# Franklin D. Roosevelt - "The Great Communicator" The Master Speech Files, 1898, 1910-1945 

## Series 1: Franklin D. Roosevelt's Political Ascension

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San Francisco, CA - Commonwealth Club Speech

ADDRESS OF GOVERNOR FRANKLIN D. ROOSEVELT<br>BEFORE THE COMMONWEALTH CLUB, PALACE HOTEL, SAN FRANCISCO, CALIFORNIA September 23, 1932

I count it a privilege to be invited to address the Commonwealth Club. It has stood in the life of this city and state, and it is perhaps accurate to add, the nation, as a group of citizen leaders interested in fundamental problems of government, and chiefly concerned with achievement of progress in government through non-partisan means. The privilege of addressing you, therefore, in the heat of a political campaign, is great. I want to respond to your courtesy in terms consistent with your policy.

I want to speak not of politics but of government. I want to speak not of parties, but of universal principles. They are not political, except in that larger sense in which a great American once expressed a definition of politics, that nothing in all of human life is foreign to the science of politics.

I do want to give you, however, a recollection of a long life spent for a large part in public office. Some of my conclusions and observations have been deeply accentuated in these past few weeks. I have traveled far -- from Albany to the Golden Gate. I have seen many people, and heard many things, and today, when in a sense my journey

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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
 prepared reading copy teat. Worấs in parentheses are words that were omitted when the speech was delivered, though they appear in the previously prepared reading copy text.















has reached the half-way mark, I am glad of the opportunity to discuss with you what it all means to me.

Sometimes, my friends, particularly in years such as these, the hand of discouragement falls upon us. It seems that things are in a rut, fixed, settled, that the world has grown old and tired and very much out of joint. This is the mood of depression, of dire and weary depression.

But then we look around us in America, and everything tells us that we are wrong. America is new. It is in the process of change and development. It has the great potentialities of youth, and particularly is this true of the great West, and of this coast, and of California.

I would not have you feel that I regard this as in any sense a new community. I have traveled in many parts of the world, but never have I felt the arresting thought of the change and development more than here, where the old, mystic East would seem to be near to us, where the currents of life and thought and commerce of the whole world meet us. This factor alone is sufficient to cause man to stop and think of the deeper meaning of things, when he stands in this community.

But more than that, I appreciate that the membership of this club consists of men who are thinking in terms beyond the immediate present, beyond their own immediate tasks, beyond their own individual interests. I want to invite you,
therefore, to consider with me in the large, some of the relationships of government and economic life that go deep into our daily lives, our happiness, our future and our security.

The issue of government has always been whether individual men and women will have to serve some system of government or economics, or whether a system of government and economics exists to serve individual men and women. This question has persistently dominated the discussion of government for many generations. On questions relating to these things men have differed, and for time immemorial it is probable that honest men will continue to differ.

The final word belongs to no man; yet we can still believe in change and in progress. Democracy, as a dear old friend of mine in Indiana, Meredith Nicholson, has called it, is a quest, a never-ending seeking for better things, and in the seeking for these things and the striving for them, there are many roads to follow. But, if we map the course of these roads, we find that there are only two general directions.

When we look about us, we are likely to forget how hard people have worked to win the privilege of government. The growth of the national governments of Europe was a struggle for the development of a centralized force in the nation, strong enough to impose peace upon ruling barons.

In many instances the victory of the central government, the creation of a strong central government, was a haven of refuge to the individual. The people preferred the master far away to the exploitation and cruelty of the smaller master near at hand.

But the creators of national government were perforce ruthless men. They were often cruel in their methods, but they did strive steadily toward something that society needed and very much wanted, a strong central state, able to keep the peace, to stamp out civil war, to put the unruly nobleman in his place, and to permit the bulk of individuals to live safely. The man of ruthless force had his place in developing a pioneer country, just as he did in fixing the power of the central government in the development of nations. Society paid him well for his services and its development. When the development among the nations of Europe, however, had been completed, smbition and ruthlessness, having served its term, tended to overstep its mark.

There came a growing feeling that government was conducted for the benefit of a few who thrived unduly at the expense of all. The people sought a balancing -- a limiting force. There came gradually, through town councils, trade guilds, national parliaments, by constitution and by popular participation and control, limitations on arbitrary
power.
Another factor that tended to limit the power of those who ruled, was the rise of the ethical conception that a ruler bore a responsibility for the welfare of his subjects.

The American colonies were born in this struggle. The American Revolution was a turning point in it. After the revolution the struggle continued and shaped itself in the public life of the country. There were those who because they had seen the confusion which attended the years of war for American independence surrendered to the belief that populer government was essentially dangerous and essentiall unworkable. They were honest people, my friends, and we cannot deny that their experience had warranted some measure of fear. The most brilliant, honest and able exponent of this point of view was Hamilton. He was too impatient of slow-moving methods. Fundamentally he believed that the safety of the republic lay in the autocratic strength of its government, that the destiny of individuals was to serve that government, and that fundamentally a great and strong group of central institutions, guided by a small group of able and public spirited citizens could best direct all governent.

But Mr. Jefferson, in the summer of 1776, after drafting the Declaration of Independence turned his mind to the same problem and took a different view. He did not
deceive himself with outward forms. Government to him was a means to an end, not an end in itself; it might be either a refuge and a help or a threat and a danger, depending on the circumstances. We find him carefully analyzing the society for which he was to organize a government. "We have no paupers. The great mass of our population is of laborers, our rich who cannot live without labor, either manual or professional, being few and of moderate wealth. Most of the laboring class possess property, cultivate their own lands, have families and from the demand for their labor, are enabled to exact from the rich and the competent such prices as enable them to feed abundantly, clothe above mere decency, to labor moderately and raise their families."

These people, he considered, had two sets of rights, those of "personal competency" and those involved in acquiring and possessing property. By "personal competency" he meant the right of free thinking, freedom of forming and expressing opinions, and freedom of personal living each man according to his own lights. To insure the first set of rights, a government must so order its functions as not to interfere with the individual. But even Jefferson realized that the exercise of the property rights might so interfere with the rights of the individual that the government, without whose assistance the property rights could not exist, must intervene, not to destroy individuelism
but to protect it.
You are familiar with the great political duel which followed; and how Hamilton, and his friends, building towards a dominant centralized power were at length defeated in the great election of 1800, by Mr. Jefferson's party. Out of that duel came the two parties, Republican and Democratic, as we know them today.

So began, in American political life, the new day, the day of the individual against the system, the day in which individualism was made the great watchword of American life. The happiest of economic conditions made that day long and splendid. On the Western frontier, land was substantially free. No one, who did not shirk the task of earning a living, was entirely without opportunity to do so. Depressions could, and did, come and go; but they could not alter the fundamental fact that most of the people lived partly by selling their labor and partly by extracting their livelihood from the soil, so that starvation and dislocation were practically impossible. At the very worst there was always the possibility of climbing into a covered wagon and moving west where the untilled prairies afforded a haven for men to whom the East did not provide a place. So great were our natural resources that we could offer this relief not only to our own people, but to the distressed of all the world; we could invite immigration from Europe, and welcome it with open arms. Traditionally, when a depression came a
new section of land was opened in the West; and even our temporary misfortune served our manifest destiny.

It was in the middle of the 19th century that a new force was released and a new dream created. The force was what is called the industrial revolution, the advance of steam and machinery and the rise of the forerunners of the modern industrial plant. The dream was the dream of an economic machine, able to raise the standard of living for everyone; to bring luxury within the reach of the humblest; to annihilate distance by steam power and later by electricity, and to release everyone from the drudgery of the heaviest manual toil. It was to be expected that this would necessarily affect government. Heretofore, government had merely been called upon to produce conditions within which people could live happily, labor peacefully, and rest secure. Now it was called upon to aid in the consummation of this new dream. There was, however, a shadow over the dream. To be made real, it required use of the talents of men of tremendous will, and tremendous ambition, since by no other force could the problems of financing and engineering and new developments be brought to a consummation.

So manifest were the advantages of the machine age, however, that the United States fearlessly, cheerfully, and, I think, rightiy, accepted the bitter with the sweet. It was thought that no price was too high to pay for the advantages which we could draw from a finished industrial
system. The history of the last half century is accordingly in large measure a history of a group of financial Titans, whose methods were not scrutinized with too much care, and who were honored in proportion as they produced the results, irrespective of the means they used. The financiers who pushed the railroads to the Pacific were always ruthless, often wasteful, and frequently corrupt; but they did built railroads, and we have them today. It has been estimated that the American investor paid for the American railway system more than three times over in the process; but despite this fact the net advantage was to the United States. As long as we had free land; as long as population was growing by leaps and bounds; as long as our industrial plants were insufficient to supply our own needs, society chose to give the ambitious man free play and unlimited reward provided only that he produced the economic plant so much desired.

During this period of expansion, there was equal opportunity for all and the business of government was not to interfere but to assist in the development of industry. This was done at the request of business men themselves. The tariff was originally imposed for the purpose of "fostering our infant industry", a phrase I think the older among you will remember as a political issue not so long ago. The railroads were subsidized, sometimes by grants of money, oftener by grants of land; some of the most valuable o1l lands in the United States were granted to assist the financing of the
railroad which pushed through the Southwest. A nascent merchant marine was assisted by grants of money, or by mail subsidies, so that our steam shipping might ply the seven seas. Some of my friends tell me that they do not want the Government in business. With this I agree; but I wonder whether they realize the implications of the past. For while it has been American doctrine that the government must not go into business in competition with private enterprises, still it has been traditional particularly in Republican administrations for business urgently to ask the government to put at private disposal all kinds of government assistance. The same man who tells you that he does not want to see the government interfere in business -- and he means it, and has plenty of good reasons for saying so -- is the first to go to Washington and ask the government for a prohibitory tariff on his product. When things get just bad enough -- as they did two years ago -- he will go with equal speed to the United States government and ask for a loan; and the Reconstruction Finance Corporation is the outcome of it. Each group has sought protection from the government for its own special interests, without realizing that the function of government must be to favor no small. group at the expense of its duty to protect the rights of personal freedom and of private property of all its citizens.

In retrospect we can now see that the turn of the tide came with the turn of the century. We were reaching our last
frontier; there was no more free land and our industrial combinations had become great uncontrolled and irresponsible units of power within the state. Clear-sighted men saw with fear the danger that opportunity would no longex be equal; that the growing corporation, like the feudal baron of old, might threaten the economic freedom of individuals to earn a living. In that hour, our antitrust laws were born. The cry was raised against the great corporations. Theodore Roosevelt, the first great republican progressive, fought a Presidential campaign on the issue of "trust busting"and talked freely about malefactors of great wealth. If the government had a policy it was rather to turn the clock back, to destroy the large combinations and to return to the time when every man owned his individual small business.

This was impossible; Theodore Roosevelt, abandoning the idea of "trust busting", was forced to work out a difference between "good" trusts and "bad" trusts. The Supreme Court set forth the famous "rule of reason" by which it seems to have meant that a concentration of industrial power was permissible if the method by which it got its power, and the use it made of that power, was reasonable.

Woodrow Wilson, elected in 1912, saw the situation more clearly. Where Jefferson had feared the encroachment of political power on the lives of individuals, Wilson knew that the new power was ifnancial. He saw, in the highly centralized economic system, the despot of the twentieth
century, on whom great masses of individuals relled for their safety and their livelihood, and whose irresponsibility and greed (if it were not controlled) would reduce them to starvation and penury. The concentration of financial power had not proceeded so far in 1912 as it has today; but it had grown far enough for Mr . Wilson to realize fully its implications. It is interesting, now, to read his speeches. What is called "radical" today (and I have reason to know whereof I speak) is mild compared to the campaign of Mr . Wilson. "No man can deny", he said, "that the lines of endeavor have more and more narrowed and stiffened; no man who knows anything about the development of industry in this country can have failed to observe that the larger kinds of credit are more and more difficult to obtain unless you obtain them upon terms of uniting your efforts with those who already control the industry of the country, and nobody can fail to observe that every man who tries to set himself up in competition with any process of manufacture which has taken place under the control of large combinations of capital will presently find himself either squeezed out or obliged to sell and allow himself to be absorbed." Had there been no World War -- had Mr. Wilson been able to devote eight years to domestic instead of to international affairs -- we might have had a wholly different situation at the present time. However, the then distent roar of European cannon, growing ever louder, forced him to abendon
the study of this issue. The problem he saw so clearly is left with us as a legacy; and no one of us on either side of the political controversy can deny that it is a matter of grave concern to the government.

A glance at the situation today only too clearly indicates that equality of opportunity as we have known it no longer exists. Our industrial plant is bullt; the problem just now is whether under existing conditions it is not overbuilt. Our last frontier has long since been reached, and there is practically no more free land. More than half of our people do not live on the farms or on lands and cannot derive a living by cultivating their own property. There is no safety valve in the form of a Western prairie to which those thrown out of work by the Eastern economic machines can go for a new start. We are not able to invite the immigration from Europe to share our endless plenty. We are not providing a drab living for our own people.

Our system of constantly rising tariffs has at last reacted against us to the point of closing our Canadian frontier on the north, our European markets on the east, many of our Latin American markets to the south, and a goodiy proportion of our Pacific markets on the west, through the retallatory tariffs of those countries. It has forced many of our great industrial institutions who exported their surplus production to such countries, to establish plants in such countries, within the tariff walls. This has resulted in the
reduction of the operation of their American plants, and opportunity for employment.

Just as freedom to farm has ceased, so also the opportunity in business has narrowed. It still is ture that men can start small enterprises, trusting to native shrewdness and ability to keep abreast of competitors; but area after area has been preempted altogether by the great corporations, and even in the fields which still have no great concerns, the small man starts under a handicap. The unfeeling statistics of the past three decades show that the independent business man is running a losing race. Perhaps he is forced to the wall; perhaps he cannot command credit; perhaps he is "squeezed out", in Mr. Wilson's words, by highly organized corporate competitors, as your corner grocery man can tell you. Recently a careful study was made of the concentration of business in the United States. It showed that our economic life was dominated by some six hundred odd corporations who controlled two-thirds of American industry. Ten million small business men divided the other third. More striking still, it appeared that if the process of concentration goes on at the same rate, at the end of another century we shall have all American industry controlled by a dozen corporations, and run by perhaps a hundred men. Put plainly, we are steering a steady course toward economic oligarchy, if we are not there already. Cleerly, all this calls for a pre-appraisal of values.

A mere builder of more industrial plants, a creator of more railroad systems, an organizer of more corporations, is as likely to be a danger as a help. The day of the great promoter or the financial Titan, to whom we granted anything if only he would build, or develop, is over. Our task now is not discovery or exploitation of natural resources, or necessarily producing more goods. It is the soberer, less dramatic business of administering resources and plants already in hand, of seeking to reestablish foreign markets for our surplus production, of meeting the problem of underconsumption, of adjusting production to consumption, of distributing wealth and products more equitably, of adapting existing economic organizations to the service of the people. The day of enlightened administration has come.

Just as in older times the central government was first a haven of refuge, and then a threat, so now in a closer economic system the central and ambitious financial unit is no longer a servant of national desire, but a danger. I would draw the parallel one step farther. We did not think because national government had become a threat in the 18 th century that therefore we should abandon the principle of national government. Nor today should we abandon the principle of strong economic units called corporations, merely because their power is susceptible of easy abuse. In other times we dealt with the problem of an unduly ambitious central government by modifying it gradually into a constitutional democratic
government. So today we are modifying and controlling our economic units.

As I see it, the task of government in its relation to business is to assist the development of an economic declaration of rights, an economic constitutional order. This is the common task of statesman and business man. It is the minimum requirement of a more permanently safe order of things.

Happily, the times indicate that to create such an order not only is the proper policy of government, but it is the only line of safety for our economic structures as well. We know, now, that these economic units cannot exist unless prosperity is uniform -- that is, unless purchasing power is well distributed throughout every group in the nation. That is why even the most selfish of corporations for its own interest would be glad to see wages restored and unemployment ended and to bring the Western farmer back to his accustomed level of prosperity and to assure a permanent safety to both groups. That is why some enlightened industries themselves endeavor to limit the freedom of action of each man and business group within the industry in the common interest of all; why business men everywhere are asking a form of organization which will bring the scheme of things into balance, even though it may in some measure qualify the freedom of action of individual units within the business.

The exposition need not further be elaborated. It is brief and incomplete, but you will be able to expand it in
terms of your own business or occupation without difficulty. I think every one who has actually entered the economic struggle -- which means everyone who was not born to safe wealth -- knows in his own experience and his own life that we have now to apply the earlier concepts of American government to the conditions of today.

The Declaration of Independence discusses the problem of government in terms of a contract. Government is a relation of give and take, a contract, perforce, if we would follow the thinking out of which it grew. Under such a contract rulers were accorded power, and the people consented to that power on consideration that they be accorded certain rights. The task of statesmanship has always been the re-definition of these rights in terms of a changing and growing social order. New conditions impose new requirements upon government and those who conduct government.

I held, for example, in proceedings before me as Governor, the purpose of which was the removal of the Sheriff of New York, that under modern conditions it was not enough for a public official merely to evade the legal terms of official wrongdoing. He owed a positive duty as well. I said in substance that if he had acquired large sums of money, he was when accused required to explain the sources of such wealth. To that extent this wealth was colored with a public interest. I said that public servants should, even beyond private citizens, in financial matters be held to a stern end
uncompromising rectitude.
I feel that we are coming to a view through the drift of our legislation and our public thinking in the past quarter century that private economic power is, to enlarge an old phrase, a public trust as well. I hold that continued enjoyment of that power by any individual or group must depend upon the fulfillment of that trust. The men who have reached the summit of American business life know this best; happily, many of these urge the binding quality of this greater social contract.

The terms of that contract are as old as the Republic, and as new as the new economic order.

Every man has a right to life; and this means that he has also a right to make a comfortable living. He may by sloth or crime decline to exercise that right; but it may not be denied him. We have no actual famine or dearth; our industrial and agricultural mechanism can produce enough and to spare. Our government formal and informal, political and economic, owes to every one an avenue to possess himself of a portion of that plenty sufficient for his needs, through his own work. Every man has a right to his own property; which means a right to be assured, to the fullest extent attainable, in the safety of his savings. By no other means can men carry the burdens of those parts of life which, in the nature of things, afford no chance of labor; childhood, sickness, old age. In all thought of property, this right is paramount; all
other property rights must yield to it. If, in accord with this principle, we must restrict the operations of the speculator, the manipulator, even the financier. I believe we must accept the restriction as needful, not to hamper individualism but to protect it.

These two requirements must be satisfied, in the main, by the individuals who claim and hold control of the great industrial and financial combinations which dominate so large a part of our industrial life. They have undertaken to be, not business men, but princes -- princes of property. I am not prepared to say that the system which produces them is wrong. I am very clear that they must fearlessly and competently assume the responsibility which goes with the power. So many enlightened business men know this that the statement would be little more than a platitude, were it not for an added implication.

This implication is, briefly, that the responsible heads of finance and industry instead of acting each for himself, must work together to achieve the common end. They must, where necessary, sacrifice this or that private advantage; and in reciprocal self-denial must seek a general advantage. It is here that formal government -- political government, if you choose, comes in. Whenever in the pursuit of this objective the lone wolf, the unethical competitor, the reckless promoter, the Ishmael or Insull whose hand is against every man's, declines to join in achieving an end recognized as being for
the public welfare, and threatens to drag the industry back to a state of anarchy, the government may properly be asked to apply restraint. Likewise, should the group ever use its collective power contrary to the public welfare, the government must be swift to enter and protect the public interest.

The government should assume the function of economic regulation only as a last resort, to be tried only when private initiative, inspired by high responsibility, with such assistance and balance as government can give, has finally failed. As yet there has been no final failure, because there has been no attempt; and I decline to assume that this nation is unable to meet the situation.

The final term of the high contract was for liberty and the pursuit of happiness. We have learnt a great deal of both in the past century. We know that individual liberty and individual happiness mean nothing unless both are ordered in the sense that one man's meat is not another man's poison. We know that the old "rights of personal competency" -- the right to read, to think, to speak, to choose and live a mode of life, must be respected at all hazards. We know that liberty to do anything which deprives others of those elemental rights is outside the protection of any compact; and that government in this regard is the maintenance of a balance, within which every individual may have a place if he w11l take it; in which every individual may find safety if he wishes it; in which every individual may attain such power as his ability permits,
consistent with his assuming the accompanying responsibility. All this is a long, slow talk. Nothing is more striking than the simple innocence of the men who insist, whenever an objective is present, on the prompt production of a patent scheme guaranteed to produce a result. Human endeavor is not so simple as that. Government includes the art of formulating a policy, and using the political technique to attain so much of that policy as will receive general support; persuading, leading, sacrificing, teaching always, because the greatest duty of a statesman is to educate. But in the matters of which I have spoken, we are learning rapidly, in a severe school. The lessons so learnt must not be forgotten, even in the mental lethargy of a speculative upturn. We must build toward the time when a major depression cannot occur again; and if this means sacrificing the easy profits of inflationist booms, then let them go; and good riddance. Faith in America, faith in our tradition of personal responsibility, faith in our institutions, faith in ourselves demands that ve recognize the new terms of the old social contact. We shall fulfill them, as we fulfilled the obligation of the apparent Utopia which Jefferson imagined for us in 1776, and which Jefferson, Roosevelt and Wilson sought to bring to realization. We must do so, lest a rising tide of misery engendered by our common fallure, engulf us all. But failure is not an American habit; and in the strength of great hope we must all shoulder our common load.

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The Aaerican colonies vere born in this atruggle. The American Revolution was a turning point in it. After the revolution the atruggle continued and sheped itself in the public life of the country. There were those who because they had seen the eonfusion which ottended the years of wer for American independence surreadered to the belice thet popular goverment wha essentisily dengerous and essentially unworksble. They were honest people, my friands, and we cennot deay that their experience hud warranted some measure of fear. The nost brilliant, honest and able exponent of this foint of viev was Haniliton. He was too impationt of slov-moving methods. Pundamentally he belleved that the asfety of the republic lsy in the autocratic strength of its goverment, thet the destiny of individuals vas to serve that goverasant, and thet fundamentally a great and strong croup of centrsi institutions, guided by a saall groug of able and public spirited citizens could best direct all goverament.

But Mr. Jofferson, in the sumer of 2776, sfter drafting the Declaretion of Indopendence turned his mind to the same problea and took a different Viev. Ho did not
decelve himself with outward forms. Government to his was means to an end, not an end in itself; it gight be elther a refuge and a help or a threat and a denger, depanding on the circumstances. Te Iind hin earefully analyzing the aociety for which he we to organize a governsent. "Fe heve no paupers. The creat mass of our population is of leborers, our rich who cennot live without labor, elther manusl or professionsl, being few and of moderate veslth. Most of the laboring clas possess property, cuitivate their own lands, heve families and from the deasnd for sheir labor, are ensbled to exact from the rich and the competent such prices as enable then to feed abundantly, clothe above zere decency, to labor moderstely and raise their ramilies."

These people, he considered, hod two sets of rights, those of "personal competency" and those invoived in cequiring and posseasing property. By "personal coapatency" he aesnt the right of free thinixing, freedos of foraing end expressing opinions, and freedoas of personal living erch san secording to his own ilghts. To insure the firat set of rights, a goverament must so order its functions as not to interfere Eith the individuel. But even Jefferson reslized thet the exereise of the property rights aight so interfere with the rights of the individual that the governaent, without those sasistsnce the property rights could not exist, mast intervene, not to destroy individueliea
but to protect it.
You are feailiar with the great politicel duel which follored; and hov Eisilton, and his friends, builaling towercs b dominent centrallzed pover zere at length defeated In the grett election of 1800, by Er. Jefferson's party. Out of thet cusl cane the two parties, Fiogublicen and Semocretic, as ve know them today.

So began, in American politicel life, the new day, the day of the iudividunl egeinst the gysteri, the day in which incivicualisa was ebie the gract witchword of American iffe. The hayifest of econosic conditions aede that day long und splenaid. On the Festern frontiar, land wes abstantiaily free. Ro ane, wh CiC not shirk the tesk of earning a ilving, whe entireiy vithout opportunitz to do so. Depressions coild, exce did, come and go; but ther could not siter the fundaraental fsct thet most of the people lived partiy ty selling their lebor ond partiy by eatracting tholr ifvalinood frus the soll, so that starvation end ileloeation ware prictically impossible. at the Tary worst there was s.1why the ponslbility of climbing into a corered wagon and soving west whore the untilled prairies afforded a haven for man to whon the zast dic not provide a plece. so great stro our natural resources thst se could offer this rellef ant oaly to our ctra ;eople, but to the distressed of all the vorlej Te could invite imicretion from burope, and seleome 1t with opes sras. Ersaitionaliy, whes a copression cene a
nev section oi lend vas opened in the Fest 1 end wen our temporary gisfortune served our canifest destiny.

It $F=$ in the niddie of the 19th eantury that a nev force vas relezsed and nev dren created. The foree Fas wht is called the Industrial revalution, the sirenee of steen and machinery end the risa of the forerunners of the modern industriel plant. The dreas was the drean of en economic rachine, sble to Fsias the standerd of living for everyone; to bring lumary within the reech of the bumblests to ennihilate distonce by atean power and later by eleetricity, and to relase everyone fron the drudgery of the heeviest manual toil. It wes to be expected that this would necesseri2y aifect government. Herotofore, zovernent had merely been called upon to produce conditions vithin mieh people could Live hapsily, labor peccefully, and rest secure. Fov it vas celled upon to aid in the consumstion of this new drees. There ros, however, a shadoz over the dreas. So be made real, it reguired use of the talents of ten of tremendous will, and treaendous enbition, since by no other force could the probless of financing and engineering and new derelopaents be brought to a conguanation. So manifest vere the adventeges of the nachine ege, howeter, that the Jnited Btates Iearlessly, cheertully, end, I thinis, rightiy, accepted the bitter rith the eveet. It Fes thought that no price wre too high to pay for the edvanteges which we oould drav froa o finished indugtrial
syatea. The hiatory of the last half century ia accordingly in large secsure a history of a group of finaneial Fitens, whose methods vere not scrutinized with too much care, and tho were honored in ;roportion as they produced the results, irrespective of the means they used. The finonelers who pushed the railroads to the Pacific were always ruthless, often westeful, and frequently corrupt; but they did built railroede, and we have thea today. It has been estimated thet the American investor paid for the American rbilway system wore than three times orer in the process; but deepite this fact the net adventage was to the Inited Etat,es. As loag as we hod free land; as long as populetion was growing by leaps and bounds; es long as our induatrial plenta vere inaufficient to supply our own needs, society chose to give the ambitious man free play and unlimited reward providet only thet he produced the economic plant so much desired.

During this period of expansion, there wes equal opportunity for all and the business of goverarent was not to Interfere but to assist in the developaent of industry. This wes done et the request of business men theascives. The tariff wis originsily imposed for the purpose of efostering our infant indugtry*, ahrase I think the older anong you vill reaember as a political isaue not so long ago. The railroads vere subsidised, sometises by grants of money, oftener by crante of land; some of the most valuable oll lands in the United states were cranted to assiat the fiamaelag of the
railroad which pushed through the southwest. A mascent merchant marine mes assisted by grants of money, or by asil subsidies, so that our stera shipping vight ply the seves seas. Sose of my friends tell me thet they do not wart the Government in business. With this I agrees but I wonder shether they realize the iaplications of the past. For while it has been American doctrine that the governcent aust not go Into business in conpetition with private enterprises, atill it has been traditional partieularly in Republican adniaistrations for business urgently to asic the goverment to put et private alsposel all kinds of goverment assistence. The same man who tella you that he does not want to see the goverssent interfere in business -- end he means it, and has plenty of good ressons for aying so - is the firat to so to Washingtion and esik the government for $=$ prohibitory taryff on his product. Fhen things get just bad enough - as they did two yexrs ago - he will go with equal speed to the Dnited states government and ask for a loan; and the Reconstructioa Finence Corporstion is the outcose of it. Eech group has sought protection frow the governsent for its own apecias interests, vithout realizing that the function of goveranent sust be to fevor no assil group et the expense of its duty to frotect the rights of personal freedos and of private property of ell its citiseas.

In retrospect we cen nov zee thet the turn of the tide cune vith the tura of the century. Fe vere reching our last
frontier; there wa mo more free land and our indugtrial combinations had becoas great uncontrolled and irresponsible units of porer bithin the state. Cleur-sighted men say vith feer the danger that opportunity sould no longer be equals thet the growing corporziton, lize the foudal barom of ole, might threaten the economic freedom of individuals to es a living. In that hour, our antitrust laws were born. The cry wes reised against the grest corporations. Theodore Roosevelt, the first grat republicen progressive, fought a Presidential campaign on the issue of تtrust busting and telked freely about aslefactors of great wealth. If the goverasent had a policy it was rether to turn the elock back, to destroy the large conbinstions and to return to the time rhen every man owned his individual manil buainess.

This was impossible; Theodore Roosevelt, abandoning the idea of "trust busting", wes forced to work out a differ ence between "good" truste and "bud" truste. The Buprese Court set forth the famous "rule of resson" by which it seens to have meant thet a concontration of industrial power was peralsalble if the method by vhich it got its pozer, and the use it mede of thot pover, was reasonable.

Foodrov Eilson, olected in 1912, sew the situetion sore cleariy. Mhere Jefferson had fesred the eseroschment of political power on tho lives of individuals, Filson kaee thet the new pover wis financial. Ele saw, in the highly centralized econosie systen, the despot of the tweatieth
$t$ safoty and their livelihood, end whose irresponsibility and greet (if it vere not, controlled) voule recuce then te atarvetion and pemury. The eoncentretion of finencial power hat not proceeded so fer in 1912 as it has today; but it had grown far onough for Kr . Wilson to realize fully its inplicetions. It is interesting, now, to read his opeeches. What is called "radical" today (and I have reason to soom whereot I speak) is aild coapared to the campaign of Mr. Wilson. Mo ann can deny*, he said, ethet the ilnes of endeevor heve more and more parrowed and stiffened; no wan who knows anything about the develofment of industry in this country can have failed to obserte that the larger kinds of credit ore wore and more cifficult to obtaln uniess you obtein thes upon terses of uniting your efforta with those who alreedy control the induntry of the country, and nobody exn fail ta observe that every mean who tries to set himself up in competition Fith any process of eemafocture which has taken place under the control of lerge combinations of cepital vill presently find hiasels elther squeesed out or obliged to sell and allow hisself to be sbsorbed. Fid there been no Korld Fer - had Mr. Wilson been able to devote elght years to doaestic instesed of te International sffeirs - ve might have hed a wholly different altuition at the present time. Sowever, the then dietant roar of European cennon, croting ever louder, forced hin to abandoa
the study of this lasue. The probles he sav so eleasly is loft ith us as a legacy; and no one of us on either aide of the political controveray can deny that it is a matter of crave concern to the governaent.

A glance at the situztion todsy only too elearly Indeates thet equality of ofportunity as we have known it no longer exista. Our industrial plant is built; the problea just now is whether uader exiating conditions it is not overbuilt. Our last frontier hea long since been resched, and there is practicsily no zore free land. More than hall of our people do not live on the feras or on lands and cannot derive a living by cultiviting their own property. There is no safety valve in the form of a Festern prairie to which those thrown out of work by the Eestern economic mechines can go for a nev start. Fe are not eble to invite the inaigration froa Europe to share our ondesa plenty. Te Ere not providing a drab living for our own people.

Dur syates of constantly rising tcriffs has at lest reacted agelngt us to the point of elosing our Canadian frontier on the north, our European marketa on the east, many of our Latin Leerican maricets to the south, and a goodly proportion of our Pacific sarkets on the wert, through the retallatory teriffs of those countries. It has forced many of our great industrial institutions wo exported thels eurplue production to such countries, to estabish plants in auch countries, sithis the teriff velis, This hes resulted in the
reduction of the operation of thelr Aeerlcen plants, and opportunity for eaploynent.

Just as frecdos to frum has censed, so also the opgortunity in businesa has narroned. It still is ture that zen can atnrt asall enterprises, trusting to native shrewdness and ability to keep abreast of coupetitors; bat srea after area has beea presapted altogether by the grat corporstions, and even in the fields which still have no grect conceras, the sadil man eterts uader a handicap. The unfeeling atzisties of the past thrce deextes show thet the independent business zan is ruaning losing race. Perhaps he is forced to the wall; perhag's he cannot cormend credit; gerhags he is "gqueszed out", In Mr. Tilzoris words, by highly orgenized corporate competitors, as jour corner grocery men centell you. Hecontly - cereral study vas mete of the concentration of business in the United states. It showed thit our ceonomie life vas dominited by some six hundred odd corporitions tho eontralled two-thirds of Asericen industry. Ien million geell business nen civided the other third. Yore atriking atill, it appeared thet if the process of conceatration goes on at the asme rate, at the ond of emother century ve shell have all daericas industry controlled by a dozen corporctions, and run by rerhaps a hundred cen. Put plainly, ve ere ateering o ateady course toward econoale ollgarchy, if we are not there alrealy.

Clerrly, ell this calle for a pre-appraisal of values.

A Eere builder of vore induatrial plant\%, a creator of more railroud systeas, an orghizer of more corporations, is an incely to be dunger ea a help. The dey of the great pronoter or the finkncial Iftan, to whew ve granted axpthing 18 only he would tuild, or develop, is over. Our task not is not discovery or exploitntion of neturel reacurcss, or necessarily producing rore goods. It is the soberer, leas dramstia business of adninister!ng resources and glente alreedy in hand, of seeking to reesteblish forcign marisets for our murplus production, of eeeting the probles of underconsurption, of edjusting production to consumption, of distributing wesith Eni products nore equitably, of setapting existing economic organizations to the seztice of the reople. The dsy of ea1ishtuaed adrinistration has come.

Just as in older tises the contris goverraent was first a haven of refuge, sad than ethrest, so not in a eloser sonoalc system the central and ambitious firancial unit is no longer a sarteat af axtlonel desire, but a danger. I Fould drav the parallel ane step farther. Te did not thizk because national govarnent had becose a threst in the $19 t h$ century that therefore we should abendon the prineigle of nutional goveranent. Mor today should we abandon the principle of atrons cconosie unita celled corporations, serely bocause thelr power is susceptible of easy obase. In other tiges te deals Fith the proble of an unduly eebitious eantrel grverpasent by modifying it grodually into a constitutional demoerstio
goternaent. Bo todey we ere modifying and controlling our econonic unite.

Ls I see it, the tagk of governaent in ita relation to business is to essist the develogaent of sn econosie declaration of rights, an economic constitutional order. This is the common task of atatesman and business man. It is the miniaun requirement of nore permanentiy safe order of thinge. Boppily, the times indicete that to ereate such an order not only is the proper polies of governsent, but it is the only ilne of safety for our econoric structures as rell. Fe cnor, now, that these economic units cannot exist unless prosperity is uniform -- thit is, unless purchssing power is vell distributed throughout every group in the nation. That 18 why oven the most selfish of corporstions for its own interest would be gled to see weges restored and unemployment ended and to bring the Fiestorn furmer beck to his eccust aned level of prosperity and to assure a permenent safety to both groups. That is why some enilghtened incustries theaselves endervor to linit the freecoa of uction of efch man and buainess group within the industry in the comion interest of all; why business men everywhere ore asising a form of orgenisation which - 111 bring the scheme of things into balance, evon though it may in some telsure qualify the fresdon of ection of indifidual units within the business.

The exposition need not further be elebopsted. It
terms of your own business or occupation without difficulty. I think every one who has actually entered the economie struggle - which meens everyone who wes not born to sefe wealth -- knows in his own experience end his own life that we have nov to apply the earlier concepts of Amerlcan government to the conditions of today.

The Decleretion of Independence discusses the problea of governizent in teras of a contrect. Government is a relatioa of give and take, a contrect, perforce, if we would follow the thinicing out of which it grew. Ender such a contract sulers were tecorded poter, and the people consented to that power on consiceration thit they be accorded certain rights. The task of stategaenship hes elways been the redefinition of these rights in terms of a changing and growing social order. Hew conditions impose ner requirements upon governsent and those who conduct governaent.

I held, for exakjle, in proceedings before se as Governor, the purpose of which rns the removal of the Gheriff of Hev Yoric, that under modorn conditions it wes not enough for a public official serely to evide the legel terng of offleial vrongdoing. He ored a positive duty as well. I seid in abbatance that if he had acquired large sums of money, he whs then accused required to explala the sourses of oueh venith. So thet extent this wenith was colored with a publie interest. I said that publie servants should, oven begons private citisens, in fimancial satters be held to stern and
uncompromising rectitime.
I feel that we are coning to - View through the drift of our legislation and our publie thiniking in the past quarter centary that private econonic pover is, to enlarge an old phrase, a publle trust as well. I hold thet continued enjoynent of that power by any individual or group suat depond upon the fulfillment of that truat. The sen tho heve reached the sumait of Auerlcan business life know this best; happliy, wany of these urge the binding quality of this greater soelal contraet.

The teran of that contract are as old as the Republle, and as new es the new econonie order.

Erery man has a right to life; and this seans that he has also a right to zake a confortable liviag. He kay by sloth or crime decline to exercise that right; but it nay not be denied him. Te have no ectual faeine or dearth; our industriel and agriculturel mechaniza can produce anough and to apare. Our governaent formal and informal, politicel and econozle, oxes to every one an avenue to possess himself of a portion of thet plenty sufficient for his needs, through his own work.

Brery ean has a right to his own propertys which eeans a right to be assured, to the fullest extent attainable, in the safety of his savings. By no other means cas aen earry the burcens of those parts of life which, in the nature of things, efford no chance of labor; chilahood, slekpess, oll ege. In all thought of property, this right is garanount; all
other property rights must yield to it. If, in eccord with this principle, we eust restrict the operations of the speculator, the renipulator, even the finencior. I belleve re must accept the restriction as needfal, not to hamper individusilsu but to protect it.

These tro requirementa must be astisifiod, in the eein, by the individuals who claim and hold control of the great industrial and rinancial combinetions thich coninate so large a part of our industriel iffe. They heve undertaken to be, not business men, but princes - princes of property. I an not propered to say thet the syster which produces then is wroas. I en very clear thit they must fearlessly and conpetently essume the responsibility which goes sith the power. Bo many enlightened busiaess men know this that the steterent would be little more then a platitude, vere it not for an added implication.

This implicztion is, briefly, that the responsible heads of finknce and industry instesd of zeting eech for hisself, zust work together to achleve the common end. They aust, there necessary, sacrifice this or that privite advantinge; and ia reciprocel self-denial aust seak a cenerel civentzge. It is here that forasl goverament -o poliskcal government, if you choose, coses in. Moneter in the pursuit of this objective the lone volf, the unethicel comptitor, the recicless groader, the Ishmael or Inauli Those hend is against every man's, cecliaes to join in achleving an end recogalzed as bolng for
the public velfare, and threatens to drag the induatry back to a state of enarchy, the govermatent may properiy be asiced to efply restralnt. Lixezise, should the group evor use ite collective pover contrery to the jublie velfere, the governmeat sast be suift to enter and protect the public interest.

The govermant should assame the function of economie regulation only $x$ a a last resort, to be tried only when misate initiative, inspired by high responsibility, with such assiatence and balance as governaent can give, has finally fallad. As ynt there has baen no flanz follure, baceuse there h:s bean no attespt; end I decline to assune thet this nation is uneble to zeet tinc altuation.

The final tern of the high contract was for liberty and the purguit of happiness. Fe have lenrat a great deal of both in the past century. We inow thet individual ilberty and individual happiness meen nothing unless both are ordered In the sonse that onw zan's neet is not another san's poison. Fo now thut the old "rights of personal competency" - the right to read, to thini, to spesi, to choose and live wode of iffe, aust be respected at sil hazards. To know that 11berty to do naything wich deprives others of those elemental righta 1s outside the protection of any coapact; and thet coveranent In this regard is the seintenance of a belasce, withis whim every indivituel may have a plece if he vill tace its in wich every individasi may find safety if he wishes its in thieh every individual may ettals such fower as his sbility permits,
consiatent Fith his assuing the seconpenying responsibility.
A11 this is longe slow talk. striking then the sigple innocence of the een who inalst, whenerer en objective is present, on the proapt production of a potent scheme gusranteed to produce reault. Euran endeavor is not so simple as that. Qovernmeat ineludes the ert of formalating a poliey, end using the politieal techalque to attbin so much of that policy 3 Eill recelve senerel support; persuading, ieading, sacrifieing, teaching alwaye, because the greatest duty of a statesann 18 to educate. But In the metters of which I hove spoices, we ere leerairg rapidiy, In severe school. The lessons so learnt must not be forgotten, even in the montal lethargy of apeculative upturne Fe must build towerd the tine then a sajor depression eennot occur agein; snd if this mesns secrificing the essy profits of infletioniet bects, then let then gos end good riddsnee.

Feith in Americe, feith in our tridition of personel responsibility, frith in our institutions, feith in ourselvee derends thet te recognize the new terse of the old soelal contset. Fe shall fulf111 then, as ve fulgilled the obligtion of the arperent topia which Jefferson inagised for us in 1776. end shich Jerferacs, Roosevelt and Filson sought to bring to realizetion. We rust do so, lest rising tide of aisery engendered by our common fellure, enguls us all. But fellure Is not en Lserican habit; snd in the strength of ereat hope we augt all shoulder our comson load.

