
Franklin D. Roosevelt — “The Great Communicator”

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1932 September 29

Sioux City, IA - Campaign Address

ADDRESS OF GOVERNOR FRANKLIN D. ROOSEVELT

Ball Park
Sioux City, Iowa

September 29, 1932

Mr. Chairman, my friends in Sioux City, my friends in this great State, and, indeed, all of you through the country who are listening on the radio tonight, let me tell you first of all that I appreciate this remarkable welcome that you have given me, and I appreciate, too, the performance put on by the mounted patrol of my fellow Shriners.

Two weeks ago, when I was heading toward the Coast, I presented before an audience in the City of Topeka, what I conceived to be the problem of agriculture in these United States, with particular reference to the Middle West and West, and what the government of the nation can do to meet that problem of ours.

I have been highly gratified to receive from all parts of the country and particularly from farm leaders themselves, assurances of their hearty support and promises of cooperation, in the efforts that I proposed to improve the deplorable condition into which agriculture has fallen. The meeting of this farm problem of ours is going to be successful only if two factors are present.

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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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patient cooperation of agriculture itself and its leaders.

I cannot avoid a word concerning this plight of agriculture -- what it means to all. It means that the product of your labor brings just half of what it brought before the war. It means that no matter how hard you work and how long and how carefully you save, and how much efficiency you apply to your business, you face a steadily diminishing return. As a farm leader said to me, you have been caught like a man in a deep pit, helpless in the grip of forces that are beyond your control. Still, my friends, it has meant that in spite of the maxims that we have learned when we were in school, that we ought to work and save, to be prudent and be temperate -- in spite of all of the rest of the homely virtues, the return on these virtues has belied the hopes and the promises on which you and I were raised.

That is one of the tragic consequences of this depression. The things that we were taught have not come true. We were taught to work and we have been denied the opportunity to work. We were taught to increase the products of our labor and we have found that while the products increased the return has decreased. We were taught to bring forth the fruits of the earth, and we have found that the fruits of the earth have found no market.

The results of our labor, my friends, have been lost in the smash of an economic system that was unable to fulfill

its purposes.

It is a moral as well as an economic question that we face. Moral because we want to reestablish the standards that in times past were our goal. We want the opportunity to live in comfort, reasonable comfort, so that we may build out of this comfort, spiritual values. The consequences of poverty bring a loss of spiritual and moral values. And even more important is the loss of the opportunity that we had hoped to give to the younger generation. We want our children to have a chance for an education, for the sound development of American standards to be applied in their daily lives at play and work. Those opportunities can come only if the condition of agriculture is made more prosperous. (Applause)

Now, the farmer -- and when I speak of the farmer I mean not only you who live in the corn belt, but also those in the East or the Northwest who are in the dairy business from the Northwest, and those in the South who are raising cotton, and those on the plains who are raising cattle and sheep and those in the many sections of the country who are raising fruits of all kinds -- cattle, all kinds of things, small fruits and big fruits -- in other words, the farmer in the broad sense has been attacked during this past decade simultaneously from two sides. On the one side the farmer's expenses, chiefly in the form of increased taxes, have been going up rather steadily during the past generation, and on the other side, he has been attacked by a constantly

depreciating farm dollar during the past twelve years, and it seems to be nothing less than old-fashioned horse-sense to seek means to circumvent both of these attacks at the same time. That means, first, for us to seek relief for him from the burden of his expense account, and second, to try to restore the purchasing power of his dollar by getting for him higher prices for the products of the soil. (Applause)

Now, those two great purposes are the basis, quite frankly the basis, of my farm policy, and I have definitely connected both of them with the broadest aspects of a new national economy, something that I like to label in simpler words, "A New Deal", (applause) -- a New Deal, covering every part of the nation, and covering industry and business as well as farming, because I recognize, first of all, from the soil itself springs our ability to restore our trade with the other nations of the world.

First of all, I want to discuss with you one of the angles of the mounting expenses of agriculture in practically every community and in every state -- the problem of the taxes which we have to pay.

Let us examine the proportion of our expenditures that goes to the various divisions of government. Half of what you and I pay for the support of government -- in other words, fifty cents out of every dollar -- goes to local government on the average in this country. In other words,

cities, townships, counties and lots of other small units, and the other half, the other fifty cents, goes to the state and nation.

This points, this fifty cents that goes to local government, therefore, to the necessity for attention to local government, and as a broad proposition you and I know we are not using our present agencies of local government with real economy and efficiency. That means we must require our public servants to give a fuller measure of service for what they are paid. It means we must eliminate useless office holders. It means every public official, every employee of local government, must determine that they owe it to the country to cooperate in the great purpose of saving the taxpayers' money.

But it means more than that, my friends. I am going to speak very frankly to you. There are offices in most states that are provided for in the constitution and laws of some of the states, offices that have an honorable history but are no longer necessary for the conduct of government. We have too many tax layers, and it seems to me relief can come only through resolute courageous cutting.

Some of you will ask why I, a candidate for the office of President of the United States, am talking to you about changes in local government. Now, it is perfectly clear that the President has no legal or constitutional control

over the local government under which you people live. The President has, nevertheless, my friends, the right and even the duty of taking a moral leadership in this national task because it is a national problem, because in its scope it covers every state, and any problem that is national in this broader sense creates a national moral responsibility in the President of the United States himself.

And I propose to use this position of high responsibility to discuss up and down the country, in all seasons and at all times the duty of reducing taxes, of increasing the efficiency of government, of cutting out the underbrush around our governmental structure, of getting the most public service for every dollar paid in taxation. That I pledge you, and nothing I have said in the campaign transcends in importance this covenant with the taxpayers of the United States. (Applause)

Now, of the other half dollar of your taxes, it is true that goes to the support of state governments. I am not going to discuss that end. In this field also I believe that substantial reductions can be made. While the President rightly has no authority over state budgets, he has the same moral responsibility of national leadership for generally lowered expenses, and therefore for generally lowered taxes.

It is in the field of the Federal Government that the office of President can, of course, make itself most directly

and definitely felt. Over 30 per cent of your tax dollar goes to Washington, and in this field also, immediate reforms can be accomplished. There are, of course, items such as the interest on the public debt which must be paid each year, and which can be reduced only through a reduction in the debt itself, by the creation of a surplus in the place of the present deficit in the national treasury, and it is perhaps worth while that I should tell you that I spent nearly eight years in Washington during the administration of Woodrow Wilson (applause), and that during those eight years I had a fair understanding of the problem of the national expenses, and that I knew at first-hand many of the details of actual administration of the different departments. And later in this campaign I propose to analyze the enormous increase in the growth of what you and I call bureaucracy. We are not getting an adequate return for the money we are spending in Washington, or to put it another way round, we are spending altogether too much money for government services that are neither practical nor necessary. (Applause) And then, in addition to that, we are attempting too many functions, and we need a simplifying of what the Federal Government is giving to the people.

I accuse the present administration of being the greatest spending administration in peace times in all our history (applause) -- an administration that has piled bureau on bureau, commission on commission, and has failed to

anticipate the dire needs and the reduced earning power of the people. Bureaus and bureaucrats, commissions and commissioners have been retained at the expense of the taxpayer himself. (Applause)

Now, I read in the past few days in the newspapers that the President is at work on a plan to consolidate and simplify the federal bureaucracy. My friends, four long years ago, in the campaign of 1928, he, as a candidate, proposed to do this same thing. And today, once more a candidate, he is still proposing, and I leave you to draw your own inferences. (Applause, prolonged)

And on my part I ask you very simply to assign to me the task of reducing the annual operating expenses of your national government. (Applause)

Now I come to the other half of the farmer's problem, the increase of the purchasing power of the farm dollar. I have already gone at length into the emergency proposals relating to our major crops, and now I want to discuss in more detail a very important factor, a thing known as the Tariff, and our economic relationship to the rest of this big round world.

From the beginning of our government, one of the most difficult questions in our economic life has been the tariff. But it is a fact that it is now so interwoven with our whole economic structure, and that structure is such an intricate

and delicate pattern of causes and effects, that tariff revision must be undertaken, without question, with scrupulous care, and only on the basis of established facts.

I have to go back in history a little ways. In the course of his 1928 campaign, the present Republican candidate for President, with great boldness laid down the propositions that high tariffs interfere only slightly, if at all, with our export or our import trade, that they are necessary to the success of agriculture and afford essential farm relief; that they do not interfere with the payments of debts of other nations paid to us, and that they are absolutely necessary to the economic formula which he proposed at that time as the road to the abolition of poverty. (Applause) And I must pause here for a moment to observe that the experience of the past four years has unhappily demonstrated the error, the gross, fundamental, basic error of every single one of those propositions -- but four years ago! -- that every one of them has been one of the effective causes of the present depression; and finally that no substantial progress toward recovery from this depression -- either here or abroad can be had without a forthright recognition of those errors.

And so I am asking effective action to reverse the disastrous policies which were based on them. As I have elsewhere remarked, the 1928 Republican leadership prosperity promise was based on the assertion that although our agriculture

was producing a surplus far in excess of our power to consume, and that, due to the mass and automatic machine production of today, our industrial production had also passed far beyond the point of domestic consumption, but that, nevertheless, we should press forward to increase industrial production as the only means of maintaining prosperity and employment. And the candidate of that year insisted that, although we could not consume all those things at home, there was some kind of an unlimited market for our rapidly increasing surplus in export trade, and he boldly asserted that on this theory we were on the verge of the greatest commercial expansion in history. I do not have to tell you the later history of that. (Applause)

And then, in the spring of 1929, ostensibly for the purpose of enacting legislation for the relief of agriculture, a special session of Congress was called, and the disastrous fruit of that session was the notorious and indefensible Grundy-Smoot-Hawley tariff. (Applause)

As to the much-heralded purpose of that special session for the relief of agriculture, the result, my friends, was a ghastly jest. The principal cash crops of our farms are produced much in excess of our domestic requirements. And we know that no tariff on a surplus crop, no matter how high the wall -- 1,000 per cent, if you like -- has the slightest effect to raise the domestic price of that crop. Why, the producers of all those crops are as effectively thrust outside the

protection of our tariff walls as if there was no tariff at all. But we still know that the tariff does protect the price of industrial products and raises them above world prices, as the farmer with increasing bitterness has come to realize. He sells on a free trade basis; he buys in a protected market. The higher industrial tariffs go, my friends, the greater is the burden of the farmer.

Now, the first effect of the Grundy tariff was to increase or sustain the cost of all that agriculture buys, but the harm to our whole farm population did not stop there.

The destructive effect of the Grundy tariff on export markets has not been confined to agriculture by the war. It has ruined our export trade in industrial products as well. Industry, industry with its foreign trade cut off, naturally began to look to the home market -- a market supplied for the greater part by the purchasing power of farm families, but for reasons that you and I know -- when industry turned its eye to the American market, it found that the Grundy tariff had reduced the buying power of the farmer.

So what happened? Deprived of any American market, the other industrial nations in order to support their own industries, and take care of their own employment problem, had to find new outlets. In that quest they took to trade agreements with other countries than ourselves and also to the preservation of their own domestic markets against importations by trade

restrictions of all kinds. An almost frantic movement toward self-contained nationalism began among other nations of the world, and of course the direct result was a series of retaliatory and defensive measures on their part, in the shape of tariffs and embargoes and import quotas and international arrangements. Almost immediately international commerce began to languish, and especially the export markets for our industrial and agricultural surpluses began to disappear altogether.

In the year 1929, a year before the enactment of the Grundy tariff, we exported 54.8 per cent of all the cotton produced in the United States -- more than one-half. That means, Mr. Cotton Grower, that in 1929 every other row of your cotton was sold abroad. And you, the growers of wheat, you exported 17 per cent of your wheat but your great foreign market has been largely sacrificed; and so, with the grower of rye, who was able to dispose of 20 per cent of his crop to foreign markets; the grower of leaf-tobacco had a stake of 41 per cent of his income overseas, and one-third of the lard production, 33 per cent was exported in the year 1929. Where does that come in? Well, it concerns the corn grower because some of us, even from the East, know that corn is exported in the shape of lard.

How were your interests taken care of? Oh, they gave you a tariff on corn -- chicken feed -- literally and figuratively, but those figures show how vitally you are interested

in the preservation -- perhaps I had better say, the return of our export trade.

Now, the ink on the Hawley-Smoot-Grundy tariff bill was hardly dry before foreign nations commenced their program of retaliation. Brick for brick they built their walls against us. They learned the lesson from us. The villainy we taught them they practiced on us.

And the administration in Washington had reason to know that would happen. Why it was warned. While the Bill was before Congress, our State Department received 160 protests from 33 other nations, many of whom after the passage of the Bill erected their own tariff walls to the detriment or destruction of much of our export trade.

Well, what is the result? In two years, from 1930 to May, 1932, finds your American manufacturers have established in foreign countries, to escape the penalty on the introduction of American-made goods, 258 separate factories; 48 of them in Europe; 12 in Latin America; 28 in the Far East, and 71 across the border in Canada. The Prime Minister of Canada said in a recent speech that a factory is moving every day of the year from the United States into Canada, and he assured those at the recent conferences at Ottawa that by the arrangements made there with Great Britain and other colonies it would take from Canada \$250,000,000 of trade that would otherwise go to the United States. So you see, my friends, what that tariff bill

did there to put more men on the street here, and to put more people to work outside our borders.

Now, there was a secondary and perhaps even more disastrous effect of Grundyism. Billions of dollars of debts are due to this country from abroad. If the debtor nations cannot export goods, they must try to pay in gold. But we started such a drain on the gold reserves of the other nations as to force practically all of them off the gold standard. Well, what happened? The value of the money of each of these countries relative to the value of our dollar declined alarmingly and steadily. It took more Argentine pesos to buy an American plow. It took more English shillings to buy an American bushel of wheat, or an American bale of cotton.

Why, they just couldn't buy our goods with their money. These goods then were thrown back upon our markets and prices fell still more.

And so, summing up, this Grundy tariff has largely extinguished the export markets for our industrial and our farm surplus; it has prevented the payment of public and private debts to us and the interest thereon; increasing taxation to meet the expense of our government, and finally it has driven our factories abroad.

The process still goes on, my friends. Indeed, it may be only in its beginning. The Grundy tariff still

retains its grip on the throat of international commerce.

There is no relief in sight, and certainly there can be no relief if the men in Washington responsible for this disaster shall continue in power. (Applause) And I say to you, in all earnestness and sincerity, that unless and until this process is reversed throughout the world, there is no hope for full economic recovery, or for true prosperity in this beloved country of ours.

The essential trouble is that the Republican leaders thought they had a good patent on the doctrine of unscalable tariff walls and that no other nation could use the same idea. Well, either that patent has expired or else never was any good anyway (applause); or else, one other alternative, all the other nations have infringed on our patent and there isn't any court for us to take our case to. It was a stupid, blundering idea, and we know it today and we know it has brought disaster.

Do not expect our adroit Republican friends to admit this. They do not, and on the contrary, they have adopted the boldest alibi in the history of politics. Having brought this trouble on the world, they now seek to avoid all responsibility by blaming the foreign victims for their own economic blundering. They say that all of our troubles come from abroad -- that the Administration is not in the least to be held to answer. This excuse is a classic of impertinence. If ever a condition

was more clearly traceable to two specific American-made causes, it is the depression of this country and the world. Those two causes are interrelated.

The second one, in point of time, is the Grundy tariff. The first one is the fact that by improvident loans to "backward and crippled countries," the policy of which was specifically recommended by the President, we financed practically our entire export trade and the payment of interest and principal to us by our debtors, and even (in part), the payment of German reparations.

When we began to diminish that financing in 1929 the economic structure of the world began to totter.

If it be fair to ask, What does the Democratic Party propose to do in the premises?

The platform declares in favor of a competitive tariff which means one which will put the American producers on a market equality with their foreign competitors -- one that equalizes the difference in the cost of production -- not a prohibitory tariff back of which domestic producers may combine to practice extortion on the American public.

I appreciate that the doctrine thus announced is not widely different from that preached by Republican statesmen and politicians, but I do know this, that the theory professed by them is that the tariff should equalize the difference in the cost of production as between this country and competitive

countries, and I know that in practice that theory is utterly disregarded. The rates that are imposed are far in excess of any such difference, looking to the total exclusion of imports -- in other words, prohibitory rates.

Of course the excessive, outrageously excessive rates in that bill as it became law, must come down. But we should not lower them beyond a reasonable point, a point indicated by common sense and facts. Such revision of the tariff will injure no legitimate interest. Labor need have no apprehensions concerning such a course -- for labor knows by long and bitter experience that the highly protected industries pay not one penny higher wages than the non-protected industries, such as the automobile industry, for example.

But, my friends, how is reduction to be accomplished? By international negotiation as the first, most practical, the most common-sense, and the most desirable method, in view of present world conditions -- by consenting to reduce to some extent some of our duties in order to secure a lowering of foreign tariff walls that a larger measure of our surplus may be sent abroad.

I haven't the fear that possesses some timorous minds that we should get the worst of it in such reciprocal arrangements. I ask if you have no faith in our Yankee tradition of good old-fashioned trading? Do you believe that our early instincts for successful barter have degenerated or atrophied?

I do not think so. I have confidence that the spirit of the stalwart traders still permeates our people, that the red blood of the men who sailed our Yankee clipper ships around the Horn and Cape of Good Hope in the China trade, still courses in our veins. I cannot picture (applause) Uncle Sam as a supine, white-livered, flabby muscled old man, cooling his heels in the shade of our tariff walls. We may not have the astuteness in some forms of international diplomacy that our more experienced European friends have, but when it comes to good old-fashioned barter and trade -- whether it be goods or tariff -- my money is on the American. (Applause) My friends, there cannot and shall not be any foreign dictation of our tariff policies, but I am willing and ready to sit down around the table with them.

And next, my friends, the Democrats propose to accomplish the necessary reduction through the agency of the Tariff Commission.

I need not say to you that one of the most deplorable features of tariff legislation is the log-rolling process by which it has been effected in Republican and Democratic Congresses. Indefensible rates are introduced through an understanding, usually implied rather than expressed among members, each of whom is interested in one or more individual items. Yes, it is a case of you scratch my back and I will scratch yours. (Laughter) Now, to avoid that as well as other evils

in tariff making, a Democratic Congress in 1916 passed, and a Democratic President approved a bill creating the bipartisan Tariff Commission, charged with the duty of supplying the Congress with accurate and full information upon which to base tariff rates. That Commission functioned as a scientific body until 1922, when by the incorporation of the so-called flexible provisions of the Act it was transformed into a political body. Under those flexible provisions -- re-enacted in the Grundy tariff of 1930 -- the Commission reports not to a Congress but to the President, who is then empowered on its recommendation to raise or lower the tariff rates by as much as fifty per cent, and at the last session of Congress -- this brings us down to date -- by the practically unanimous action of the Democrats of both houses, aided by liberal minded Republicans led by Senator Norris, of Nebraska, (applause) a bill was passed by the Congress, but vetoed by the President, which, for the purpose of preventing log-rolling, provided that a report having been made by the Tariff Commission on a particular item, with a recommendation as to the rates of duty it ought to bear, a bill to make effective that rate would not be subject to amendment in the Congress so as to include any other item not directly affected by the change proposed in the Bill. And in that way each particular tariff rate proposed would be judged on its merits and on its merits alone. And if that Bill had been signed by the President of the United

States, log-rolling would have come to an end. (Applause)

I am confident in the belief that under such a system rates would be adopted generally so reasonable that there would be very little opportunity for criticism or even cavilling as to them. I am sure that it is not that any duties are imposed that complaint is made, for despite the effort, repeated in every campaign, to stigmatize the Democratic Party as a free trade party, there never has been a tariff act passed since the Government came into existence, in which the duties were not levied with a view to giving the American producer an advantage over his foreign competitor. And I think you will agree with me that the difference in our day between the two major parties in respect to their leadership on the subject of the tariff is that the Republican leaders, whatever may be their profession, would put the duties so high as to make them practically prohibitive -- and on the other hand that the Democratic leaders would put them as low as the preservation of the prosperity of American industry and American agriculture will permit. (Applause)

Another feature of the Bill to which reference has been made, a feature designed to obviate tariff log-rolling, contemplated the appointment of a public counsel who should be heard on all applications for changes in rates -- on the one hand for increases sought by producers, sometimes greedy producers, or for decreases asked by importers, equally often actuated by purely selfish motives. And I hope some such

change may speedily be enacted. It will have my cordial approval because, my friends, it means that the average citizen would have some representation. (Applause)

Now, just a few words in closing. I want to speak to you of one other factor which enters into the dangerous emergency in which you farmers find yourselves at this moment. For more than a year I have spoken in my state and in other states of the actual calamity that impends on account of farm mortgages. Ever since my nomination on the first day of July, I have advocated immediate attention and immediate action looking to the preservation and the saving of the American home to the American farmer. (Applause) But I recognize that I am not at the head of the national administration nor will I be until March 4th next. (Applause) And today I read in the papers that for the first time, so far as I know, the administration of President Hoover has discovered the fact that there is such a thing as a farm mortgage or a home mortgage. (Applause) I don't have to tell you that in my State, where I own a farm, conditions that affect somewhere around three or four million people -- a state which ranks fifth or sixth among all the agricultural states of the Union -- I don't need to tell you that with that knowledge and the knowledge I have gleaned on this trip from coast to coast I realize to the full the seriousness of the farm mortgage situation. And at least we can take a crumb of hope from his

proposal for just another conference, a conference of some kind at least to discuss the situation. (Applause) Seriously, my friends, all that I can tell you is that with you I deplore, I regret the inexcusable, the reprehensible delay of Washington, not for months alone, but for years. I have already been specific on this subject, upon mortgages, in my Topeka speech. All that I can promise you between now and the fourth of March is that I will continue to preach the plight of the farmer who is losing his home. All I can do is to promise you that when the authority of administration and recommendation to Congress is placed in my hands I will do everything in my power to bring the relief that is so long overdue. I shall not wait until the end of a campaign, I shall not wait until I have spent four years in the White House. (Applause, prolonged)

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FOR RELEASE WHEN DELIVERED

M. H. McINTYRE, ----- Press Representative

SPEECH OF GOVERNOR FRANKLIN D. ROOSEVELT, at

SIOUX CITY, IOWA

Thursday Evening, September 29, 1932

Two weeks ago I presented before an audience in the City of Topeka, what I conceived to be the problem of agriculture in this country, with particular reference to the middle west and west, and what the government of the nation can do to meet that problem.

I have been highly gratified to receive from all parts of the country and particularly from farm leaders, assurances of their hearty support and promises of cooperation, in the efforts that I proposed to improve the deplorable condition into which agriculture has fallen. These assurances of cooperation mean a great deal to the program which I submitted, because to get practical results we who have the farm problem at heart, can not afford to let the stand-pat politicians and certain narrow-minded industrialists and bankers use dissention and discord among farmers as an excuse for denying to us the legislation and the results we seek.

FOR RELEASE WHEN DELIVERED

W. H. HOLIFIELD, Representative

OFFICE OF GOVERNOR EMMETT B. BROWN, JR.

SACRAMENTO, CALIF.

Thursday, January 10, 1963

Two weeks ago I presented before an audience in the City of Toronto, what I considered to be the problem of agriculture in this country with particular reference to the middle west and what I thought the government of the nation can do to meet this problem.

I have been able to receive from all parts of the country and particularly from farm leaders, businessmen of their health, support and welcome of cooperation in the efforts that I proposed to launch the Agricultural

condition into which the country has fallen. These changes

of cooperation mean a more than in the program which I suggested, because in the agricultural fields we who have the farm problem at heart, are not alone in the world. Our politicians and officials, business industrialists and bankers are becoming and have been becoming more and more aware of the importance of the farm problem to the nation and the world.

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The meeting of the farm problem is going to be successful only if two factors are present.

The first is a sympathetic administration in Washington and the second the hearty support and patient cooperation of agriculture itself and its leaders.

The proposals I made in Topeka were set forth in this spirit. I have stated principles on which nearly all farm interests can unite. They embrace the common purpose of practically all farm leaders to inaugurate a broad construction policy and I am confident that sympathetic leadership in Washington can bring about substantial agreement in the actual details and wording of the legislation necessary to put the principles into practical effect.

I have set up these proposals as a definite standard to which men and women of all parties will repair, to the end that the desperate plight of agriculture may be remedied.

I come today to the same great middle west to meet farmers whose problems and needs are similar to those of the Kansans and whose suffering has been no less.

I can not avoid a word concerning what this plight of agriculture means to you all. It means that product of your labor brings half of what it brought before the war.

It means that no matter how hard you work and how long and how carefully you save, and how much efficiency you apply to your business, you face a steadily diminishing return. As a farm leader said to me, you have been caught like a man in a deep pit, helpless in the grip of forces beyond your control. It has meant, my friends, that in spite of the maxims that we have learned when we were in school that we ought to work and save, and be prudent and temperate - in spite of all of the rest of the homely virtues, the return on these virtues has belied the hopes and the promises on which we were raised.

That is one of the tragic consequences of this depression. The things we were taught have not come true. We were taught to save, and in many parts of this country, the savings of prudent people have been dissipated by careless and conscienceless financial manipulation. We were taught to work and we have been denied the opportunity to work/ We were taught to increase the products of our labor and we have found that while the products increased the return has decreased. We were taught to bring forth the fruits of the earth, and we have found that the fruits of the earth have found no market.

The results of our labor have been lost in the smash of an economic system unable to fulfill its purposes.

It is a moral as well as an economic question which we face. Moral because we want to re-establish the standards that in times past were our goal. We want the opportunity to live in comfort, reasonable comfort, so that we may build out of this comfort, spiritual values. The consequences of poverty bring a loss of spiritual and moral values. And even more important is the loss of the opportunity that we had hoped to give to the younger generation. We want our children to have a chance for an education, for the sound development of American standards to be applied in their daily lives at play and work. These opportunities can come only if the condition of agriculture is made more prosperous.

This high purpose can not be met by cynical disregard of plain necessity. It can not be met by the appeal that Washington has made so often to so-called immutable and unchangeable economic laws. As I have said, men and women and children may starve while we wait. It can not come through saying that nothing but the slow growth of prosperity will improve the condition of the farmer because the very return of that prosperity depends upon the condition of the farmer,

The farmer - and when I speak of the farmer I mean not only you who live in the corn belt, but also those in the East or the Northwest who are in the dairy business and those in the South who are raising cotton and those on the plains who are raising cattle and sheep and those in the many sections of the country who are raising fruits of all kinds - the farmer in the broad sense has been attacked simultaneously from two sides. On the one side, his expenses, chiefly in the form of increased taxes, have been going up steadily during the past generation. On the other side, he has been attacked by a constantly depreciating farm dollar during the past twelve years.

Therefore, it seems to me to be nothing less than old-fashioned horse-sense to seek means to circumvent both of these attacks at the same time. That means, first to seek relief for him from the burden of his expense account, and second, to try to restore the purchasing power of his dollar by getting for him higher prices for the products of the soil.

These two great purposes are the basis of my farm policy. I have definitely connected both of them with the broadest aspects of a new national economy, and I shall continue during the ensuing weeks to argue that prosperity in

its broadest sense - covering every part of the nation, and covering industry and business as well as farming - springs first of all from the soil itself, and second from our ability as a nation to restore our trade with the other nations of the world.

First of all I want to discuss with you one of the angles of the mounting expenses of agriculture in practically every community and in every state - the problem of the taxes which we have to pay.

Let us examine the proportion of our expenditures that goes to the various divisions of government. Half of what is paid for the support of government in this country goes to local government - cities, townships, counties and other small units. The other half goes to the state and nation.

This points, therefore, to the necessity for attention to local government. As a broad proposition you and I know we are not using our present agencies of local government with real economy and efficiency. That means we must require our public servants to give a fuller measure of service for what they are paid. That means we must eliminate useless office holders. That means every public official, and every employee of local governments, must determine that they owe

it to the country to cooperate in the great purpose of saving the taxpayers money.

But it means more than this, my friends. I am going to speak very frankly to you. There are offices provided for in the constitution and laws of some of the states that have an honorable history, but are no longer necessary for the conduct of government. We have too many taxing districts. The tax payers literally groan under layer upon layer of tax units. Relief can come only through resolute courageous cutting.

It means still more than this. In many states we must, through the legislature and even through constitutional changes, reorganize our local government for the purpose of eliminating unnecessary machinery and unnecessary positions, and for the purpose of consolidating functions, and concentrating responsibility in fewer hands.

Some of you will ask why I, a candidate for President of the United States, am talking to you about changes in local government. It is perfectly clear that the President has no legal or constitutional control over the local government under which you live. The President has, nevertheless, the right and even the duty of taking a moral

leadership in this national task - it is a national problem because in its scope it covers every state, and any problem that is national in this broader sense creates a national moral responsibility in the President himself.

I conceive the Presidency not merely as an agency in which routine executive powers are exercised, but as a position of leadership in which may be wielded an influence for the general good of our American system of government. No other official, except the vice-president is elected by all the people of the country. No other official owes such a direct responsibility to all the people of the country. He is the responsible spokesman of the nation's policies and the nation's ideals.

I shall use this position of high responsibility to discuss up and down the country, in all seasons, at all times the duty of reducing taxes, of increasing the efficiency of government, of cutting out the under-brush around our governmental structure, of getting the most public service for every dollar paid by taxation. This I pledge you, and nothing I have said in the campaign transcends in importance this covenant with the taxpayers of this country.

It is true that less than 15% of the taxes we pay goes to the support of state governments. This does not seem to be a large figure, but actually, as you and I know, the cost of state government has increased two-fold and even three-fold in the past ten or fifteen years. In this field also, I believe that substantial reductions can be made. While the President rightly has no authority over state budgets, he has the same moral responsibility of national leadership for generally lowered expenses, and therefore for generally lowered taxes.

It is in the field of the federal government that the office of President can, of course, make itself most directly and definitely felt. Over 30% of your tax dollar goes to Washington, and in this field also, immediate reforms can be accomplished. There are, of course, items such as the interest on the public debt which must be paid each year, and which can be reduced only through a reduction in the debt itself, by the creation of a surplus in the place of the present deficit in the national treasury. It is perhaps worth while that I should tell you that I spent nearly eight years in Washington during the Wilson administration; that during those eight years I had a fair understanding of the

problem of the national expenses, and that I knew at first-hand of many of the details of actual administration of the different departments.

Later in this campaign I propose to analyze the enormous increase in the growth of bureaucracy. We are not getting an adequate return for the money we are spending in Washington, or to put it another way round, we are spending altogether too much money for government services which are neither practical nor necessary. In addition to this we are attempting too many functions, and we need a simplification of what the federal government is giving to the people.

I accuse the present administration of being the greatest spending administration in peace times in all our history - one which has piled bureau on bureau, commission on commission, and has failed to anticipate the dire needs or reduced earning power of the people. Bureaus and bureaucrats have been retained at the expense of the taxpayer.

I read that the President is at work on a plan to consolidate and simplify the federal bureaucracy. Four long years ago, in the campaign of 1928 he as a candidate proposed to do this. Today, once more a candidate, he is still proposing. I leave you to draw your own inferences.

On my part I ask you to assign to me the task of reducing the annual operating expenses of the national government.

Now I come to the other half of the farmer's problem, the increase of the purchasing power of the farm dollar. I have already gone at length into the emergency proposals relating to our major crops, and now I want to discuss in more detail the Tariff and our economic relationship to the rest of the world.

From the beginning of our government, one of the most difficult questions in our economic life has been the tariff. But it is a fact that it is now so interwoven with our whole economic structure, and that structure is such an intricate and delicate pattern of causes and effects, that tariff revision must be undertaken with scrupulous care, and only on the basis of established facts.

Yet there is scarcely a major problem in our national life, agriculture, industry and labor, merchant marine, international debt and even disarmament, that does not involve the question of the tariff. I must confine myself, however, at this time to the subject as it is more or less directly related to agriculture, reserving for some later date the consideration of the tariff in its more general aspects.

In the course of his 1928 campaign, the present Republican candidate for president, with great boldness laid down the propositions that high tariffs interfere only slightly, if at all, with our export or our import trade, that they are necessary to the success of agriculture and afford essential farm relief; that they do not interfere with the payments of debts to us, and that they are absolutely necessary to the economic formula which he proposed as the road to the abolition of poverty. I must pause here to observe that the experience of the last four years has unhappily demonstrated the error of every single one of these propositions; that every one of them has been one of the effective causes of the present depression; and finally that no substantial progress toward recovery from the depression - either here or abroad can be had without forthright recognition of these errors.

I ask effective action to reverse the disastrous policies which were based upon them. As I have elsewhere remarked, the 1928 Republican prosperity promise was based on the assertion that although our agriculture was producing a surplus far in excess of our power to consume, and that, due to the mass and automatic machine production today, our

industrial production had also passed far beyond the point of domestic consumption, nevertheless we should press forward to increase industrial production as the only means of maintaining prosperity and employment. The candidate insisted that, although we could not consume these things at home, there was an unlimited market for our rapidly increasing surplus in export trade, and boldly asserted that on this theory we were on the verge of the greatest commercial expansion in history.

In his Boston speech in 1928, the distinguished gentleman to whom reference has been made said: "To insure continuous employment and maintain our wages, we must find a profitable market for our surplus. . . . The great war brought into bold relief the utter dependence of nations upon foreign trade * * * * Our total volume of exports translates itself into employment for 2,400,000 families, while its increase in the last seven years has interpreted itself into livelihood for 500,000 additional families in the United States."

Confronted by the difficult question as to how foreign nations would pay their debts to us, and pay also for the increasing surplus he proposed to sell to them, when by almost prohibitive tariffs he would interfere with world commerce in goods, he ventured the astounding suggestion that

we should finance our exports by loans to "backward and crippled countries", and coupled with that the statement that high tariffs would not interfere with the repayment of such loans.

Ostensibly for the purpose of enacting legislation for the relief of agriculture, Congress was, pursuant to the insistence of Senator Borah, called in special session. The disastrous fruit of that session was the notorious and indefensible Grundy-Smoot-Hawley tariff. The net result was a barbed wire entanglement against our economic contact with the world at large.

As to the much-heralded purpose of that special session for the relief of agriculture the result was a ghastly jest. The principle cash crops of our farms are produced much in excess of our domestic requirements. We know of course, that no tariff on a surplus crop, no matter how high the wall, has the slightest effect to raise the domestic price of that crop. The producers of all these crops are as effectively thrust outside the protection of our tariff walls as if there were no tariff at all. But we still know that the tariff does protect the price of industrial products and raises them above world prices, as the farmer with increasing bitterness has come to realize.

that he sells on a free trade basis; he buys in a protected market. The higher industrial tariffs go the greater is the farmer's burden.

The first effect of the Grundy tariff was to increase or sustain the cost of all that agriculture buys, but the harm to our whole farm population did not stop there.

Under recent world conditions, the Grundy tariff, by gradually impairing the export markets for our farm surplus, has resulted in a tremendous decrease in the price of all the farmer sells. The result of both these forces has practically cut in half the pre-war purchasing power of American agriculture. The things the farmer buys, as I pointed out in my Topeka speech now cost 9% above pre-war prices, the things that the farmer sells are 43% below pre-war prices. The fact is that the farmer is hit both ways in consequence of the tariff; it increases the price of what he buys, and by restricting his foreign market that controls the price of his products, reduces his returns from what he sells.

The destructive effect of the Grundy-tariff on export markets has not been confined to agriculture! It has ruined our export trade in industrial products as well. Industry with its foreign trade cut off, naturally began to look to

the home market - a market supplied for the greater part by farm families, but for reasons I have just explained, when industry turned its eye to the American market, it found that the Grundy tariff had reduced the buying power of the farmer.

Deprived of any American market, the other industrial nations in order to support their own industries, and take care of their own employment problem, had to find new outlets. In this quest they took to trade agreements with other countries than ourselves and also to the preservation of their own domestic markets against importations by trade restrictions of all kinds. An almost frantic movement toward self-contained nationalism began. The direct result was a series of retaliatory and defensive measures in the shape of tariffs, embargoes, import quotas and international arrangements. Almost immediately international commerce began to languish, and especially the export markets for our industrial and agricultural surpluses began to disappear. The Grundy bill was passed in June 1930. In that month our exports were \$294,000,000 and our imports \$250,000,000. In an almost uninterrupted decline this foreign trade has dropped away, so that, two years later in June of this year, our exports

were \$115,000,000 and our imports \$78,000,000. These facts speak for themselves.

In the year 1929, a year before the enactment of the Grundy tariff we exported 54.8% of all the cotton produced in the United States - more than one-half. This means Mr. Cotton Grower, that in 1929 every other row of cotton you grew was sold abroad. And you, the grower of wheat, you exported 17.3% of your wheat but your great foreign market was largely sacrificed; and so with the grower of rye who was able to dispose of 20.3% of his crop to foreign markets; the grower of leaf-tobacco had a stake of 41.2% of his income overseas. One-third of the lard production in this country was exported in that year. This concerns the corn grower. You know, if others do not, that corn is exported in the form of lard.

How were your interests taken care of? Oh, they gave you a tariff on corn -- chicken feed -- literally and figuratively. These figures show how vitally you are interested in the preservation of our export trade.

The ink on the Hawley-Smoot-Grundy Bill was not dry before foreign nations commenced their program of retaliation. Brick for brick they built their walls against us. They learned the lesson from us. "The villiany you teach me I shall practice."

The administration had reason to know that this would happen. It was warned. While the Hawley-Smoot Bill was before Congress, our State Department received 160 protests from 33 nations, many of whom after the passage of the bill erected their own tariff walls to the detriment or destruction of much of our export trade.

What is the result? In two years from 1930 to May, 1932, American manufacturers have established in foreign countries, to escape the penalty on the introduction of American-made goods, 258 factories; 48 in Europe; 12 in Latin-America; 28 in the Far East, and 71 in Canada. Every week of 1932 has seen four American factories moving to Canada. Premier Bennett is reported to have said in a recent speech that a factory is moving every day of the year from the United States into Canada, and he assured

those at the recent conferences at Ottawa that by the arrangements made there Great Britain and her colonies would take from Canada \$250,000,000 of trade which would otherwise go to the United States. This, you see, put more men on the street here, who had been employed in the factories that had moved to Canada.

There was a secondary and perhaps even more disastrous effect of Grundyism. Billions of dollars of debts are due to this country from abroad. If the debtor nations can not export goods and services, they must try to pay in gold. We started such a drain on the gold reserves of the principal commercial countries as to force practically all of them off the gold standard. What happened? The value of the money of each of these countries relative to the value of the dollar declined alarmingly. It took more Argentine pesos to buy an American plow. It took more English shillings to buy an American bushel of wheat, or bale of cotton.

They just couldn't buy our goods with their money. These goods were thrown back upon our markets and prices fell still more.

Summing up, the Grundy tariff has largely extinguished the export markets for our industrial and our farm surplus; it has prevented the payment of public and private debts to us and the interest thereon; increasing taxation to meet the expense of our government, and finally it has driven our factories abroad.

The process still continues. Indeed it may be only in its inception. The Grundy tariff still retains its grip on the throat of international commerce.

There is no relief in sight, and certainly there can be no relief if the authors of this disaster continue in power. Like the Bourbons they have learned nothing and they have forgotten nothing. They still cling to this deadly fetish. And I say to you, in all earnestness and sincerity, that unless and until this process is reversed throughout the world, there is no hope for full economic recovery, or for true prosperity in the United States.

The essential trouble is that the Republican leaders thought they had a good patent on the doctrine of unscalable tariff walls and that no other nation could use the idea. Well, either the patent has expired, or it never was any good anyway; or else all other nations have infringed and there is no Court of Appeal. It was a stupid, blundering idea.

And it has brought disaster.

Do not expect our adroit Republican friends to admit this. They do not. On the contrary, they have adopted the boldest alibi in the history of politics. Having brought this trouble on the world, they now seek to avoid all responsibility for the mis-management of the affairs of this nation by blaming the foreign victims for their own economic blundering. They say that all of our troubles come from abroad -- that the administration is not in the least to be held to answer. This excuse is a classic of impertinence. If ever a condition was more clearly traceable to two specific American-made causes, it is the depression of this country and the world. Those two causes are inter-related.

The second one, in point of time, is the Grundy tariff. The first one is the fact that by improvident loans to "backward and crippled countries", the policy of which was specifically recommended by the President, we financed practically our entire export trade and the payment of interest and principal to us by our debtors, and even (in part), the payment of German reparations.

When we began to diminish that financing in 1929 the economic structure of the world began to totter. When

in 1930 we imposed the Grundy tariff, the tottering structure tumbled.

What does the Democratic Party propose to do in the premises?

The platform declares in favor of a competitive tariff which means one which will put the American producers on a market equality with their foreign competitors - one that equalizes the difference in the cost of production - not a prohibitory tariff back of which domestic producers may combine to practice extortion on the American public.

I appreciate that the doctrine thus announced is not widely different from that preached by Republican statesmen and politicians. I know that the theory professed by them is that the tariff should equalize the difference in the cost of production (which for all practical purposes does not exceed the labor cost) as between this country and competitive countries and I know that in practice that theory is utterly disregarded. The rates are imposed far in excess of any such difference, looking to the total exclusion of imports - prohibitory rates.

Instances without number to show the difference between the pious professions of those who control the destinies of the Republican party, and the actual performances of that party under their leadership, could be cited from the debates on the Grundy tariff bill.

Of course the excessive, outrageously excessive rates in that bill as it became law, must come down. But we should not lower them beyond the point indicated. Such revision of the tariff will injure no legitimate interest. Labor need have no apprehensions concerning such a course - for labor knows by long and bitter experience that the highly protected industries pay not one penny higher wages than the non-protected industries, such as the automobile industry.

But how is reduction to be accomplished? By international negotiation as the first and most desirable method, in view of present world conditions - by consenting to reduce to some extent some of our duties in order to secure a lowering of foreign walls that a larger measure of our surplus may be admitted abroad. It is worth remembering that President William McKinley in his Buffalo speech -- the last public address he ever made -- said "the period of exclusion is past. The expansion of our trade and commerce is the present problem. Reciprocal treaties are in harmony with the spirit of the time; measures of retaliation are not." If expansion of our trade and commerce was, as McKinley declared in 1901, thirty years ago, a prime necessity in the then state of our economic life, how much more is it indispensable to our material and I may add, our spiritual welfare, in these distressing times.

I haven't the fear that possesses some timorous minds that we should get the worst of it in such reciprocal arrangements. I ask if you have no faith in our Yankee tradition of good old fashioned trading? Do you believe that our early instincts for successful barter have degenerated or atrophied? I do not think so. I have confidence that the spirit of the stalwart traders still permeates our people, that the red blood of the men who sailed our Yankee clippers around the Horn in the China trade, still courses in our veins. I can not picture Uncle Sam as a supine, white-livered, flabby muscled old man cooling his heels in the shade of our tariff walls. We may not have the astuteness in some forms of international diplomacy that our more experienced European friends have, but when it comes to good old fashioned barter and trade - whether it be goods or tariff - my money is on the American. There can not and shall not be any foreign dictation of our tariff policies.

Next the Democrats propose to accomplish the necessary reduction through the agency of the tariff commission.

I need not say to you that one of the most deplorable features of tariff legislation is the log-rolling process by which it has been effected by Republican Congresses. Perfectly indefensible rates are introduced through an understanding usually implied rather than expressed among members, each of whom is interested in one or more such. It is a case of you scratch my back and I will scratch yours. The evil must be recognized by even the most ardent supporter of the theory of protection. To avoid this, as well as other evils in tariff making, a Democratic Congress in 1916 passed, and a Democratic President approved a bill creating the bi-partisan Tariff Commission, charged with the duty of supplying the Congress with accurate and full information upon which to base tariff rates. It functioned as a scientific body until 1922 when by the incorporation of the so-called flexible provisions of the act of that year it was transformed into a political body. Under these provisions -- re-enacted in the Grundy tariff of 1930 -- the Commission reports not to a Congress but to the President who is empowered upon its recommendation to raise or lower the tariff rates by as much as fifty percent. How perfectly ineffective this method of removing from the tariff some of its inequities -- a wag said its inequities -- I do not delay to detail.

At the last session of Congress by the practically unanimous action of the democrats of both houses, aided by liberal minded Republicans led by Senator Norris, of Nebraska, a bill was passed by the Congress but vetoed by the President, which, for the purpose of preventing log-rolling, provided that a report having been made on a particular item with a recommendation as to the rate of duty it ought to bear, a bill to make effective such rate would not be subject to amendment so as to include any other item not directly affected by the change proposed by the Bill. In that way each particular tariff rate proposed would be judged upon its merits and upon its merits alone.

I am confident in the belief that under such a system rates would be adopted generally so reasonable that there would be very little opportunity for criticism or even cavilling as to them. I am sure that it is not that any duties are imposed that complaint is made, for despite the effort, repeated in every campaign, to stigmatize the Democratic Party as a free trade party, there never has been a tariff act passed since the government came into existence, in which the duties were not levied with a view to giving the American producer an advantage over his foreign competitor. And I think that you will agree with me that the difference in our day between the two major parties on

the subject of the tariff is that the Republican Party, whatever may be its professions, would put the duties so high as to make them practically prohibitive -- the Democratic Party would put them as low as the preservation of the prosperity of American industry will permit.

Another feature of the Bill to which reference has been made, designed to obviate tariff log-rolling, contemplated the appointment of a public counsel who should be heard on all applications for changes in rates before the commission -- on the one hand for increases sought by producers, often greedy, or for decreases asked by importers, equally often actuated by purely selfish motives, or by others seeking such reductions. I hope some such change may speedily be enacted. It will have my cordial approval.

One other factor enters into the dangerous emergency in which you farmers find yourselves at this moment. For more than a year I have spoken of the actual calamity that impends on account of farm mortgages. Ever since my nomination on July 1st I have advocated immediate attention and immediate action looking to the preservation of saving the American home to the American farmer. I am not at the head of the national

administration nor can I be until March 4th next. To-day I read in the papers that for the first time the administration of President Hoover has discovered the fact that there is such a thing as a farm mortgage. At least we can take a crumb of hope from his proposal for another conference of some kind to discuss the situation. All I can tell you is that with you I deplore the inexcusable and reprehensible delay of Washington not for months alone, but for years. I have already been specific on this subject in my Topeka speech. All I can promise you is that I will continue to preach the plight of the farmer who is losing his home and that when the authority of administration and recommendation is placed in my hands I will do everything in my power to bring the relief which is so long overdue. I shall not wait until the end of a campaign, or until I have spent four years in the White House.

I believe in taking care of a very sick patient and that if the Doctor does nothing I recommend getting a new Doctor -- and I hope you agree with that too.

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FOR RELEASE WHEN DELIVERED

M. H. McINTYRE, ---- Press Representative

SPEECH OF GOVERNOR FRANKLIN D. ROOSEVELT, at

SIOUX CITY, IOWA

Thursday Evening, September 29, 1933

Two weeks ago I presented before an audience in the City of Topeka, what I conceived to be the problem of agriculture in this country, with particular reference to the middle west and west, and what the government of the nation can do to meet that problem.

I have been highly gratified to receive from all parts of the country and particularly from farm leaders, assurances of their hearty support and promises of cooperation, in the efforts that I proposed to improve the deplorable condition into which agriculture has fallen. These assurances of cooperation mean a great deal to the program which I submitted, because to get practical results we who have the farm problem at heart, can not afford to let the stand-pat politicians and certain narrow-minded industrialists and bankers use dissention and discord among farmers as an excuse for denying to us the legislation and the results we seek.

The meeting of the farm problem is going to be successful only if two factors are present.

The first is a sympathetic administration in Washington and the second the hearty support and patient cooperation of agriculture itself and its leaders.

The proposals I made in Topeka were set forth in this spirit. I have stated principles on which nearly all farm interests can unite. They embrace the common purpose of practically all farm leaders to inaugurate a broad construction policy and I am confident that sympathetic leadership in Washington can bring about substantial agreement in the actual details and wording of the legislation necessary to put the principles into practical effect.

I have set up these proposals as a definite standard to which men and women of all parties will repair, to the end that the desperate plight of agriculture may be remedied.

I come today to the same great middle west to meet farmers whose problems and needs are similar to those of the Kansans and whose suffering has been no less.

I can not avoid a word concerning what ^{the} ~~this~~ plight of agriculture means to you all. It means that product of your labor brings half of what it brought before the war.

It means that no matter how hard you work and how long and how carefully you save, and how much efficiency you apply to your business, you face a steadily diminishing return. As a farm leader said to me, you have been caught like a man in a deep pit, helpless in the grip of forces beyond your control. It has meant, my friends, that in spite of the maxims that we have learned when we were in school that we ought to work and save, and be prudent and temperate - in spite of all of the rest of the homely virtues, the return on these virtues has belied the hopes and the promises on which we were raised.

That is one of the tragic consequences of this depression. The things we were taught have not come true.

{ We were taught to save, and in many parts of this country, the savings of prudent people have been dissipated by careless and conscienceless financial manipulation. }

We were taught to work and we have been denied the opportunity to work/ We were taught to increase the products of our labor and we have found that while the products increased the return has decreased. We were taught to bring forth the fruits of the earth, and we have found that the fruits of the earth have found no market.

The results of our labor have been lost in the smash of an economic system unable to fulfill its purposes.

It is a moral as well as an economic question which we face. Moral because we want to re-establish the standards that in times past were our goal. We want the opportunity to live in comfort, reasonable comfort, so that we may build out of this comfort, spiritual values. The consequences of poverty bring a loss of spiritual and moral values. And even more important is the loss of the opportunity that we had hoped to give to the younger generation. We want our children to have a chance for an education, for the sound development of American standards to be applied in their daily lives at play and work. These opportunities can come only if the condition of agriculture is made more prosperous.

This high purpose can not be met by cynical disregard of plain necessity. It can not be met by the appeal that Washington has made so often to so-called immutable and unchangeable economic laws. As I have said, men and women and children may starve while we wait. It can not come through saying that nothing but the slow growth of prosperity will improve the condition of the farmer because the very return of that prosperity depends upon the condition of the farmer.

The farmer - and when I speak of the farmer I mean not only you who live in the corn belt, but also those in the East or the Northwest who are in the dairy business and those in the South who are raising cotton and those on the plains who are raising cattle and sheep and those in the many sections of the country who are raising fruits of all kinds - the farmer in the broad sense has been attacked simultaneously from two sides. On the one side, his expenses, chiefly in the form of increased taxes, have been going up steadily during the past generation. On the other side, he has been attacked by a constantly depreciating farm dollar during the past twelve years.

Therefore, it seems to me to be nothing less than old-fashioned horse-sense to seek means to circumvent both of these attacks at the same time. That means, first to seek relief for him from the burden of his expense account, and second, to try to restore the purchasing power of his dollar by getting for him higher prices for the products of the soil.

These two great purposes are the basis of my farm policy. I have definitely connected both of them with the

broadest aspects of a new national economy, and I shall continue during the ensuing weeks to argue that prosperity in

{ its broadest sense - covering every part of the nation, and covering industry and business as well as farming - springs first of all from the soil itself, and second from our ability as a nation to restore our trade with the other nations of the world. }

First of all I want to discuss with you one of the angles of the mounting expenses of agriculture in practically every community and in every state - the problem of the taxes which we have to pay.

Let us examine the proportion of our expenditures that goes to the various divisions of government. Half of what is paid for the support of government in this country goes to local government - cities, townships, counties and other small units. The other half goes to the state and nation.

This points, therefore, to the necessity for attention to local government. As a broad proposition you and I know we are not using our present agencies of local government with real economy and efficiency. That means we must require our public servants to give a fuller measure of service for what they are paid. That means we must eliminate useless office holders. That means every public official, and every employee of local governments, must determine that they owe

it to the country to cooperate in the great purpose of saving the taxpayers money.

But it means more than this, my friends. I am going to speak very frankly to you. There are offices provided for in the constitution and laws of some of the states that have an honorable history, but are no longer necessary for the conduct of government. We have too many taxing districts. The tax payers literally groan under layer upon layer of tax units. Relief can come only through resolute courageous cutting.

It means still more than this. In many states we must, through the legislatures and even through constitutional changes, reorganize our local government for the purpose of eliminating unnecessary machinery and unnecessary positions, and for the purpose of consolidating functions, and concentrating responsibility in fewer hands.

Some of you will ask why I, a candidate for President of the United States, am talking to you about changes in local government. It is perfectly clear that the President has no legal or constitutional control over the local government under which you live. The President has, nevertheless, the right and even the duty of taking a moral

leadership in this national task - it is a national problem because in its scope it covers every state, and any problem that is national in this broader sense creates a national moral responsibility in the President himself.

I conceive the Presidency not merely as an agency in which routine executive powers are exercised, but as a position of leadership in which may be wielded an influence for the general good of our American system of government. No other official, except the vice-president is elected by all the people of the country. No other official owes such a direct responsibility to all the people of the country. He is the responsible spokesman of the nation's policies and the nation's ideals.

I shall use this position of high responsibility to discuss up and down the country, in all seasons, at all times the duty of reducing taxes, of increasing the efficiency of government, of cutting out the under-brush around our governmental structure, of getting the most public service for every dollar paid by taxation. This I pledge you, and nothing I have said in the campaign transcends in importance this covenant with the taxpayers of this country.

It is true that less than 15% of the taxes we pay goes to the support of state governments. This does not seem to be a large figure, but actually, as you and I know, the cost of state government has increased two-fold and even three-fold in the past ten or fifteen years. In this field also, I believe that substantial reductions can be made. While the President rightly has no authority over state budgets, he has the same moral responsibility of national leadership for generally lowered expenses, and therefore for generally lowered taxes.

It is in the field of the federal government that the office of President can, of course, make itself most directly and definitely felt. Over 30% of your tax dollar goes to Washington, and in this field also, immediate reforms can be accomplished. There are, of course, items such as the interest on the public debt which must be paid each year, and which can be reduced only through a reduction in the debt itself, by the creation of a surplus in the place of the present deficit in the national treasury. It is perhaps worth while that I should tell you that I spent nearly eight years in Washington during the Wilson administration; that during those eight years I had a fair understanding of the

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problem of the national expenses, and that I knew at first-hand of many of the details of actual administration of the different departments.

8.15

Later in this campaign I propose to analyze the enormous increase in the growth of bureaucracy. We are not getting an adequate return for the money we are spending in Washington, or to put it another way round, we are spending altogether too much money for government services which are neither practical nor necessary. In addition to this we are attempting too many functions, and we need a simplification of what the federal government is giving to the people.

I accuse the present administration of being the greatest spending administration in peace times in all our history - one which has piled bureau on bureau, commission on commission, and has failed to anticipate the dire needs or reduced earning power of the people. Bureaus and bureaucrats have been retained at the expense of the taxpayer.

I read that the President is at work on a plan to consolidate and simplify the federal bureaucracy. Four long years ago, in the campaign of 1928 he as a candidate proposed to do this. Today, once more a candidate, he is still proposing. I leave you to draw your own inferences.

On my part I ask you to assign to me the task of reducing the annual operating expenses of the national government.

Now I come to the other half of the farmer's problem, the increase of the purchasing power of the farm dollar. I have already gone at length into the emergency proposals relating to our major crops, and now I want to discuss in more detail the Tariff and our economic relationship to the rest of the world.

From the beginning of our government, one of the most difficult questions in our economic life has been the tariff. But it is a fact that it is now so interwoven with our whole economic structure, and that structure is such an intricate and delicate pattern of causes and effects, that tariff revision must be undertaken with scrupulous care, and only on the basis of established facts.

Yet there is scarcely a major problem in our national life, agriculture, industry and labor, merchant marine, international debt and even disarmament, that does not involve the question of the tariff. I must confine myself, however, at this time to the subject as it is more or less directly related to agriculture, reserving for some later date the consideration of the tariff in its more general aspects.

Hinton

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In the course of his 1938 campaign, the present Republican candidate for president, with great boldness laid down the propositions that high tariffs interfere only slightly, if at all, with our export or our import trade, that they are necessary to the success of agriculture and afford essential farm relief; that they do not interfere with the payments of debts to us, and that they are absolutely necessary to the economic formula which he proposed as the road to the abolition of poverty. I must pause here to observe that the experience of the last four years has unhappily demonstrated the error of every single one of these propositions; that every one of them has been one of the effective causes of the present depression; and finally that no substantial progress toward recovery from the depression - either here or abroad can be had without forthright recognition of these errors.

I ask effective action to reverse the disastrous policies which were based upon them. As I have elsewhere remarked, the 1938 Republican prosperity promise was based on the assertion that although our agriculture was producing a surplus far in excess of our power to consume, and that, due to the mass and automatic machine production today, our

industrial production had also passed far beyond the point of domestic consumption, nevertheless we should press forward to increase industrial production as the only means of maintaining prosperity and employment. The candidate insisted that, although we could not consume these things at home, there was an unlimited market for our rapidly increasing surplus in export trade, and boldly asserted that on this theory we were on the verge of the greatest commercial expansion in history.

In his Boston speech in 1928, the distinguished gentleman to whom reference has been made said: "To insure continuous employment and maintain our wages, we must find a profitable market for our surplus. . . . The great war brought into bold relief the utter dependence of nations upon foreign trade * * * * Our total volume of exports translates itself into employment for 2,400,000 families, while its increase in the last seven years has interpreted itself into livelihood for 500,000 additional families in the United States."

Confronted by the difficult question as to how foreign nations would pay their debts to us, and pay also for the increasing surplus he proposed to sell to them, when by almost prohibitive tariffs he would interfere with world commerce in goods, he ventured the astounding suggestion that

we should finance our exports by loans to "backward and crippled countries", and coupled with that the statement that high tariffs would not interfere with the repayment of such loans.

Ostensibly for the purpose of enacting legislation for the relief of agriculture, Congress was, pursuant to the insistence of Senator Borah, called in special session. The disastrous fruit of that session was the notorious and indefensible Grundy-Smoot-Hawley tariff. The net result was a barbed wire entanglement against our economic contact with the world at large.

As to the much-heralded purpose of that ¹⁹²⁹ special session for the relief of agriculture the result was a ghastly jest. The principle cash crops of our farms are produced much in excess of our domestic requirements. We know of course, that no tariff on a surplus crop, no matter how high the wall, has the slightest effect to raise the domestic price of that crop. The producers of all these crops are as effectively thrust outside the protection of our tariff walls as if there were no tariff at all. But we still know that the tariff does protect the price of industrial products and raises them above world prices, as the farmer with increasing bitterness has come to realize.

~~that~~ he sells on a free trade basis; he buys in a protected market. The higher industrial tariffs go the greater is the farmer's burden.

The first effect of the Grundy tariff was to increase or sustain the cost of all that agriculture buys, but the harm to our whole farm population did not stop there.

Under recent world conditions, the Grundy tariff, by gradually impairing the export markets for our farm surplus, has resulted in a tremendous decrease in the price of all the farmer sells. The result of both these forces has practically cut in half the pre-war purchasing power of American

agriculture. The things the farmer buys, as I pointed out in my Topeka speech now cost 9% above pre-war prices, the things that the farmer sells are 43% below pre-war prices.

The fact is that the farmer is hit both ways in consequence of the tariff; it increases the price of what he buys, and by restricting his foreign market that controls the price of his products, reduces his returns from what he sells.

The destructive effect of the Grundy-tariff on export markets has not been confined to agriculture! It has ruined our export trade in industrial products as well. Industry with its foreign trade cut off, naturally began to look to

the home market - a market supplied for the greater part by farm families, but for reasons I have just explained, when industry turned its eye to the American market, it found that the Grundy tariff had reduced the buying power of the farmer.

Deprived of any American market, the other industrial nations in order to support their own industries, and take care of their own employment problem, had to find new outlets. In this quest they took to trade agreements with other countries than ourselves and also to the preservation of their own domestic markets a_gainst importations by trade restrictions of all kinds. An almost frantic movement toward self-contained nationalism began. The direct result was a series of retaliatory and defensive measures in the shape of tariffs, embargoes, import quotas and international arrangements. Almost immediately international commerce began to languish, and especially the export markets for our industrial and agricultural surplusses began to disappear. The Grundy bill was passed in June 1930. In that month our exports were \$294,000,000 and our imports \$250,000,000. In an almost uninterrupted decline this foreign trade has dropped away, so that, two years later in June of this year, our exports

(were \$115,000,000 and our imports \$78,000,000. These)
facts speak for themselves.

In the year 1929, a year before the enactment of the Grundy tariff we exported 54.8% of all the cotton produced in the United States - more than one-half. This means Mr. Cotton Grower, that in 1929 every other row of cotton you grew was sold abroad. And you, the grower of wheat, you exported 17.9% of your wheat but your great foreign market was largely sacrificed; and so with the grower of rye who was able to dispose of 20.9% of his crop to foreign markets; the grower of leaf-tobacco had a stake of 41.2% of his income overseas. One-third of the lard production in this country was exported in that year. This concerns the corn grower. You know, if others do not, that corn is exported in the form of lard.

How were your interests taken care of? Oh, they gave you a tariff on corn -- chicken feed -- literally and figuratively. These figures show how vitally you are interested in the preservation of our export trade.

The ink on the Hawley-Smoot-Grundy Bill was not dry before foreign nations commenced their program of retaliation. Brick for brick they built their walls against us. They learned the lesson from us. "The villiany you teach me I shall practice."

The administration had reason to know that this would happen. It was warned. While the Hawley-Smoot Bill was before Congress, our State Department received 160 protests from 33 nations, many of whom after the passage of the bill erected their own tariff walls to the detriment or destruction of much of our export trade.

What is the result? In two years from 1930 to May, 1932, American manufacturers have established in foreign countries, to escape the penalty on the introduction of American-made goods, 258 factories; 48 in Europe; 12 in Latin-America; 28 in the Far East, and 71 in Canada. Every week of 1932 has seen four American factories moving to Canada. Premier Bennett ~~is reported to have~~ said in a recent speech that a factory is moving every day of the year from the United States into Canada, and he assured

those at the recent conferences at Ottawa that by the arrangements made there Great Britain and her colonies would take from Canada \$250,000,000 of trade which would otherwise go to the United States. This, you see, put more men on the street here, who had been employed in the factories that had moved to Canada.

There was a secondary and perhaps even more disastrous effect of Grundyism. Billions of dollars of debts are due to this country from abroad. If the debtor nations can not export goods and services, they must try to pay in gold. We started such a drain on the gold reserves of the principal commercial countries as to force practically all of them off the gold standard. What happened? The value of the money of each of these countries relative to the value of the dollar declined alarmingly. It took more Argentine pesos to buy an American plow. It took more English shillings to buy an American bushel of wheat, or bale of cotton.

They just couldn't buy our goods with their money. These goods were thrown back upon our markets and prices fell still more.

8.30

Summing up, the Grundy tariff has largely extinguished the export markets for our industrial and our farm surplus; it has prevented the payment of public and private debts to us and the interest thereon; increasing taxation to meet the expense of our government, and finally it has driven our factories abroad.

The process still continues. Indeed it may be only in its inception. The Grundy tariff still retains its grip on the throat of international commerce.

There is no relief in sight, and certainly there can be no relief if the authors of this disaster continue in power. ~~Like the Bourbons they have learned nothing and they have forgotten nothing. They still cling to this~~ deadly fetish. And I say to you, in all earnestness and sincerity, that unless and until this process is reversed throughout the world, there is no hope for full economic recovery, or for true prosperity in the United States.

The essential trouble is that the Republican leaders thought they had a good patent on the doctrine of unscaleable tariff walls and that no other nation could use the idea. Well, either the patent has expired, or it never was any good anyway; or else all other nations have infringed and there is no Court of Appeal. It was a stupid, blundering idea.

And it has brought disaster.

Do not expect our adroit Republican friends to admit this. They do not. On the contrary, they have adopted the boldest alibi in the history of politics. Having brought this trouble on the world, they now seek to avoid all responsibility for the mis-management of the affairs of this nation by blaming the foreign victims for their own economic blundering. They say that all of our troubles come from abroad -- that the administration is not in the least to be held to answer. This excuse is a classic of impertinence. If ever a condition was more clearly traceable to two specific American-made causes, it is the depression of this country and the world. Those two causes are inter-related.

The second one, in point of time, is the Grundy tariff. The first one is the fact that by improvident loans to "backward and crippled countries", the policy of which was specifically recommended by the President, we financed practically our entire export trade and the payment of interest and principal to us by our debtors, and even (in part), the payment of German reparations.

When we began to diminish that financing in 1929 the economic structure of the world began to totter. When

{ in 1930 we imposed the Grundy tariff, the tottering }
structure tumbled.

What does the Democratic Party propose to do in
the premises?

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The platform declares in favor of a competitive tariff which means one which will put the American producers on a market equality with their foreign competitors - one that equalizes the difference in the cost of production - not a prohibitory tariff back of which domestic producers may combine to practice extortion on the American public.

I appreciate that the doctrine thus announced is not widely different from that preached by Republican statesmen and politicians. I know that the theory professed by them is that the tariff should equalize the difference in the cost of production (which for all practical purposes does not exceed the labor cost) as between this country and competitive countries and I know that in practice that theory is utterly disregarded. The rates are imposed far in excess of any such difference, looking to the total exclusion of imports - prohibitory rates.

(Instances without number to show the difference
between the pious professions of those who control the
destinies of the Republican party, and the actual performance
of that party under their leadership, could be cited from
the debates on the Grundy tariff bill.)

Of course the excessive, outrageously excessive rates in that bill as it became law, must come down. But we should not lower them beyond the point indicated. Such revision of the tariff will injure no legitimate interest. Labor need have no apprehensions concerning such a course - for labor knows by long and bitter experience that the highly protected industries pay not one penny higher wages than the non-protected industries, such as the automobile industry.

But how is reduction to be accomplished? By international negotiation as the first and most desirable method, in view of present world conditions - by consenting to reduce to some extent some of our duties in order to secure a lowering of foreign walls that a larger measure of our surplus may be admitted abroad. It is worth remembering that President William McKinley in his Buffalo speech -- the last public address he ever made -- said "the period of exclusion is past. The expansion of our trade and commerce is the present problem. Reciprocal treaties are in harmony with the spirit of the time; measures of retaliation are not." If expansion of our trade and commerce was, as McKinley declared in 1901, thirty years ago, a prime necessity in the then state of our economic life, how much more is it indispensable to our material and I may add, our spiritual welfare, in these distressing times.

I haven't the fear that possesses some timorous minds that we should get the worst of it in such reciprocal arrangements. I ask if you have no faith in our Yankee tradition of good old fashioned trading? Do you believe that our early instincts for successful barter have degenerated or atrophied? I do not think so. I have confidence that the spirit of the stalwart traders still permeates our people, that the red blood of the men who sailed our Yankee clippers around the Horn in the China trade, still courses in our veins. I can not picture Uncle Sam as a supine, white-livered, flabby muscled old man cooling his heels in the shade of our tariff walls. We may not have the astuteness in some forms of international diplomacy that our more experienced European friends have, but when it comes to good old fashioned barter and trade - whether it be goods or tariff - my money is on the American. There can not and shall not be any foreign dictation of our tariff policies.

Next the Democrats propose to accomplish the necessary reduction through the agency of the tariff commission.

I need not say to you that one of the most deplorable features of tariff legislation is the log-rolling process by which it has been effected by Republican Congresses. Perfectly indefensible rates are introduced through an understanding usually implied rather than expressed among members, each of whom is interested in one or more such. It is a case of you scratch my back and I will scratch yours. ~~The evil must be recognized by even the most ardent supporter of the theory of protection.~~ To avoid this, as well as other evils in tariff making, a Democratic Congress in 1916 passed, and a Democratic President approved a bill creating the bi-partisan Tariff Commission, charged with the duty of supplying the Congress with accurate and full information upon which to base tariff rates. It functioned as a scientific body until 1922 when by the incorporation of the so-called flexible provisions of the act of that year it was transformed into a political body. Under these provisions -- re-enacted in the Grundy tariff of 1930 -- the Commission reports not to a Congress but to the President who is empowered upon its recommendation to raise or lower the tariff rates by as much as fifty percent. How perfectly ineffective this method of removing from the tariff some of its inequities -- a wag said its inequities -- I do not delay to detail.

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At the last session of Congress by the practically unanimous action of the democrats of both houses, aided by liberal minded Republicans led by Senator Norris, of Nebraska, a bill was passed by the Congress but vetoed by the President, which, for the purpose of preventing log-rolling, provided that a report having been made on a particular item with a recommendation as to the rate of duty it ought to bear, a bill to make effective such rate would not be subject to amendment so as to include any other item not directly affected by the change proposed by the Bill. In that way each particular tariff rate proposed would be judged upon its merits and upon its merits alone.

I am confident in the belief that under such a system rates would be adopted generally so reasonable that there would be very little opportunity for criticism or even cavilling as to them. I am sure that it is not that any duties are imposed that complaint is made, for despite the effort, repeated in every campaign, to stigmatize the Democratic Party as a free trade party, there never has been a tariff act passed since the government came into existence, in which the duties were not levied with a view to giving the American producer an advantage over his foreign competitor. And I think that you will agree with me that the difference in our day between the two major parties on

the subject of the tariff is that the Republican Party, whatever may be its professions, would put the duties so high as to make them practically prohibitive -- the Democratic Party would put them as low as the preservation of the prosperity of American industry will permit.

Another feature of the Bill to which reference has been made, designed to obviate tariff log-rolling, contemplated the appointment of a public counsel who should be heard on all applications for changes in rates before the commission -- on the one hand for increases sought by producers, often greedy, or for decreases asked by importers, equally often actuated by purely selfish motives, or by others seeking such reductions. I hope some such change may speedily be enacted. It will have my cordial approval.

END RADIO

One other factor enters into the dangerous emergency in which you farmers find yourselves at this moment. For more than a year I have spoken of the actual calamity that impends on account of farm mortgages. Ever since my nomination on July 1st I have advocated immediate attention and immediate action looking to the preservation of saving the American home to the American farmer. I am not at the head of the national

administration nor can I be until March 4th next. To-day I read in the papers that for the first time the administration of President Hoover has discovered the fact that there is such a thing as a farm mortgage. At least we can take a crumb of hope from his proposal for another conference of some kind to discuss the situation. All I can tell you is that with you I deplore the inexcusable and reprehensible delay of Washington not for months alone, but for years. I have already been specific on this subject in my Topeka speech. All I can promise you is that I will continue to preach the plight of the farmer who is losing his home and that when the authority of administration and recommendation is placed in my hands I will do everything in my power to bring the relief which is so long overdue. I shall not wait until the end of a campaign, or until I have spent four years in the White House.

I believe in taking care of a very sick patient and that if the Doctor does nothing I recommend getting a new Doctor -- and I hope you agree with that too.

SPEECH OF GOVERNOR FRANKLIN D. ROOSEVELT, at

STOUC CITY, IOWA

Thursday Evening, September 29, 1932

(Applause) Mr. Chairman, my friends in Sioux City, my friends in this great State, and indeed all of you throughout the country who are listening to a
Let me tell you first of all that I appreciate to the full this magnificent welcome that you have given me, and especially
and I appreciate that very interesting parade which was put on by the mounted patrol of my fellow Shriners.

Two weeks ago, when I was heading toward the Coast, I presented before an audience in the City of Topeka, what I conceived to be the problem of agriculture in these United States, with particular reference to the middle west and west, and what the government of the nation can do to meet that problem of ours.

I have been highly gratified to receive from all parts of the country and particularly from farm leaders themselves, assurances of their hearty support and promises of cooperation, in the efforts that I proposed to improve the deplorable condition into which agriculture has fallen. The meeting of this farm problem of ours is going to be successful only if two factors are present.

The first is a sympathetic administration in Washington (applause) and the second in the hearty support and patient cooperation of agriculture itself and its leaders.

I cannot avoid a word concerning this plight of agriculture - what it means to all. It means that the product of your labor brings just half of what it brought before the war. It means that no matter how hard you work and how long and how carefully you save, and how much efficiency you apply to your business, you face a steadily diminishing return. As a farm leader said to me, you have been caught like a man in a deep pit, helpless in the grip of forces that are beyond your control. Still, my friends, it has meant that in spite of the maxims that we have learned when we were in school, that we ought to work and save, ^{to} be prudent and be temperate - in spite of all of the rest of the homely virtues, the return on these virtues has belied the hopes and the promises on which you and I were raised.

That is one of the tragic consequences of this depression. The things that we were taught have not come true. We were taught to work and we have been denied the opportunity to work. We were taught to increase the products of our labor and we have found that while the products increased the return has decreased. We were taught to bring forth the fruits of the earth, and we have found that the fruits of the earth have found no market.

The results of our labor, my friends, have been lost in the

smash of an economic system that was unable to fulfill its purposes.

It is a moral as well as an economic question which Moral because we want to re-establish the standards that in times past were our goal. We want the opportunity to live in comfort, reasonable comfort, so that we may build out of this comfort, spiritual values. The consequences of poverty bring a loss of spiritual and moral values. And even more important is the loss of the opportunity that we had hoped to give to the younger generation. We want our children to have a chance for an education, for the sound development of American standards to be applied in their daily lives at play and work. Those opportunities can come only if the condition of agriculture is made more prosperous. (Applause)

Now, the farmer - and when I speak of the farmer I mean not only you who live in the corn belt, but also those in the East or the Northwest who are in the dairy business from the Northwest, and those in the South who are raising cotton, and those on the plains who are raising cattle and sheep and those in the many sections of the country who are raising fruits of all kinds - cattle, all kinds of things, small fruits and big fruits - in other words, the farmer in the broad sense has been attacked during this past decade simultaneously from two sides. On the one side the farmer's expenses, chiefly in the form of increased taxes, have been going up rather steadily during the past generation, and on the other side, he has been attacked by a constantly depreciating farm dollar during the past twelve years, and it seems to be to be nothing less than old-fashioned

horse-sense to seek means to circumvent both of these attacks at the same time. That means, first, for us to seek relief for him from the burden of his expense account, and second, to try to restore the purchasing power of his dollar by getting for him higher prices for the products of the soil. (Applause)

Now, those two great purposes are the basis, quite frankly the basis, of my farm policy, and I have definitely connected both of them with the broadest aspects of a new national economy, something that I like to label in simpler words , a New Deal (applause), a deal, covering every part of the nation, and covering industry and business as well as farming, because I recognize, first of all, from the soil itself springs our ability to restore our trade with the other nations of the world.

First of all, I want to discuss with you one of the angles of the mounting expenses of agriculture in practically every community and in every state - the problem of the taxes which we have to pay.

Let us examine the proportion of our expenditures that goes to the various divisions of government. Half of what you and I pay for the support of government - in other words, fifty cents out of every dollar - goes to local government on the average in this country. In other words, cities, townships, counties and other small units, and the other half, the other fifty cents, goes to the state and nation.

This points, this fifty cents that goes to local government, therefore, to the necessity for attention to local government, and as a

broad proposition you and I know we are not using our present agencies of local government with real economy and efficiency. That means we must require our public servants to give a fuller measure of service for what they are paid. It means we must eliminate useless office holders. It means every public official, every employee of local government, must determine that they owe it to the country to cooperate in the great purpose of saving the taxpayers' money.

But it means more than that, my friends. I am going to speak very frankly to you. There are offices in most states that are provided for in the constitution and laws of some of the states, offices that have an honorable history but are no longer necessary for the conduct of government. We have too many tax layers, and it seems to me relief can come only through resolute courageous cutting.

Some of you will ask why I, a candidate for the office of President of the United States, am talking to you about changes in local government. Now, it is perfectly clear that the President has no legal or constitutional control over the local government under which you people live. The President has, nevertheless, my friends, the right and even the duty of taking a moral leadership in this national task because it is a national problem because in its scope it covers every state, and any problem that is national in this broader sense creates a national moral responsibility in the President of the United States himself.

And I propose to use this position of high responsibility to discuss up and down the country, in all seasons and at all times the duty

of reducing taxes, of increasing the efficiency of government, of cutting out the underbrush around our governmental structure, of getting the most public service for every dollar paid in taxation. That I pledge you, and nothing I have said in the campaign transcends in importance this covenant with taxpayers of the United States. (Applause)

Now, of the other half dollar of your taxes, it is true that goes to the support of state governments. I am not going to discuss that end. In this field also I believe that substantial reductions can be made. While the President rightly has no authority over state budgets, he has the same moral responsibility of national leadership for generally lowered expenses, and therefore for generally lowered taxes.

It is in the field of the federal government that the office of President can, of course, make itself most directly and definitely felt. Over 30% of your tax dollar goes to Washington, and in this field also, immediate reforms can be accomplished. There are, of course, items such as the interest on the public debt which must be paid each year, and which can be reduced only through a reduction in the debt itself, by the creation of a surplus in the place of the present deficit in the national treasury, and it is perhaps worth while that I should tell you that I spent nearly eight years in Washington during the administration of Woodrow Wilson (applause), and that during those eight years I had a fair understanding of the problem of the national expenses, and that I knew at first-hand many of the details of actual administration of the different departments.

And later in this campaign I propose to analyze the enormous increase in the growth of what you and I call bureaucracy. We are not getting an adequate return for the money we are spending in Washington, or to put it another way round, we are spending altogether too much money for government services that are neither practical nor necessary. (Applause) And then, in addition to that, we are attempting too many functions, and we need a simplifying of what the federal government is giving to the people.

I accuse the present administration of being the greatest spending administration in peace times in all our history (applause) - an administration that has piled bureau on bureau, commission on commission, and has failed to anticipate the dire needs and the reduced earning power of the people. Bureaus and bureaucrats, commissions and commissioners have been retained at the expense of the taxpayer himself. (Applause)

Now, I read in the past few days in the newspapers that the President is at work on a plan to consolidate and simplify the federal bureaucracy. My friends, four long years ago, in the campaign of 1928 he, as a candidate, proposed to do this same thing. And today, once more a candidate, he is still proposing, and I leave you to draw your own inferences. (Applause, prolonged)

And on my part I ask you very simply to assign to me the task of reducing the annual operating expenses of your national government. (Applause)

Now I come to the other half of the farmer's problem, the

increase of the purchasing power of the farm dollar. I have already gone at length into the emergency proposals relating to our major crops, and now I want to discuss in more detail a very important factor, a thing known as the Tariff, and our economic relationship to the rest of this big round world.

From the beginning of our government, one of the most difficult questions in our economic life has been the tariff. But it is a fact that it is now so interwoven with our whole economic structure, and that structure is such an intricate and delicate pattern of causes and effects, that tariff revision must be undertaken, without question, with scrupulous care, and only on the basis of established facts.

I have to go back in history a little ways

In the course of his 1928 campaign, the present Republican candidate for President, with great boldness laid down the propositions that high tariffs interfere only slightly, if at all, with our export or our import trade, that they are necessary to the success of agriculture and afford essential farm relief; that they do not interfere with the payments of debts of other nations paid to us, and that they are absolutely necessary to the economic formula which he proposed at that time as the road to the abolition of poverty. (Applause) And I must pause here for a moment to observe that the experience of the past four years has unhappily demonstrated the error, the gross, fundamental, basic error of every single one of those propositions - but four years ago! - that every one of them has been one of the effective causes of the present depression; and finally

that no substantial progress toward recovery from this depression - either here or abroad can be had without a forthright recognition of those errors.

And so I am asking effective action to reverse the disastrous policies which were based on them. As I have elsewhere remarked, the 1928 Republican leadership prosperity promise was based on the assertion that although our agriculture was producing a surplus far in excess of our power to consume, and that, due to the mass and automatic machine production of today, our industrial production had also passed far beyond the point of domestic consumption, but that, nevertheless, we should press forward to increase industrial production as the only means of maintaining prosperity and employment. And the candidate of that year insisted that, although we could not consume all those things at home, there was some kind of an unlimited market for our rapidly increasing surplus in export trade, and he boldly asserted that on this theory we were on the verge of the greatest commercial expansion in history. I do not have to tell you the later history of that. (Applause)

And then, in the spring of 1929, ostensibly for the purpose of enacting legislation for the relief of agriculture, a special session of Congress was called, and the disastrous fruit of that session was the notorious and indefensible Grundy-Smoot-Hawley tariff. (Applause)

As to the much-heralded purpose of that special session for the relief of agriculture, the result, my friends, was a ghastly jest. The principal cash crops of our farms are produced much in excess of our
princi

domestic requirements. And we know that no tariff on a surplus crop, no matter how high the wall - 1,000 per cent. , if you like - has the slightest effect to raise the domestic price of that crop. Why, the producers of all those crops are as effectively thrust outside the protection of our tariff walls as if there was no tariff at all. But we still know that the tariff does protect the price of industrial products and raises them above world prices, as the farmer with increasing bitterness has come to realize. He sells on a free trade basis; he buys in a protected market. The higher industrial tariffs go, my friends, the greater is the burden of the farmer.

Now, the first effect of the Grundy tariff was to increase or sustain the cost of all that agriculture buys, but the harm to our whole farm population did not stop there.

The destructive effect of the Grundy tariff on export markets has not been confined to agriculture by the war. It has ruined our export trade in industrial products as well. Industry, industry with its foreign trade cut off, naturally began to look to the home market - a market supplied for the greater part by the purchasing power of farm families, but for reasons that you and I know - when industry turned its eye to the American market, it found that the Grundy tariff had reduced the buying power of the farmer.

So what happened? Deprived of any American market, the other industrial nations in order to support their own industries, and take care of their own employment problem, had to find new outlets. In that

quest they took to trade agreements with other countries than ourselves and also to the preservation of their own domestic markets against importations by trade restrictions of all kinds. An almost frantic movement toward self-contained nationalism began among other nations of the world, and of course the direct result was a series of retaliatory and defensive measures on their part, in the shape of tariffs and embargoes and import quotas and international arrangements. Almost immediately international commerce began to languish, and especially the export markets for our industrial and agricultural surpluses began to disappear altogether.

In the year 1929, a year before the enactment of the Grundy tariff, we exported 54.8% of all the cotton produced in the United States - more than one-half. That means, Mr. Cotton Grower, that in 1929 every other row of your cotton was sold abroad. And you, the growers of wheat, you exported 17% of your wheat but your great foreign market has been largely sacrificed; and so, with the grower of rye, who was able to dispose of 20% of his crop to foreign markets; the grower of leaf-tobacco had a stake of 41% of his income overseas, and one-third of the lard production, 33% was exported in the year 1929. Where does that come in? Well, it concerns the corn grower because some of us, even from the east, know that corn is exported in the shape of lard.

How were your interests taken care of? Oh, they gave you a tariff on corn - chicken feed - literally and figuratively, but those figures show how vitally you are interested in the preservation - perhaps

I had better say, the return of our export trade.

Now, the ink on the Hawley-Smoot-Grundy tariff bill was hardly dry before foreign nations commenced their program of retaliation. Brick for brick they built their walls against us. They learned the lesson from us. The villainy we taught them they practiced on us.

And the administration in Washington had reason to know that would happen. Why, it was warned. While the Bill was before Congress, our State Department received 160 protests from 35 other nations, many of whom after the passage of the Bill erected their own tariff walls to the detriment or destruction of much of our export trade.

Well, what is the result? In two years, from 1930 to May, 1932, finds your American manufacturers have established in foreign countries, to escape the penalty on the introduction of American-made goods, 258 separate factories; 48 of them in Europe; 12 in Latin America; 28 in the Far East, and 71 across the border in Canada. The Prime Minister of Canada said in a recent speech that a factory is moving every day of the year from the United States into Canada, and he assured those at the recent conferences at Ottawa that by the arrangements made there with Great Britain and other colonies it would take from Canada \$250,000,000 of trade that would otherwise go to the United States. So you see, my friends, what that tariff bill did there to put more men on the street here, and to put more people to work outside our borders.

Now, there was a secondary and perhaps even more disastrous effect of Grundyism. Billions of dollars of debts are due to this

country from abroad. If the debtor nations can not export goods, they must try to pay in gold. But we started such a drain on the gold reserves of the other nations as to force practically all of them off the gold standard. Well, what happened? The value of the money of each of these countries relative to the value of our dollar declined alarmingly and steadily. It took more Argentine pesos to buy an American plow. It took more English shillings to buy an American bushel of wheat, or an American bale of cotton.

Why, they just couldn't buy our goods with their money. These goods then were thrown back upon our markets and prices fell still more.

And so, summing up, this Grundy tariff has largely extinguished the export markets for our industrial and our farm surplus; it has prevented the payment of public and private debts to us and the interest thereon; increasing taxation to meet the expense of our government, and finally it has driven our factories abroad.

The process still goes on, my friends. Indeed, it may be only in its beginning. The Grundy tariff still retains its grip on the throat of international commerce.

There is no relief in sight, and certainly there can be no relief if the men in Washington responsible for this disaster shall continue in power. (Applause) And I say to you, in all earnestness and sincerity, that unless and until this process is reversed throughout the world, there is no hope for full economic recovery, or for true prosperity in this beloved country of ours.

The essential trouble is that the Republican leaders thought they had a good patent on the doctrine of unscaleable tariff walls and that no other nation could use the same idea. Well, either that patent has expired or else never was any good anyway (applause); or else, one other alternative, all the other nations have infringed on our patent and there isn't any court for us to take our case to. It was a stupid, blundering idea, and we know it today and we know it has brought disaster.

Do not expect our adroit Republican friends to admit this. They do not, and on the contrary, they have adopted the boldest alibi in the history of politics. Having brought this trouble on the world, they now seek to avoid all responsibility by blaming the foreign victims for their own economic blundering. They say that all of our troubles come from abroad - that the Administration is not in the least to be held to answer. This excuse is a classic of impertinence. If ever a condition was more clearly traceable to two specific American-made causes, it is the depression of this country and the world. Those two causes are inter-related.

The second one, in point of time, is the Grundy tariff. The first one is the fact that by improvident loans to "backward and crippled countries," the policy of which was specifically recommended by the President, we financed practically our entire export trade and the payment of interest and principal to us by our debtors, and even (in part), the payment of German reparations.

When we began to diminish that financing in 1929 the economic

structure of the world began to totter.

If it be fair to ask, What does the Democratic Party propose to do in the premises?

The platform declares in favor of a competitive tariff which means one which will put the American producers on a market equality with their foreign competitors - one that equalizes the difference in the cost of production - not a prohibitory tariff back of which domestic producers may combine to practice extortion on the American public.

I appreciate that the doctrine thus announced is not widely different from that preached by Republican statesmen and politicians, but I do know that, that the theory professed by them is that the tariff should equalize the difference in the cost of production as between this country and competitive countries, and I know that in practice that theory is utterly disregarded. The rates that are imposed are far in excess of any such difference, looking to the total exclusion of imports - in other words, prohibitory rates.

Of course the excessive, outrageously excessive rates in that bill as it became law must come down. But we should not lower them beyond a reasonable point, a point indicated by common sense and facts. Such revision of the tariff will injure no legitimate interest. Labor need have no apprehensions concerning such a course - for labor knows by long and bitter experience that the highly protected industries, such as the automobile industry, for example.

But, my friends, how is reduction to be accomplished? By

international negotiation as the first, most practical, the most common sense, and the most desirable method, in view of present world conditions - by consenting to reduce to some extent some of our duties in order to secure a lowering of foreign tariff walls that a larger measure of our surplus may be sent abroad.

I haven't the fear that possesses some timorous minds that we should get the worst of it in such reciprocal arrangements. I ask if you have no faith in our Yankee tradition of good old-fashioned trading? Do you believe that our early instincts for successful barter have degenerated or atrophied? I do not think so. I have confidence that the spirit of the stalwart traders still permeates our people, that the red blood of the men who sailed our Yankee clipper ships around the Horn

in the China trade, still courses in our veins. I can not picture (applause) Uncle Sam as a supine, white-livered, flabby muscled old man, cooling his heels in the shade of our tariff walls. We may not have the astuteness in some forms of international diplomacy that our more experienced European friends have, but when it comes to good old-fashioned barter and trade - whether it be goods or tariff - my money is on the American. (Applause) My friends, there can not and shall not be any foreign dictation of our tariff policies

And next, my friends, the Democrats propose to accomplish the necessary reduction through the agency of the tariff commission.

I need not say to you that one of the most deplorable features

of tariff legislation is the log-rolling process by which it has been effected in Republican Congresses. Indefensible rates are introduced through an understanding, usually implied rather than expressed among the members, each of whom is interested in one or more individual items. of you scratch my back and I will scratch yours. (Laughter) Now, to avoid that as well as other evils in tariff making, a Democratic Congress in 1916 passed, and a Democratic President approved a bill creating the bi-partisan Tariff Commission, charged with the duty of supplying the Congress with accurate and full information upon which to base tariff rates. That Commission functioned as a scientific body until 1922, when by the incorporation of the so-called flexible provisions of the Act it was transformed into a political body. Under those flexible provisions - re-enacted in the Grundy tariff of 1930 - the Commission reports not to a Congress but to the President, who is then empowered on its recommendation to raise or lower the tariff rates by as much as fifty per cent, and at the last session of Congress - this brings us down to date - by the practically unanimous action of the Democrats of both houses, aided by liberal minded Republicans led by Senator Norris, of Nebraska, (applause) a bill was passed by the Congress, but vetoed by the President, which, for the purpose of preventing log-rolling, provided that a report having been made by the Tariff Commission on a particular item, with a recommendation as to the rates of duty it ought to bear, a bill to ~~make~~ effective that rate would not be

subject to amendment in the Congress so as to include any other item not directly affected by the change proposed in the Bill. And in that way each particular tariff rate proposed would be judged on its merits and on its merits alone. And if that Bill had been signed by the President of the United States, log-rolling would have come to an end. (Applause)

I am confident in the belief that under such a system rates would be adopted generally so reasonable that there would be very little opportunity for criticism or even cavilling as to them. I am sure that it is not that any duties are imposed that complaint is made, for despite the effort, repeated in every campaign, to stigmatize the Democratic Party as a free trade party, there never has been a tariff act passed since the Government came into existence, in which the duties were not levied with a view to giving the American producer an advantage over his foreign competitor. And I think you will agree with me that the difference in our day between the two major parties in respect to their leadership on the subject of the tariff is that the Republican leaders, whatever may be their profession, would put the duties so high as to make them practically prohibitive - and on the other hand that the Democratic leaders would put them as low as the preservation of the prosperity of American industry and American agriculture will permit. (Applause)

Another feature of the Bill to which reference has been made, a feature designed to obviate tariff log-rolling, contemplated the

appointment of a public counsel who should be heard on all applications for changes in rates - on the one hand for increases sought by producers, sometimes greedy producers, or for decreases asked by importers, equally often actuated by purely selfish motives. And I hope some such change may speedily be enacted. It will have my cordial approval because, my friends, it means that the average citizen would have some representation. (Applause)

Now, just a few words in closing. I want to speak to you of one other factor which enters into the dangerous emergency in which you farmers find yourselves at this moment. For more than a year I have spoken in my state and in other states of the actual calamity that impends on account of farm mortgages. Ever since my nomination on the first day of July I have advocated immediate attention and immediate action looking to the preservation and the saving of the American home to the American farmer. (Applause) But I recognize that I am not at the head of the national administration nor will I be until March 4th next. (Applause) And today I read in the papers that for the first time, so far as I know, the administration of President Hoover has discovered the fact that there is such a thing as a farm mortgage or a home mortgage. (Applause) I don't have to tell you that in my state, where I own a farm, conditions that affect somewhere around three or four million people - a state which ranks fifth or sixth among all the agricultural states of the Union - I don't need to tell you that with that knowledge and the knowledge

I have gleaned on this trip from coast to coast I realize to the full the seriousness of the farm mortgage situation. And at least we can take a crumb of hope from his proposal for just another conference, a conference of some kind at least to discuss the situation. (Applause) Seriously, my friends, all that I can tell you is that with you I deplore, I regret the inexcusable, the reprehensible delay of Washington, not for months alone, but for years. I have already been specific on this subject, upon mortgages, in my Topeka speech. All that I can promise you between now and the fourth of March is that I will continue to preach the plight of the farmer who is losing his home. All I can do is to promise you that when the authority of administration and recommendation to Congress is placed in my hands I will do everything in my power to bring the relief that is so long overdue. I shall not wait until the end of a campaign, I shall not wait until I have spent four years in the White House. (Applause, prolonged)

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TAR I F F

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*Grundyism
Responsible For
Ills of the Farmer*



Governor
Franklin D. Roosevelt's
Speech
At Sioux City, Iowa.
September 29,
1932



Issued by
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TWO weeks ago I presented before an audience in the city of Topeka what I conceived to be the problem of agriculture in this country, with particular reference to the Middle West and West, and what the government of the nation can do to meet that problem.

**Farm
Leaders
Assure
Their
Cooperation**

I have been highly gratified to receive from all parts of the country, and particularly from farm leaders, assurances of their hearty support and promises of cooperation in the efforts that I proposed to improve the deplorable condition into which agriculture has fallen. These assurances of cooperation mean a great deal to the program which I submitted, because to get practical results we who have the farm problem at heart cannot afford to let the standpat politicians and certain narrow-minded industrialists and bankers use dissension and discord among farmers as an excuse for denying to us the legislation and the results we seek.

The meeting of the farm problem is going to be successful only if two factors are present.

THE first is a sympathetic administration in Washington and the second the hearty support and patient cooperation of agriculture itself and its leaders.

**Two Factors
Necessary for
Happy
Solution**

The proposals I made in Topeka were set forth in this spirit. I have stated principles in which nearly all farm interests can unite. They embrace the common purpose of practically all farm leaders to inaugurate a broad construction policy and I am confident that sympathetic leadership in Washington can bring about substantial agreement in the actual details and wording of the legislation necessary to put the principles into practical effect.

I have set up these proposals as a definite standard to which men and women of all parties will repair, to the end that the desperate plight of agriculture may be remedied.

I come today to the same great Middle West to meet farmers whose problems and needs are similar to those of the Kansans and whose suffering has been no less.

I CANNOT avoid a word concerning what this plight of agriculture means to you all. It means that product of your labor brings half of what it brought before the war. It means that no matter how hard you work and how long and how carefully you save, and how much efficiency you apply to your business, you face a steadily diminishing return. As a

farm leader said to me, you have been caught like a man in a deep pit, helpless in the grip of forces beyond your control.

It has meant, my friends, that in spite of the maxims that we have learned when we were in school—that we ought to work and save, and be prudent and temperate—in spite of all of the rest of the homely virtues, the return on these virtues has belied the hopes and the promises on which we were raised.

THAT is one of the tragic consequences of this depression. The things we were taught have not come true. We were taught to save, and in many parts of this country the savings of prudent people have been dissipated by careless and conscienceless financial manipulation.

Things We Were Taught Have Not Come True We were taught to work and we have been denied the opportunity to work. We were taught to increase the products of our labor and we have found that while the products increased the return has decreased. We were taught to bring forth the fruits of the earth and we have found that the fruits of the earth have found no market.

The results of our labor have been lost in the smash of an economic system unable to fulfill its purposes.

IT IS a moral as well as an economic question which we face. Moral because we want to re-establish the standards that in times past were our goal. We want the opportunity to live in comfort, reasonable comfort, so that we may build out of this comfort spiritual values. The consequences of poverty bring a loss of spiritual and moral values. And even more important is the loss of the opportunity that we had hoped

Face Both Moral and Economic Question to give to the younger generation. We want our children to have a chance for an education, for the sound development of American standards to be applied in their daily lives at play and work. These opportunities can come only if the condition of agriculture is made more prosperous.

This high purpose cannot be met by cynical disregard of plain necessity. It cannot be met by the appeal that Washington has made so often to so-called immutable and unchangeable economic laws. As I have said, men and women and children may starve while we wait. It cannot come through saying that nothing but the slow growth of prosperity will improve the condition of the farmer, because the very return of that prosperity depends upon the condition of the farmer.

THE farmer—and when I speak of the farmer I mean not only those who live in the corn belt, but also those in the East or the Northwest who are in the dairy business and those in the South who are raising cotton and those on the plains who are raising cattle and sheep and those in the many sections of the country who are raising fruits of all kinds—the farmer in the broad sense has been attacked simultaneously from two sides.

Farmer Has Been Attacked on Two Sides On the one side, his expenses, chiefly in the form of increased taxes, have been going up steadily during the past generation. On the other side, he has been attacked by a constantly depreciating farm dollar during the past twelve years.

Therefore, it seems to me to be nothing less than old-fashioned horse sense to seek means to circumvent both of these attacks at the same time. That means, first, to seek relief for him from the burden of his expense account, and second, to try to restore the purchasing power of his dollar by getting for him higher prices for the products of the soil.

THESE two great purposes are the basis of my farm policy. I have definitely connected both of them with the broadest aspects of a new national economy, and I shall continue during the ensuing weeks to argue that prosperity in its broadest sense—covering every part of the nation and covering industry and business as well as farming—springs first of all from the soil itself, and second, from our ability as

Prosperity Springs From the Soil Itself a nation to restore our trade with the other nations of the world.

First of all I want to discuss with you one of the angles of the mounting expenses of agriculture in practically every community and in every State—the problem of the taxes which we have to pay.

Let us examine the proportion of our expenditures that goes to the various divisions of government. Half of what is paid for the support of government in this country goes to local government—cities, townships, counties and other small units. The other half goes to the State and nation.

This points, therefore, to the necessity for attention to local government. As a broad proposition you and I know we are not using our present agencies of local government with real economy and efficiency. That means we must require our public servants to give a fuller measure of service for what they are paid. That means we must eliminate useless office-holders. That means every public official and every employee of local governments must determine that they owe it

to the country to cooperate in the great purpose of saving the taxpayers' money.

BUT it means more than this, my friends. I am going to speak very frankly to you. There are offices provided for in the Constitution and laws of some of the States that have an honorable history, but are no longer necessary for the conduct of government. We have too many taxing districts. The taxpayers literally groan under layer upon layer of tax units. Relief can come only through resolute, courageous

cutting.

It means still more than this. In many States we must, through the Legislature and even through constitutional changes, reorganize our local government for the purpose of eliminating unnecessary machinery and unnecessary positions, and for the purpose of consolidating functions and concentrating responsibility in fewer hands.

Some of you will ask why I, a candidate for President of the United States, am talking to you about changes in local government. It is perfectly clear that the President has no legal or constitutional control over the local government under which you live. The President has, nevertheless, the right and even the duty of taking a moral leadership in this national task. It is a national problem because in its scope it covers every State, and any problem that is national in this broader sense creates a national moral responsibility in the President himself.

I conceive the Presidency not merely as an agency in which routine executive powers are exercised, but as a position of leadership in which may be wielded an influence for the general good of our American system of government. No other official except the Vice-President is elected by all the people of the country. No other official owes such a direct responsibility to all the people of the country. He is the responsible spokesman of the nation's policies and the nation's ideals.

I shall use this position of high responsibility to discuss up and down the country, in all seasons, at all times, the duty of reducing taxes, of increasing the efficiency of government, of cutting out the underbrush around our governmental structure, of getting the most public service for every dollar paid by taxation. This I pledge you, and nothing I have said in the campaign transcends in importance this covenant with the taxpayers of this country.

IT is true that less than 15 per cent of the taxes we pay goes to the support of State governments. This does not seem to be a large figure, but actually, as

you and I know, the cost of State government has increased twofold and even threefold in the past ten or fifteen years. In this field also I believe that substantial reductions can be made. While the President rightly has no authority over State budgets, he has the same moral responsibility of national leadership for generally lowered expenses and therefore for generally lowered taxes.

It is in the field of the Federal Government that the office of President can, of course, make itself most directly and definitely felt. Over 30 per cent of your tax dollar goes to Washington, and in this field also immediate reforms can be accomplished. There are, of course, items such as the interest on the public debt which must be paid each year, and which can be reduced only through a reduction in the debt itself, by the creation of a surplus in the place of the present deficit in the national Treasury.

It is perhaps worth while that I should tell you that I spent nearly eight years in Washington during the Wilson Administration; that during those eight years I had a fair understanding of the problem of the national expenses, and that I knew at first hand of many of the details of actual administration of the different departments.

LATER in this campaign I propose to analyze the enormous increase in the growth of bureaucracy. We are not getting an adequate return for the money we are spending in Washington, or, to put it another way round, we are spending altogether too much money for government services which are neither practical nor necessary. In addition to this we are attempting too many functions and we need a simplification of what the Federal Government is giving to the people.

I accuse the present administration of being the greatest spending administration in peace times in all our history, one which had piled bureau on bureau, commission on commission, and has failed to anticipate the dire needs or reduced earning power of the people. Bureaus and bureaucrats have been retained at the expense of the taxpayer.

I read that the President is at work on a plan to consolidate and simplify the Federal bureaucracy. Four long years ago, in the campaign of 1928, he as a candidate proposed to do this. Today, once more as a candidate, he is still proposing. I leave you to draw your own inferences.

ON my part, I ask you to assign to me the task of reducing the annual operating expenses of the National Government.

Now I come to the other half of the farmer's problem, the increase of the purchasing power of the farm dollar. I have already gone at length into the emergency proposals relating to our major crops, and now I want to discuss in more detail the tariff and our economic relationship to the rest of the world.

From the beginning of our government, one of the most difficult questions in our economic life has been the tariff. But it is a fact that it is now so interwoven with our whole economic structure, and that structure is such an intricate and delicate pattern of causes and effects, that tariff revision must be undertaken with scrupulous care, and only on the basis of established facts.

Yet there is scarcely a major problem in our national life, agriculture, industry and labor, merchant marine, international debt and even disarmament, that does not involve the question of the tariff. I must confine myself, however, at this time to the subject as it is more or less directly related to agriculture, reserving for some later date the consideration of the tariff in its more general aspects.

IN the course of his 1928 campaign the present Republican candidate for President, with great boldness, laid down the proposition that high tariffs interfere only slightly, if at all, with our export trade,

High Tariff Error of Present Administration

that they are necessary to the success of agriculture and afford essential farm relief, that they do not interfere with the payments of debts to us and that they are absolutely necessary to the economic formula which he proposed as the road to the abolition of poverty.

I must pause here to observe that the experience of the last four years has unhappily demonstrated the error of every single one of the propositions; that every one of them has been one of the effective causes of the present depression, and, finally, that no substantial progress toward recovery from the depression, either here or abroad, can be had without forthright recognition of the errors.

I ask effective action to reverse the disastrous policies which were based upon them. As I have elsewhere remarked, the 1928 Republican prosperity promise was based on the assertion that although our agriculture was producing a surplus far in excess of our power to consume, and that, due to the mass and

automatic machine production today, our industrial production has also passed far beyond the point of domestic consumption, nevertheless we should press forward to increase industrial production as the only means of maintaining prosperity and employment.

THE candidate insisted that, although we could not consume these things at home, there was an unlimited market for our rapidly increasing surplus in export trade, and boldly asserted that on this theory we were on the verge of the greatest economic expansion in history.

In his Boston speech in 1928, the distinguished gentleman to whom reference has been made said:

"To insure continuous employment and maintain our wages, we must find a profitable market for our surplus. The great war brought into bold relief the utter dependence of nations upon our foreign trade—our total volume of exports translates itself into employment for 2,400,000 families, while its increase in the last seven years has interpreted itself into livelihood for 500,000 additional families in the United States."

CONFRONTED by the difficult question as to how foreign nations would pay their debts to us and pay also for the increasing surplus he proposed to sell to them, when by almost prohibitive tariffs he would interfere with world commerce in goods, he ventured the

What Would They Use For Money?

astounding suggestion that we should finance our exports by loans to "backward and crippled countries," and coupled with that the statement that high tariffs would not interfere with the repayment of such loans.

Ostensibly for the purposes of enacting legislation for the relief of agriculture Congress was, pursuant to the insistence of Senator Borah, called in special session. The disastrous fruit of that session was the notorious and indefensible Grundy-Smoot-Hawley tariff. The net result was a barbed-wire entanglement against our economic contact with the world at large.

AS to the much-heralded purpose of that special session for the relief of agriculture, the result was a ghastly jest. The principal cash crops of our farms are produced much in excess of our domestic requirements. We know, of course,

Result of Special Session a Ghastly Jest

that no tariff on a surplus crop, no matter how high the wall, has the slightest effect to raise the domestic price of that crop. The producers of all these crops are as effectively thrust outside the protection of our tariff walls as if there were no tariff at all.

But we still know that the tariff does protect the price of industrial products and raises them above world prices, as the farmer with increasing bitterness has come to realize that he sells on a free-trade basis, he buys in a protected market. The higher industrial tariffs go the greater is the farmer's burden.

The first effect of the Grundy tariff was to increase or sustain the cost of all that agriculture buys, but the harm to our whole farm population did not stop there.

UNDER recent world conditions, the Grundy tariff, by gradually impairing the export markets for our farm surplus, has resulted in a tremendous decrease in the price of all the farmer sells. The result

Grundy Tariff Hits Farmer Two Ways

of both of these forces has practically cut in half the pre-war purchasing power of American agriculture. The things the farmer buys, as I pointed out in my Topeka speech, now cost 9 per cent above pre-war prices. The things that the farmer sells are 43 per cent below pre-war prices. The fact is that the farmer is hit both ways in consequence of the tariff. It increases the price of what he buys and, by restricting his foreign market that controls the price of his products, reduces his returns from what he sells.

The destructive effect of the Grundy tariff on export markets has not been confined to agriculture. It has ruined our export trade in industrial products as well. Industry, with its foreign trade cut off, naturally began to look to the home market—a market supplied for the greater part by farm families. But for reasons I have just explained, when industry turned its eye to the American market, it found that the Grundy tariff had reduced the buying power of the farmer.

DEPRIVED of any American market the other industrial nations, in order to support their own industries and take care of their own employment problem, had to find new outlets. In this quest they

Other Nations Had to Find New Outlets

took to trade agreements with other countries than ourselves and also to the preservation of their own domestic markets against importations by trade restrictions of all kinds. An almost frantic movement toward self-contained nationalism began. The direct result was a series of retaliatory and defensive measures in the shape of tariffs, embargoes, import quotas and international arrangements.

Almost immediately international commerce began to languish, and especially the export markets for our industrial and agricultural surpluses began to dis-

appear. The Grundy bill was passed in June, 1930. In that month our exports were \$294,000,000 and our imports \$250,000,000. In an almost uninterrupted decline this foreign trade has dropped away, so that, two years later in June of this year, our exports were \$115,000,000 and our imports \$78,000,000. These facts speak for themselves.

In the year 1929, a year before the enactment of the Grundy tariff, we exported 54.8 per cent of all the cotton produced in the United States, more than one-half. This means, Mr. Cotton Grower, that in 1929 every other row of cotton you grew was sold abroad. And you, the grower of wheat, you exported 17.9 per cent of your wheat, but your great foreign market was largely sacrificed; and so with the grower of rye, who was able to dispose of 20.9 per cent of his crop to foreign markets; the grower of leaf tobacco had a stake of 41.2 per cent of his income overseas. One-third of the lard production in this country was exported in that year. This concerns the corn grower. You know, if others do not, that corn is exported in the form of lard.

How were your interests taken care of? Oh, they gave you a tariff on corn—chicken feed—literally and figuratively. These figures show how vitally you are interested in the preservation of our export trade.

THE ink on the Hawley-Smoot-Grundy bill was not dry before foreign nations commenced their program of retaliation. Brick for brick they built their walls against us. They learned the lesson from us.

“The villainy you teach me I shall practice.”

Foreign Nations Begin Program of Retaliation

The administration had reason to know that this would happen. It was warned. While the Hawley-Smoot bill was before Congress, our State Department received 160 protests from thirty-three nations, many of whom after the passage of the bill erected their own tariff walls to the detriment or destruction of much of our export trade.

What is the result? In two years, from 1930 to May, 1932, American manufacturers have established in foreign countries, to escape the penalty on the introduction of American made-goods, 258 factories: 43 in Europe, 12 in Latin America, 28 in the Far East, and 71 in Canada. Every week of 1932 has seen four American factories moving to Canada.

Premier Bennett is reported to have said in a recent speech that a factory is moving every day of the year from the United States into Canada, and he assured those at the recent conferences at Ottawa that by the arrangements made there Great Britain and her colonies would take from Canada \$250,000,000 of

trade which would otherwise go to the United States.

This, you see, put more men on the street here, who had been employed in the factories that had moved to Canada.

THERE was a secondary and perhaps even more disastrous effect of Grundyism. Billions of dollars of debts are due to this country from abroad. If the debtor nations cannot export goods and services, they must try to pay in gold. We started

**Blocking of
Markets
Started
Drain of
Gold**

such a drain on the gold reserves of the principal commercial countries as to force practically all of them off the gold standard. What happened? The value of the money of each of these countries relative to the value of the dollar declined alarmingly. It took more Argentine pesos to buy an American plow. It took more English shillings to buy an American bushel of wheat or bale of cotton.

They just could not buy our goods with their money. These goods were thrown back upon our markets and prices fell still more.

Summing up, the Grundy tariff has largely extinguished the export markets for our industrial and our farm supplies; it has prevented the payment of public and private debts to us and the interest thereon, increasing taxation to meet the expense of our government, and, finally, it has driven our factories abroad.

The process still continues. Indeed, it may be only in its inception. The Grundy tariff still retains its grip in the throat of international commerce.

THERE is no relief in sight, and certainly there can be no relief if the authors of this disaster continue in power. Like the Bourbons, they have learned nothing and they have forgotten nothing. They still cling to this deadly fetich. I say to you, in all earnestness and sincerity, that unless and until this process is reversed throughout the world, there is no hope for full economic recovery or for true prosperity in the

United States.

The essential trouble is that the Republican leaders thought they had a good patent on the doctrine of unscalable tariff walls and that no other nation could use the idea. Well, either the patent has expired or it never was any good anyway; or else all other nations have infringed and there is no court of appeal. It was a stupid, blundering idea.

Do not expect our adroit Republicans to admit this. They do not. On the contrary, they have adopted the boldest alibi in the history of politics. Having

brought this trouble on the world, they now seek to avoid all responsibility for the mismanagement of the affairs of this nation by blaming the foreign victims for their own economic blundering. They say that all of our troubles come from abroad—that the administration is not in the least to be held to answer. This excuse is a classic of impertinence. If ever a condition was more clearly traceable to two specific American-made causes, it is the depression of this country and the world. Those two causes are inter-related.

The second one, in point of time, is the Grundy tariff. The first one is the fact that by improvident loans to "backward and crippled countries," the policy of which was specifically recommended by the President, we financed practically our entire export trade and the payment of interest and principal to us by our debtors and even (in part) the payment of German reparations.

When we began to diminish that financing in 1929, the economic structure of the world began to totter. When, in 1930, we imposed the Grundy tariff, the tottering structure tumbled.

WHAT does the Democratic party propose to do in the premises?

The platform declares in favor of a competitive tariff which means one which will put the American producers on a market equality with their foreign competitors—one that equalizes the difference in the cost of production — not a prohibitory tariff back of which domestic producers may combine to practice extortion of the American public.

I appreciate that the doctrine thus announced is not widely different from that preached by Republican statesmen and politicians. I know that the theory professed by them is that the tariff should equalize the difference in the cost of production, which for all practical purposes does not exceed labor cost, as between this country and competitive countries, and I know that in practice the theory is utterly disregarded. The rates are imposed far in excess of any such difference, looking to the total exclusion of imports—prohibitory rates.

Instances without number to show the difference between the pious professions of those who control the destinies of the Republican party, and the actual performances of that party under their leadership, could be cited from the debates on the Grundy tariff bill.

Of course, the excessive, outrageously excessive rates in that bill as it became law, must come down. But we should not lower them beyond the point indicated.

Such revision of the tariff will injure no legitimate interest. Labor need have no apprehensions concerning such a course, for labor knows by long and bitter experience that the highly protected industries pay not one penny higher wages than the non-protected industries, such as the automobile industry.

BUT how is reduction to be accomplished? By international negotiation as the first and most desirable method, in view of present world conditions—by consenting to reduce to some extent some of our duties in order to secure a lowering

How

**Reduction
Will Be**

Accomplished

of foreign walls that a larger measure of our surplus may be admitted abroad.

It is worth remembering that President William McKinley in his Buffalo special—the last public address he ever made—said “the period of exclusion is past. The expansion of our trade and commerce is the present problem. Reciprocal treaties are in harmony with the spirit of the time; measures of retaliation are not.”

If expansion of our trade and commerce was, as McKinley declared in 1901, thirty years ago, a prime necessity in the then state of our economic life, how much more is it indispensable to our material and, I may add, to our spiritual welfare in these distressing times.

I haven't the fear that possesses some timorous minds, that we should get the worst of it in such reciprocal arrangements. I ask if you have no faith in our Yankee tradition of good old-fashioned trading? Do you believe that our early instincts for successful barter have degenerated or atrophied? I do not think so.

I HAVE confidence that the spirit of the stalwart traders still permeates our people, and the red blood of the men who sailed our Yankee clippers around the horn in the China trade still courses in our veins. I cannot picture Uncle Sam

**Has
Confidence
in Spirit
of Our
“Traders”**

as a supine, white-livered, flabby muscled old man cooling his heels in the shade of our tariff walls.

We may not have the astuteness in some forms of international diplomacy that our more experienced European friends have, but when it comes to good old-fashioned barter and trade—whether it be goods or tariff—my money is on the American. There cannot and shall not be any foreign dictation of our tariff policies.

Next the Democrats propose to accomplish the necessary reduction through the agency of the Tariff Commission.

I need not say to you that one of the most deplorable features of tariff legislation is the log-rolling process by which it has been effected by Republican Congresses. Perfectly indefensible rates are introduced through an understanding usually implied rather than expressed among members, each of whom is interested in one or more such. It is a case of you scratch my back and I will scratch yours. The evil must be recognized by even the most ardent supporter of the theory of protection.

To avoid this, as well as other evils in tariff making, a Democratic Congress in 1916 passed and a Democratic President approved a bill creating the bipartisan tariff commission, charged with the duty of supplying the Congress with accurate and full information upon which to base tariff rates. It functioned as a scientific body until 1922, when by the incorporation of the so-called flexible provisions of the act that year it was transformed into a political body.

Under these provisions, re-enacted in the Grundy tariff of 1930, the commission reports not to a Congress but to the President, who is empowered upon its recommendation to raise or lower the tariff rates by as much as 50 per cent. How perfectly ineffective this method of removing from the tariff some of its inequities—a wag said its iniquities—I do not delay to detail.

AT the last session of Congress by the practically unanimous action of the Democrats of both houses, aided by liberal-minded Republicans led by Senator Norris of Nebraska, a bill was passed by the Congress but vetoed by the President

**Endorses
Bill to End
Tariff
Log-rolling**

which, for the purpose of preventing log-rolling, provided that a report having been made on a particular item with a recommendation as to the rate of duty it ought to bear, a bill to make effective such rate would not be subject to amendment so as to include any other item not directly affected by the change proposed by the bill. In that way each particular tariff rate proposed would be judged upon its merits and upon its merits alone.

I am confident in the belief that under such a system rates would be adopted generally so reasonable that there would be very little opportunity for criticism or even cavilling as to them. I am sure that it is not that any duties are imposed that complaint is made, for despite the effort, repeated in every campaign, to stigmatize the Democratic party as a free trade party, there never has been a tariff act passed since the government came into existence in which the duties were not levied with a view to giving the American producer an advantage over his foreign

competitor. And I think that you will agree with me that the difference in our day between the two major parties on the subject of the tariff is that the Republican party, whatever may be its professions, would put duties so high as to make them practically prohibitive. The Democratic party would put them as low as the preservation of the prosperity of American industry will permit.

Another feature of the bill to which reference has been made, designed to obviate tariff log-rolling, contemplated the appointment of a public counsel, who should be heard on all applications for changes in rates before the commission on the one hand for increases sought by producers, often greedy, or for decreases asked by importers, equally often actuated by purely selfish motives, or by others seeking such reductions. I hope some such change may speedily be enacted. It will have my cordial approval.

ONE other factor enters into the dangerous emergency in which you farmers find yourselves at this moment. For more than a year I have spoken of the actual calamity that impends on account of farm mortgages. Ever since my nomination on July 1 I have advocated immediate attention and immediate action looking to the preservation of the American home to the American farmer. I am not at the head of the National Administration nor can I be until March 4 next.

**Recommends
That Farmers
"Get a New
Doctor"**

National Administration nor can I be until March 4 next.

Today I read in the papers that for the first time the administration of President Hoover has discovered the fact that there is such a thing as a farm mortgage. At least we can take a crumb of hope from this proposal for another conference of some kind to discuss the situation. All I can tell you is that with you I deplore the inexcusable and reprehensible delay of Washington—not for months alone, but for years.

I have already been specific on this subject in my Topeka speech. All I can promise you is that I will continue to preach the plight of the farmer who is losing his home, and that when the authority of administration or recommendation is placed in my hands I will do everything in my power to bring the relief which is so long overdue. I shall not wait until the end of a campaign or until I have spent four years in the White House.

I believe in taking care of a very sick patient, and that if the doctor does nothing I recommend getting a new doctor—and I hope you agree with that, too.

