The real point at issue is this. Have the leaders of the Republican Party, under a captaincy distinguished during the past four years by errors of leadership, unwillingness to face facts whose whole theory of curing the country's ills has been to call his leading sufferers together in conference to tell him how they may be healed; has this party, I ask, under this leader suddenly become the heaven sent healer of the country who will now make well all that has been ill? In other words, has the Republican elephant, spotted with the mire through which he has wandered blindly during these last four years, suddenly by miracle over night, become a sacred white elephant of spotless purity, to be worshipped and followed by the people, or has he merely been scrubbed and whitewashed by cunning showmen in the hope that they can deceive a credulous electorate for four years more.

The Republican platform provides the familiar explanation that the length and depth of the depression came from abroad. But there is no recognition of the part played by unsound investing policies permitted under a lax and indifferent leadership. This caused a very considerable part of the losses sustained by the people of this country. The only constructive suggestion regarding investments is an evasion. It says that serious problems have arisen from uniting investment to commercial banking; but it does not have the courage to suggest a separation. It provides no remedy.

The acceptance speech of the distinguished gentleman who is running against me is equally empty of hope on this subject. There is an eloquent description of the storm through which we are passing; glimpses through the clouds of troubled officers pacing the deck wondering what to do; belated recognition that the storm rose out of a hot current of speculation; stout adherence to the alibi that the secondary phases came from abroad; the outline of the ship clouded in vague phrases about the "intrepid soul of our people." Changing the figure of speech, he speaks with feeling of a "soil poisoned by speculation" in which grew "ugly weeds of waste, exploitation and abuse of financial power," but not of the beneficent sun of administrative approval under the rays of which these weeds sprouted and flourished.

As to the claim to economic captaincy, the address is completely unregenerate. He said: "I am organizing the private industrial and financial resources of the country to co-operate effectively with the vast governmental instruments which we have in motion."

The only approach to the protection of the investing public beyond temporary and immediate loans is a vague reference to a stronger banking system which will not, he says: "permit the credit system of the country to be made available without adequate check for wholesale speculation in securities." He adds that: "for seven years I have repeatedly warned against private loans abroad for non-productive purposes."

I have set forth thus in the words of Republican leaders the rise, the decline and the fall of the "new economics." We now come to the philosophy which, the President maintains, is behind all this. Here we have a strange contrast. We have in many utterances, ending with the acceptance speech, an exposition of the doctrine of American individualism. Set over against this theory is an actual policy which is directly in conflict with it.

Appraising the situation in the bitter dawn of a cold morning after, what do we find?

We find two-thirds of American industry concentrated in a few hundred corporations, and actually managed by not more than five thousand men.

We find more than half of the savings of the country invested in corporation stocks and bonds, and made the sport of the American stock markets.

We find fewer than three dozen private banking houses, and stock selling adjuncts in the commercial banks, directing the flow of American capital within the country and to those "backward or crippled nations" on which the President built so heavily.

In other words, we find concentrated economic power in a few hands, the precise opposite of the individualism of which the President speaks.

We find a great part of our working population with no chance of earning a living except by grace of this concentrated industrial machinery; and we find that millions and millions of Americans are out of work, throwing upon the already burdened government the necessity of relief.

We find a tariff that has cut off any chance of a foreign market for our products which has had the effect of cutting the earnings of the farmer to the extent of threatening him with foreclosure and want.

We find the Republican leaders proposing no solution except more debts, more conferences under the same bewildered leadership; more government money in business and no government attempt to wrestle with basic problems. And we have a stirring appeal to the intrepid soul of the American people.

Now I believe in the intrepid soul of the American people; and I believe also in its horse sense. I am going now to outline my own economic creed, and a substantial part of the constructive program that I hope to initiate.

I, too, believe in individualism; but I mean it in everything that the word implies. I believe that our industrial and economic system is made for individual men and women; and not individual men and women for the benefit of the system. I believe that the individual should have full liberty of action to make the most of himself; but I do not believe that in the name of that sacred word a few powerful interests should be permitted to make industrial cannon-fodder of the lives of half of the population of the United States. I believe in the sacredness of private property, which means that I do not believe that it should be subjected to the ruthless manipulation of professional gamblers in the stock markets and in the corporate system. I share the President's complaint against regimentation; but unlike him, I dislike it not only when it is carried on by an informal group amounting to an economic government of the United States, but when it is done by the government of the United States itself. I believe that the government, without becoming a prying bureaucracy, can act as a check or counterbalance to this oligarchy so as to secure initiative, life, a chance to work, and the safety of savings to men and women, rather than safety of exploitation to the exploiter, safety of manipulation to the financial manipulator, safety of unlicensed power to those who would speculate to the bitter end with the welfare and property of other people. The word "individualism" is a bitter word in the mouth of Republican leaders who have fostered regimentation without stint or limit. Opposition to financial exploitation is a ghastly sham in men who have created, encouraged and brought into being the very powers of exploitation. We must get back to first principles: we must make American individualism what it was intended to be—equality of opportunity for all, the right of exploitation for none.

Before this campaign is ended, I shall state fully to the country my policies with regard to the conduct of government. Some of these policies I have already set forth.

Today, I lay before you another, and I do so in direct and plain English.

Let me ask you a practical question: If either by manipulation or as a result of economic law a definite even though partial improvement in industrial production and commodity values were to begin in the near future, would the people of this country be satisfied to have a continuance of the same governmental policies toward speculation that were definitely practiced before the crash? Would the people of this country welcome a return of practices in banking, in the sale of foreign securities, in the flotation of mergers or in concealed and unsound practices of corporate financing to which the Nation was treated in the years prior to 1929.

For every sane man and woman in this country I answer in the negative. I now ask one further question which current history also answers in the negative. Does the Republican platform or do the Republican nominees and leaders promise concrete and immediate remedies to prevent a return of the methods which were so largely instrumental in bringing us where we are today?

In contrast to a complete silence on their part, and in contrast to the theories of the year 1928 which I have shown that the Republican leaders still hold, I propose an orderly, explicit and practical group of fundamental remedies. These will protect not the few but the great mass of average American men and women who, I am not ashamed to repeat, have been forgotten by those in power.

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