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

Series 2: "You have nothing to fear but fear itself:" FDR and the New Deal

File No. 688

1934 March 5

Address at the General Conference of Code Authorities and Trade Association Code Committees [of the NRA] 6/2

Eight and a half months ago when I signed the Recovery Act I said, "Must we go on in many groping, disorganized, separate units to defeat or shall we move as one great team to victory."

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That team is before me this morning - 3500 4000 leaders of 600 great organized industries representing, as measured by employment, more than 90 per cent of the industrial field which is covered by the N.R.A.

Naturally I am deeply gratified that the faith which

I expressed last June is so well justified in March.

I do not undertake today to present either a broad review of all the manifold causes which led up to the distressful situation from which the Nation

is emerging or a recapitulation of the events, the
measures and the results of this past year. You are
here as the direct representatives of only one element
in our complex modern life but at the same time
because of the fine spirit you have shown I can
congratulate you on an approach to your own problems
which shows an understanding of the many other problems
which cris-cross and dovetail into each other to make
up the broad objective of the American people.

It is sufficient for me to point out once
more than the difficult and dangerous situation into
which the United States had got itself was due to
the general attitude, "Every man for himself: the
devil take the hindmost." Individuals were seeking

quick riches at the expense of other individuals. Geographical sections were seeking economic preference for themselves to the disadvantage of other sections. Cities were recklessly offering inducements to manufacturing plants to move away from other cities. Within given industries unfair competition went on unheeded or resulted in vast consolidations whose securities were peddled to the public at dishonest prices. There was little consideration for the social point of view and no planning whatsoever to avoid the pitfalls of over production or of selling methods which foisted articles on a gullible public which the family budget could not afford.

That is a strong picture but you and I, in

picture. Most of us participated in the making of
that picture. We did not know as much then as we know
now and because our eyes have been opened it is possible
that future history will call that crazy decade of 1919
to 1929 one of the greatest blessings that ever came
to the American people.

It was because the situation in March, 1933
was so serious all along the line that remedies had to
be applied to every phase of the illness. The objective
was, as you know, to apply these remedies in the American
way and not to copy those which are being tried in other
countries which do not live under the same form of
democratic government as ours. I am always a little

amused and perhaps at times a little saddened -and I think the American people feel the same way -by those few writers and speakers who proclaim tearfully either that we are now committed to Communism and collectivism or that we have adopted Fascism and a dictatorship. The real truth of the matter is that for a number of years in our country the machinery of democracy had failed to function. Through inertia on the part of leaders and on the part of the people themselves the operations of government had fallen into the hands of special groups, some of them vociferously led by people who undertook to obtain special advantages for special classes and others led by a handful of individuals who believed in their superhuman

ability to retain in their own hands the entire
business and fimincial control over the economic and
social structure of the nation.

The fine response given by the overwhelming majority of the component parts of industry as represented here today proves to me that you have the same understanding of our broad purpose as is held by the average of the workers of the United States — and that word workers means almost all of the American people. You have shown sincere desire for real cooperation; you have shown prompt response to the governmental request for national unity. For this support I give you my thanks.

The National Industrial Recovery Act was drawn with the greatest good of the greatest number in mind. Its aim was to increase the buying power of wage earners and farmers so that industry, labor and the public might benefit through building up the market for farm and factory goods. Employer, wage earner and consumer groups are all represented on its boards with the government; all three groups with the government must have the interests of all the people as their main responsibility.

What we seek is balance in our economic system -- balance between agriculture and industry and balance between the wage earner, the employer

and the consumer. We seek also balance that our internal markets be kept rich and large, and that our trade with other nations be increased on both sides of the ledger.

You and I are now conducting a great test to find out how the business leaders in all groups of industry can develop capacity to operate for the general welfare. Personally I am convinced that with your help the test is succeeding.

The very conception of N. R. A. follows the democratic procedure of our government itself. Its theory of self-regulation follows the American method rather than any of the experiments being tried in

other nations. The very fact that you have been in Washington to criticize and to discuss the way N. R. A. is working out is sufficient proof of this point.

There are some people, of course, who do not think things through; as, for example, the man who complained in one of yesterday morning's papers that criticism was held to be unpatriotic. Let me put the case so clearly that even his type will understand. If we admit that the government has a specific problem to solve and undertakes to do it in a specific way, the critic is unpatriotic who contents himself with loudly proclaiming that that way, that method is no

good; that it won't work; that it is wrong to do
this. This critic contributes nothing - he is
not constructive; he is unpatriotic because he
attempts to destroy without even suggesting a way
to build up.

On the other hand, the critic is patriotic whether he be a business man, a worker, a farmer or a politician if he says, I don't like the methods you are using to solve the problem: I believe it would be far better if we were to use the following alternate method, and thereupon outlines for the benefit of his neighbor and his government a helpful proposal.

In this great evolution through which we

are passing, the average American is doing splendid service by coming back at the captious critic and saying to him, "Well, old man, and what do you suggest?" One thing is very certain, we are not going back either to the old conditions or to the old methods.

And now to be more specific in regard to

N. R. A. itself. You have set up representative
government in industry. You are carrying it on
without violation of the constitutional or the
parliamentary system to which the United States has
been accustomed. Your industrial groups are
composed of two parts -- labor and management; and

the government is a participant in this organization in order to carry out this mandate of the law, "To promote organization in industry for the purpose of cooperative action in trade groups and to induce and maintain united action of labor and management under adequate government sanction and supervision."

Somebody, of course, must strike the equitable balance between conflicting interests and especially must protect the third group -- the consumer -- and that word "consumer" means the whole American people.

That group has also been in Washington,
invited to come here and to make known publicly any
complaint as to the effects of any of the codes. I
am sure it will hearten you to know that the great

majority of the complaints were directed not at the codes but at errors and omissions in what has been done under codes. The great bulk of complaint or criticism of the Recovery Act does not go to the Act itself or to its basic principles, but rather to the details of mere method. In this we should feel encouraged and heartened that we are on the right track and can go forward.

In working out the balance on a national scale, of which I have spoken before, we can list certain immediate objectives. I spoke last June of the fact that wage increases will eventually raise costs but I asked that management give first consideration to increasing the purchasing power of the public. I

The aim of this whole effort is to restore our rich domestic market by raising its vast consuming capacity. Complaint has been made of a few industries and of some companies that they have not followed this suggestion, and evidence brought forward shows that in some cases these complaints are justified. What I said was true in June and it is true now. The first task of industry today, as it was then, is to create consuming power.

We must remember that the bulk of the market for American industry is among the 90 per cent of our people who live on wages and salaries and only 10 per cent of that market is among people who live

and reasonable profits, but the morality of the case is that a great segment of our people are in actual distress and that as between profits first and humanity afterwards and humanity first and profits afterwards we have no room for hesitation. With millions still unemployed the power of our people to purchase and use the products of industry is still greatly curtailed. It can be increased and sustained only by striving for the lowest schedule of prices on which higher wages and increasing employment can be maintained.

Therefore, I give to industry today this challenge; It is the immediate task of industry to re-employ more people at purchasing wages and to do

restore the balance we seek. It is worth while keeping in the front of our heads the thought that the people in this country whose incomes are less than \$2,000 a year buy more than two-thirds of all the goods sold here. It is logical that if the total amount that goes in wages to this group of human beings is steadily increased, merchants, employers and investors will in the long run get more income from the increased volume of sales.

I want to speak for a moment directly to the public. In my initial statement of policy, I said:

"Finally, this law is a challange to our whole people. There is no power in America

that can force against the public will such action as we require. But there is no group in America that can withstand the force of an aroused public opinion. This great cooperation can succeed only if those who bravely go forward to restore jobs have aggressive public support and those who lag are made to feel the full weight of public disapproval."

You all know what happened. We gave you the Blue Eagle as a symbol of cooperation. Its display in a shop or factory window, or upon a garment, or product, or delivery wagon, informed you that the firm with which you were dealing was doing its part

in this great National cooperation to defeat depression. For the first time -- so far as I know -- all of the people in this country were given a part in making a law effective.

This is a law for the public benefit.

Obviously an employer who pays Blue Eagle or Code

wages cannot compete with an employer who does not.

It is therefore common sense for the consuming

public in their own interests, as well as for labor

and for industry, to join in seeing to it that the

few who think only of selfish gain be made to play

the game with the overwhelming majority.

Every examination I make, and all the information I receive lead me to the inescapable

conclusion that we must now consider immediate cooperation to secure increase in wages and shortening of hours. I am confident that your deliberations will lead you also to this conclusion. Reduction in hours coupled with a decrease in weekly wages will do no good at all, for it amounts merely to a forced contribution to unemployment relief by the class least able to bear it. I have never believed that we should violently impose flat, arbitrary and abrupt changes on the economic structure but we can nevertheless work together in arriving at a common objective. The Government cannot forever continue to absorb the whole burden of unemployment. The thing to do now is to get more people to work.

Your self-governing groups are not here to devise ingenious plans to circumvent the purposes of the Act. You are here in a patriotic spirit to effect these purposes. With few exceptions industry will give wholehearted compliance. It is only in the case of rare exceptions where industrial self-government may fail that the Government itself must and will under the law move firmly and promptly to prevent failure.

Under the code system you and I are aware that experience must be the guide for the working out of difficulties and the prevention of abuses. For example, you on code authorities are your industrial brother's keeper and especially are you the keeper of your small industrial brother. We

must set up every safeguard against erasing the small operator from the economic scene. Many years ago anti-trust laws were passed and one of the primary reasons for their enactment was the protection of the little fellow against the big fellow. In many cases these laws failed to protect the little fellow. We do not want to maintain that condition. The essential provisions of the codes should check or reverse competitive methods by which the small business man was or is being squeezed out.

These same anti-trust laws must continue in their major purpose of retaining competition and preventing monopoly: it is only where these laws have prevented the cooperation to eliminate things

like child labor and sweat shops, starvation wages and other unfair practices that there is justification in modifying them.

attention. The law itself has provided for free choice of their own representatives by employees.

Those two words "free choice " mean just what they say.

It is obvious that the Government itself not only has the right but also the duty to see, first, that employees may make a choice and, secondly, that in the making of it they shall be wholly free. I ask that the letter and the spirit of free choice be accorded to its workers by every corporation in the United States.

We have been seeking experience in our first

eight months of code making; for that same reason
we have been tolerant of certain misunderstandings
even when they resulted in evasions of the spirit
if not of the letter of the law. Now we are moving
into a period of administration when that which is law
must be made certain and the letter and the spirit
must be fulfilled. We cannot tolerate actions
which are clearly monopolistic, which wink at unfair
trade practices, which fail to give to labor free
choice of their representatives or which are otherwise
hostile to the public interest.

In a word, we cannot tolerate abuses of
economic power -- abuses against labor, abuses against
employers or abuses against the consuming public, whether

their prohibitions. This does not mean that we can at once make perfect many hundred codes covering the major trades and industries of the Nation, nor that we can get a mark of perfection in a day or a month. It does mean that we have arrived at the time for taking stock, for correcting manifest errors, for rooting out demonstrated evils.

One year ago we were suffering and shrinking under economic pressures so intolerable that collapse was at hand. We had arrived at the day to make our choice. We made that choice. The American people responded to the call for action with eager enlistment --

enlistment in the struggle against ruthless selfseeking, reckless greed and economic anarchy. We
undertook by lawful, constitutional processes to
reorganize a disintegrating system of production and
exchange.

The methods and details of that reorganization may and will change from year to year but it is very certain that the American people understand that the purpose of the reorganization was not only to bring back prosperity. It was far deeper than that. The reorganization must be permanent for all the rest of our lives in that never again will we permit the social conditions which allowed the vast sections of our population to exist in an un-American way, which allowed a mal-distribution of wealth and of power.

The willingness of all elements to enter into the spirit of the New Deal becomes more and not less evident as it goes on. As an example, I have just received a telegram from Mr. Francis M. Law, the president of the American Bankers Association. In it he said: "On this your first anniversary please allow me in behalf of the country's banks to express our full confidence and our sincere desire to cooperate in your courageous efforts to bring about recovery. x x The banking structure of the country is sound and liquid and banks have never been in stronger position to function effectively. Conditions have improved to the point where it is no longer necessary for banks to be super-liquid. x x x There is a definite call now

for banks not to extend loose credits or to make improper loans but for a most sympathetic attitude towards legitimate credit needs and for a recognition of responsibility for their proper and vital part in the program of recovery. "

Think back exactly one year ago today. You know where the banks stood at that time; you know where your own business stood. That telegram is a living illustration of the progress we have made. Let us consolidate our gains and let us resolve that that consolidation shall be for the continued progress and especially for the greater happiness and well being of the American people.

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ADDRESS OF THE PRESIDENT
GENERAL CONFERENCE OF CODE AUTHORITIES
AND TRADE ASSOCIATION CODE COMMITTEES
CONSTITUTION HALL, WASHINGTON, D. C.
March 5, 1934

(The only important changes occur in the first two paragraphs and the last two paragraphs of the speech. They are as follows:)

Eight and a half months ago when I signed the bill of the Congress creating the National Industrial Recovery Commission, in signing it I said this: "Must we go on in many groping, disorganized, separate units to defeat or shall we move as one great team to victory."

That team is before me this morning, <u>four or</u>

<u>five thousand strong</u>, <u>leaders of six hundred or more</u>

organized industries representing, as measured by employment, more than ninety per cent of the industrial field which is covered by the N. R. A. Naturally I am deeply gratified that the faith which I expressed last June is so well justified in March.

(The following is to be added as a paragraph before the last paragraph:)

If the banks go along, my friends, we will

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have three great elements of American life working together, industry, agriculture, and banking, and then we cannot stop.

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On the other hand, the critic is patriotic whether he be a business man, a worker, a farmer or a politician if

he says, I don't like the methods you are using to solve the problem; I believe it would be far better if we were to use the following alternate method, and thereupon outlines for the benefit of his neighbor and his government a helpful proposal.

In this great evolution through which we are passing, the average American is doing splendid service by coming back at the captious critic and saying to him, "Well, old man, and what do <u>you</u> suggest?" One thing is very certain, we are not going back either to the old conditions or to the old methods.

And now to be more specific in regard to NRA itself. You have set up representative government in industry. You are carrying it on without violation of the constitutional or the parliamentary system to which the United States has been accustomed. Your industrial groups are composed of two parts -- labor and management; and the government is a participant in this organization in order to carry out this mandate of the law, "To promote organization in industry for the purpose of cooperative action in trade groups and to induce and maintain united action of labor and management under adequate government sanction and supervision." Somebody, of course, must strike the equitable balance between conflicting interests

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What I said was true in June and it is true now. The first task of industry today, as it was then, is to create consuming power.

We must remember that the bulk of the market for American industry is among the 90% of our people who live on wages and salaries and only 10% of that market is among people who live on profits alone. No one is opposed to sensible and reasonable profits, but the morality of the case is that a great segment of our people are in actual distress and that as between profits first and humanity afterwards and humanity first and profits afterwards we have no room for hesitation. With millions still unemployed the power of our people to purchase and use the products of industry is still greatly curtailed. It can be increased and sustained only by striving for the lowest schedule of prices on which higher wages and increasing employment can be maintained.

Therefore, I give to industry today this challenge: It is the immediate task of industry to re-employ more people at purchasing wages and to do it now. Only thus can we continue recovery and restore the balance we seek. It is worth while keeping in the front of our heads the thought that the people in this country whose incomes are less than \$2,000 a

year buy more than two-thirds of all the goods sold here. It is logical that if the total amount that goes in wages to this group of human beings is steadily increased merchants, employers and investors will in the long run get more income from the increased volume of sales.

I want to speak for a moment directly to the public. In my initial statement of policy, I said:

"Finally, this law is a challenge to our whole people. There is no power in America that can force against the public will such action as we require. But there is no group in America that can withstand the force of an aroused public opinion. This great cooperation can succeed only if those who bravely go forward to restore jobs have aggressive public support and those who lag are made to feel the full weight of public disapproval."

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This is a law for the public benefit. Obviously an employer who pays Blue Eagle or Code wages cannot compete with an employer who does not. It is, therefore, common

sense for the consuming public in their own interests, as well as for labor and for industry, to join in seeing to it that the few who think only of selfish gain be made to play the game with the overwhelming majority.

Every examination I make and all the information I receive lead me to the inescapable conclusion that we must now consider immediate cooperation to secure increase in wages and shortening of hours. I am confident that your deliberations will lead you also to this conclusion. Reduction in hours coupled with a decrease in weekly wages will do no good at all, for it amounts merely to a forced contribution to unemployment relief by the class least able to bear it. I have never believed that we should violently impose flat, arbitrary and abrupt changes on the economic structure, but we can nevertheless work together in arriving at a common objective. The Government cannot forever continue to absorb the whole burden of unemployment. The thing to do now is to get more people to work. Your self-governing groups are not here to devise ingenious plans to circumvent the purposes of the Act. You are here in a patriotic spirit to effect these purposes. With few exceptions industry will give wholehearted compliance. It is only in the case of rare exceptions where industrial self-government may fail that the

Government itself must and will under the law move firmly and promptly to prevent failure.

Under the code system you and I are aware that experience must be the guide for the working out of difficulties and the prevention of abuses. For example, you on code authorities are your industrial brother's keeper and especially are you the keeper of your small industrial brother. We must set up every safeguard against erasing the small operator from the economic scene. Many years ago anti-trust laws were passed and one of the primary reasons for their enactment was the protection of the little fellow against the big fellow. In many cases these laws failed to protect the little fellow. We do not want to maintain that condition. The essential provisions of the codes should check or reverse competitive methods by which the small business man was or is being squeezed out.

These same anti-trust laws must continue in their major purpose of retaining competition and preventing monopoly; it is only where these laws have prevented the cooperation to eliminate things like child labor and sweat shops, starvation wages and other unfair practices that there is justification in modifying them.

One more subject I call to your special attention.

The law itself has provided for free choice of their own representatives by employees. Those two words "free choice" mean just what they say. It is obvious that the Government itself not only has the right but also the duty to see, first, that employees may make a choice and, secondly, that in the making of it they shall be wholly free. I ask that the letter and the spirit of free choice be accorded to its workers by every corporation in the United States.

We have been seeking experience in our first eight months of code making; for that same reason we have been tolerant of certain misunderstandings even when they resulted in evasions of the spirit if not of the letter of the law. Now we are moving into a period of administration when that which is law must be made certain and the letter and the spirit must be fulfilled. We cannot tolerate actions which are clearly monopolistic, which wink at unfair trade practices, which fail to give to labor free choice of their representatives or which are otherwise hostile to the public interest.

In a word, we cannot tolerate abuses of economic power -- abuses against labor, abuses against employers or abuses against the consuming public, whether they persist either with the aid of codes or despite their prohibitions. This does not mean that we can at once make perfect many

hundred codes covering the major trades and industries of the Nation, nor that we can get a mark of perfection in a day or a month. It does mean that we have arrived at the time for taking stock for correcting manifest errors, for rooting out demonstrated evils.

One year ago we were suffering and shrinking under economic pressures so intolerable that collapse was at hand. We had arrived at the day to make our choice. We made that choice. The American people responded to the call for action with eager enlistment -- enlistment in the struggle against ruthless self-seeking, reckless greed and economic anarchy. We undertook by lawful, constitutional processes to reorganize a disintegrating system of production and exchange.

The methods and details of that reorganization may and will change from year to year but it is very certain that the American people understand that the purpose of the reorganization was not only to bring back prosperity. It was far deeper than that. The reorganization must be permanent for all the rest of our lives in that never again will we permit the social conditions which allowed the vast sections of our population to exist in an un-American way, which allowed a mal-distribution of wealth and of power.

The willingness of all elements to enter into the spirit of the New Deal becomes more and not less evident as it goes on. As an example, I have just received a telegram from Mr. Francis M. Law, the President of The American Bankers Association. In it he said: "On this your first anniversary please allow me in behalf of the country's banks to express our full confidence and our sincere desire to cooperate in your courageous efforts to bring about recovery. * * * The Banking structure of the country is sound and liquid and banks have never been in stronger position to function effectively. Conditions have improved to the point where it is no longer necessary for banks to be super-liquid. * * * There is a definite call now for banks not to extend loose credits or to make improper loans but for a most sympathetic attitude towards legitimate credit needs and for a recognition of responsibility for their proper and vital part in the program of recovery."

Think back exactly one year ago today. You know where the banks stood at that time; you know where your own business stood. That telegram is a living illustration of the progress we have made. Let us consolidate our gains and let us resolve that that consolidation shall be for the continued progress and especially for the greater happiness and well-being of the American people.

INFORMAL EXTEMPORANEOUS REMARKS OF THE PRESIDENT
TO THE OVERFLOW MEETING OF THE GENERAL CONFERENCE
OF CODE AUTHORITIES AND TRADE ASSOCIATION CODE COMMITTEES
CONSTITUTION HALL, WASHINGTON, D. C.
March 5, 1934

My friends, I am glad to greet you here today. I think you are going to have an extremely interesting week.

I do not know whether you heard what I said in the other hall, but I will tell you a secret: That is the longest speech I have made in the whole of the past year. (Applause)

However, it is in a worthy cause. I meant every word I said and I honestly believe that what we are doing is the finest possible thing for American industry. I know that we are going to go on and add to the progress we have already made.

It is fine to see you and many thanks. (Applause)

Franklin D. Roosevelt Library

This is a transcript made by the White
House stenographer from his shorthard
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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Address of the President at the General Conference of Code Authorities and Trade Association Code Committees.

Washington, D. C.

Eight and a half months ago when I signed the Recovery Act I said, "Thust we go on in many groping, disorganized, separate units to defect or ohall we move as one great team to victory."

That team is before me this morning - 3500 leaders of 600 great organized industries representing, as measured by employment, more than 90 per cent of the industrial field which is covered by the N.R.A. Naturally I am deeply gratified that the faith which I expressed last June is so well justified in larrow.

I do not uniertake today to present either a broad review of all the manifold causes which led up to the distressful situation from which the Nation is exerging or a recapitulation of the events, the measures and the results of this past year. You are here as the direct representatives of only one element in our complex modern life but at the same time because of the fine spirit you have shown I can congratulate you on en approach to your can problems which shows an understanding of the many other problems which shows an dividend into each other to make up the broad objective of the American people.

It is sufficient for se to point out once more that the difficult and dangerous situation into which the United States had got itself was due to the general attitude, "Every man for himself; the devil take the hindmost." Individuals were seeking quick riches at the expense of other individuals. Geographical sections were seeking economic preference for themselves to the disciventage of other sections. Cities were recklessly offering inducements to menufacturing plants to move away from other cities. "Ithin given industries unfair competition went on unheeded or resulted in wast consolidations whose securities were peddled to the public at dishonest prices. There was little consideration for the social point of view and no planning, whatesever to avoid the pitfalls of overproduction or of selling meshods which foisted articles on a guilible public, which the fumily budget could not afford.

That is a strong picture but you and I, in the bottom of our hearts, know that it is a true picture. Host of us participated in the making of that picture. He did not know as ruch them as we know now and because our eyes have been opened it is possible that future history will call that crazy decade of 1910 to 1929 one of the greatest blessings that were came to the American people.

It was because the situation in March, 1933 was so serious all along the line that remedies had to be applied to every phase of the illness. The objective was, as you know, to apply these remedies in the American way and not to copy those which are being tried in other countries which do not live under the same form of democratic government as ours. I am always a little amused and perhaps at times a little saddened -- and I think the American people feel the same way -- by those few writers and speakers who proclaim tearfully either that we are now committed to Communism and collectivism or that we have adopted Fascism and a dictatorship. The real truth of the matter is that for a number of years in our country the machinery of democracy had failed to function. Through inertia on the part of leaders and on the part of the people themselves the operations of government had fallen into the hands of special groups, some of them vociferously lead by people who undertook to obtain special adventages for special classes and others lead by a handful of individuals who believed in their superhuman ability to retain in their own hands the entire business and financial control over the economic and social structure of the nation.

The fine response given by the overfinelming majority of the component parts of industry as represented here today proves to me that you have the same understanding of our broad purpose as is held by the average of the workers of the United States -- and that word workers means almost all of the American people. You have shown sincere desire for real cooperation; you have shown prompt response to the governmental request for metional unity. For this support I give you my thanks,

The National Industrial Recovery Act was drawn with the greatest good of the greatest number in mind. Its aim was to increase the buying power of wage earners and farmers so that industry, labor and the public night benefit through building up the market for farm and factory goods. Employer, wage earner and consumer groups are all represented on its boards with the government; all three groups with the government must have the interests of all the people as their main responsibility.

What we seek is belance in our conomic system -- belance between agriculture and industry and belance between the wage earmer, the employer and the consumer. We seek also belance that our internal markets be kept rich and large, and that our trade with other nations be increased on both sides of the ledger.

You and I are now conducting a great test to find out how the business leaders in all groups of industry can develop capacity to operate for the general welfare. Porsonally I am convinced that with your help the test is succeeding.

The very conception of NRA follows the democratic procedure of our government itself. Its theory of self regulation follows the American method rather than any of the experiments being tried in other navious. The very fact that you have been in Mashington to criticize and to discuss the way N.R.A. is working out is sufficient proof of this point.

There are some people, of course, who do not think things through; as, for example, the man who complained in one of yesterday morning's papers that criticiam was held to be unpatriotic. Let me put the case so clearly that even his type will understand. If we admit that the government has a specific product no solve and undertakes to do it in a specific way, the critic is unpatriotic who contents himself with loudly proclaiming that that way, that method is no good; that it won't work; that it is wrong to do this. This critic contributes nothing -- he is not constructive; he is unpatriotic because he attempts to destroy without oven suggesting a way to build up.

On the other hand, the critic is patriotic whether he be a business man, a worker, a farmer or a politician if he says, I don't like the methods you are using to solve the problem; I believe it would be far better if we were to use the following alternate method, and thereupon outlines for the benefit of his neighbor and his government a helpful proposal.

In this great evolution through which we are passing, the average American is doing splendid service by coming back at the captious critic and saying to him, ""all, old mam, and what do you suggest?" One thing is very certain, we are not going back either to the old conditions or to the old mathods.

And now to be more specific in regard to N.R.A. itself. You have, set up representative government in industry. You are carrying it on without violation of the constitutional or the parliamentary system to which the United States has been accustomed. Your industrial groups are composed of two parts - labor and management; and the government is a participant in this organization in order to carry out this mandate of the law, "To promote organization in industry for the purpose of cooperative action in trade groups and to induce and maintain united action of labor and management under adequate government sanction and supervision." Somebody, of course, must strike the equitable balance between conflicting interests and especially must protest the third group the consumer—and that tound "consumer" means the whole American people.

That group has also been in ashington, invited to come here and to make known publicly any complaint as to the affects of any of the codes. I am sure it will he ries you to know that the great majority of the complaints were directed not at the odds but at errors and omissions in what has been done under codes. The great bulk of complaint or criticism of the Rearray Act does not go to the Act itself or to its basic principles, but rather to the details of more method. In this we should feel encouraged and heartened that we are on the right treat end can go forward.

In morking out the balence on a national scale, of which I have spoken before, we can list overtain immediate of jectives. I spoke last June of the fact that mage increases will eventually raise costs but I saked that management give first consideration to increasing the purchasing power of the public. I said, "That is good economics can good business. The aim of this whole effort is to restore our rich domestic market by raising its vest consuming capacity." Complaint has been made of a few industries and of some companies that they have not followed this suggestion, and evidence brought forward shows that in some cases those complaints are justified. That I said was true in June and it is true now. The first task of industry today, as it was then, is to create consuming power.

is among the 80 per cent of our people who live on mages and salaries and only 10 per cent of the market is among people who live on profits alone. No one is opposed to sensible and reasonable profits, but the morality of the case is that a great segment of our people are in actual distress and that as between profits first and humanity afterwards and humanity first and profits afterwards we have no room for hesitation. 'It millions still unemployed the power of our people to purchase and use the products of industry is still greatly curtailed. It can be increased and sustained only by striving for the lowest schedule of prices on which higher wages and increasing employment can be maintained.

Therefore, I give to industry today this challenge: It is the immediate task of industry to re-employ more people at purchasing wages and to do it now. Only thus can we continue recovery and restore the belance we seek. It is worth while keeping in the front of our heads the thought that the people in this country whose incomes are less than \$2,000 a year buy more than two-thirds of all the goods sold here. It is logical that if the total emount that \$cos in wages to this group of human beings is steadily increased merchants, employers and investors will in the long run get more income from the increased volume of sales.

I want to speak for a moment directly to the public. In my initial statement of policy, I said:

"Finally, this law is a challenge to our whole people. There is no power in America that can force against the public will buch action as we require. But there is no group in America that can withstand the force of an aroused public opinion. This great cooperation can succeed only if those who bravely go forward to restore jobs have aggressive public support and those who lag are made to feel the full weight of public disapproval."

You all know what happened. We gave you the Blue Eagle as a symbol of cooperation. Its display in a shop or factory window, or upon a garment, or product, or delivery wegon, informed you that the firm with which you were dealing was doing its part in this great National cooperation to defeat depression. For the first time - so far as I know - all the opple in this country were given a part in making a law effective.

This is a law for the public benefit. Obviously an employer who pays Blue Eagle or Gode wages cannot compete with an employer who does not. It is, therefore, common sense for the consuming public in their own interests, as well as for labor and for industry, to join in seeing to it that the fow who think only or selfish gain be made to play the game with the overwhelming majority.

Every examination I make, and all the information I receive lead me to the inescapable conclusion that we must now consider immediate cooperation to secure increase in wages and shortening of hours. I am confident that your deliberations will lead you also to this conclusion. Reduction in hours coupled with a decrease in weekly wages will do no good at all, for it unounts merely to a forced contribution to unemployment relief by the class least able to bear it. I have never believed that we should violently impose flet, arbitrary and abrupt changes on the economic structure but we can nevertheless work together in erriving at a common objective. The Government cannot forever continue to absorb the whole burden of unemployment. The thing to do now is to get more people to work, Your self-poverning groups are not here to device ingenious plans to circumvent the purposes of the Act. You are here in a patriotic spirit to effect these purposes. With few exceptions industry will give wholehearted compliance. It is only in the case of rare exceptions where industrial self government may fail that the Government itself must and will under the law move firmly end promptly to prevent failure.

Under the code system you and I are sware that experience must be the guide for the working out of difficulties and the prevention of abuses. For excepte, you on code cuthorities are your industrial brother's keeper and especially are you the keeper of your small industrial brother. We must set up every surfegueral against ernesing the small operator from the economic scene. Many years ago enti-trust less were passed and one of the primery reseasons for their enactment was the protection of the little follow against the big fellow. In many cases these laws failed to protect the little fellow against the codes should check or reverse competitive methods by which the small business men was or is being squeezed out.

These same nnti-trust laws must continue in their major purpose of retaining competition and preventing monopoly: it is only where these laws have prevented the cooperation to eliminate things like child labor, and sweat shops, starvetion wages and other unfair practices that there is justification in modifying them.

One more subject I call to your special attention. The lew itself has provided for free choice of their own representatives by employees. Those two words "free choice" mern just what they say. It is obvious that the Government itself not only has the right but also the duty to see, first, that employees may make a choice and, secondly, that in the making of it they shall be sholly free. I ask that the letter and the spirit of free choice be seconded to its workers by every corporation in the United States.

We have been seeking experience in our first sight months of code making; for that same reason we have been tolerant of certain misunderstandings even when they resulted in evasions of the spirit if not ef the letter of the law. Now we are moving into e period of administration when that which is law must be made certain and the letter and the spirit must be fulfilled. We cannot tolerate pactions which are clearly monopolistic, which which are clearly monopolistic, which which are chieff breathes, which fail to give to labor free choice of their representatives or which are otherwise hostile to the public interest.

In a word, we cannot tolerate abuses of economic power — abuses against labor, abuses against employers or abuses against the consuming public, whether they persist either with the sid of godes or despite their prohibitions. This does not mean that we can at once make perfect many hundrade codes covering the major trades and industries of the Nation, nor that we can get a mark of perfection in a day or a month. It does mean that we have arrived at the time for taking stock for correcting manifest errors, for rooting out demonstrated evils.

One year age we were sufforting and shrinking under economic pressures so intolorable that collapse was at hand. We had arrived at the day to make our choice. We made that choice. The american people responded to the call for action with eager emistment -- enlistment in the struggle against ruthless self-ceeking, reckless gread and economic anarchy. We undertook by lawful, constitutional processes to reorganize a disintegrating system of production and eronange.

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STATEMENTS FILE

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March 5, 1934.

CAUTION -- HOLD FOR TELEASE

This address of the President at the General Conference of Code Authorities and Trade Association Code Committees must be held in confidence until released. CAUTION -- Release upon Delivery.

STEPHEN EARLY Assistant Secretary to the President

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Eight and a half months ago when I signed the Recovery Act I said, "Must we go on in many groping, disorganized, separate units to defeat or shall we move as one great team to victory." 4760 M

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It is sufficient for me to point out sonce more that the difficult and dangerous situation into which the United States had not itself was due to the general attitude, "Every man for himself: the devil take the hindmost." Individuals were seeking quick riches at the expense of other individuals. Geographical sections were seeking economic preference for themselves to the disadvantage of other sections. Cities were recklessly offering inducements to manufacturing plants to move away from other cities. Within given industries unfair competition went on unheeded or resulted in vast consolidations whose securities were peddled to the putile at dishonest prices. There was little consideration for the social point of view and no plannin whatsower to avoid the pitfalls of overproduction or of sellin, methods which foisted articles on a cullible public, which the family budget could not afford.

That is a strong picture but you and I, in the bottom of our hearts, know that it is a true picture. Most of us participated in the making of that picture. We did not know as much then as we know now and because our eyes have been opened it is possible that future history will call that crazy decar 1919 to 1929 one of the reatest blessings that ever came to the American people.

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We must remember that the bulk of the market for American industry is among the 90 per cent of our people who live on wages and salaries and only 10 per cent of the market is among people who live on profits alone. No one is opposed to sensible and reasonable profits, but the morality of the case is that a great segment of two people are in actual distress and that as between profits first and humanity afterwards and humanity first and from the first actual distress and the salaries of the profits of the two morals of the profits attail unemployed the power of our people to purchase and use the products of industry is still greatly curtailed. It can be increased-and sustained only by striving for the lowest schedule of prices on which higher wages and increasing employment can be maintained.

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The willingness of all elements to enter into the spirit of the New Teel becomes more and not less evident as it goes on. As an example, I have just received a telegram from hir. Francis M. Law, the Frestdent of the American Enhers Association. In it he said . Won this your first anniversary please allow me in behalf of the country behalt to express our full confidence and our sincere desire to cooperate in your courage ous efforts to bring about recovery. X x X x X The Benking structure of the country is sound and liquid and banks have never been in stronger position to function effectively. Conditions have improved to the point where it is no longer necessary for banks to be super-liquid. X x x x R here is a definite call now for banks not to extend loose credits or to make improper locans but for a most sympathetic attitude towards legitimate or reference and for a reconition of responsibility for their proper and vital part in the program of recovery.

Think back exactly one year ago today. You know where the banks stood at that time; you know where your own business stood. That telegram is a living illustration of the programs we have made. Let us consolidate our gains and let us resolve that that consolidation shall be for the continued progress and especially for the greater happiness and well being

of the American people.

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Address of the President at the General Conference of Code Authorities and Trade Association Code Committees.

Washington, D. C.

Eight and a half months ago when I signed the Recovery Act I said, "Must we go on in many groping, disorganized, separate units to defeat or shall we move as one great team to victory."

That team is before me this morning - 3500 leaders of 600 great organized industries representing, as measured by employment, more than 90 yer cent of the industrial field which is covered by the N.R.A. Naturally I am deeply gratified that the faith which I expressed last June is so well justified in 12arch.

I do not undertake today to present either a broad review of all the manifold causes which led up to the distressful situation from which the Nation is erarging or a recapitulation of the events, the measures and the results of this past year. You are here as the direct representatives of only one element in our complex modern life but at the same time because of the fine spirit you have shown I can congratulate you on an approach to your own problems which shows an understanding of the ramy other problems which cris-cross and dovetal into each other to make up the broad objective of the American people.

It is surficient for me to point out once more that the diffit was due to the general attitude, "Every man for himself; the devil take the hindmost." Individuals were seeking quick riches at the expense of other individuals. Seegraphical sections were seeking economic preference for themselves to the disadvantage of other sections. Cities were recklessly offering inducements to manufacturing plants to move away from other cities. Within given industries unfeir competition went on unheeded or resulted in wast consolidations whose securities were peddled to the public at dishonest prices. There use little consideration for the social point of view and no planning, whatseever to avoid the pitfalls of overproduction or of selling methods which foisted articles on a gullible public, which the family bugget could not afford.

That is a strong picture but you and I, in the bottom of our hearts, know that it is a true picture. Nost of us participated in the making of that picture. "We did not know as much then se we know now and because our eyes have been opened it is possible that future history will call that crazy decade of 1919 to 1929 one of the greatest blessings that ever came to the American people.

It was because the situation in March, 1933 was so serious all along the line that remedies had to be applied to every phase of the illness. The objective was, as you know, to apply these remedies in the American way and not to copy those which are being tried in other countries which do not live under the same form of democratic government as curs. I am always a little amused and perhaps at times a little saddened -- and I think the American people feel the same way -- by those few writers and speakers who proclaim tearfully either that we are now committed to Communism and collectivism or that we have adopted Fascism and a dictatorship. The real truth of the matter is that for a number of years in our country the machinery of democracy had failed to function. Through inertia on the part of leaders and on the part of the people themselves the operations of government had fallen into the hands of special groups, some of them vociferously lead by people who undertook to obtain special advantages for special classes and others lead by a handful of individuals who believed in their superhuman ability to retain in their own hands the entire business and financial control over the economic and social structure of the nation.

The fine response given by the overfielding majority of the component parts of industry as represented here today proves to me that you have the sees understanding of our broad purpose as is held by the average of the workers of the United States — and that word workers means almost all of the American people. You have shown sincere desire for real cooperation; you have shown prompt response to the governmental request for national unity. For this support I give you my thanks.

The National Industrial Recovery Act was drawn with the greatest good of the greatest number in mind. Its als was to increase the buying power of wage earners and farmers so that industry, lebor and the public might benefit through building up the market for farm and factory goods. Employer, wage earner and consumer groups are all represented on its boards with the government; all three groups with the government; all three groups with the government must have the interests of all the poonle as their main responsibility.

That we seek is balance in our economic system -- balance between agriculture and industry and balance between the wage earmer, the employer and the consumer. We seek also balance that our internal markets be kept rich and large, and that our trade with other nations be increased on both sides of the ladger.

You and I are now conducting a great test to find out how the business leaders in all groups of industry can develop capacity to operate for the general welfare. Paracelly I am convised that with your help the test is succeeding.

The very conception of NRA follows the democratic procedure of our government itself. Its theory of self regulation follows the American method rather than any of the experiments being tried in other nations. The very fact that you have been in Mashington to criticize and to discuss the way N.R.A. is working out is sufficient proof of this point.

There are some people, of course, who do not think things through; as, for example, the man who complained in one of yesterday morning's papers that criticism was held to be unpatrictio. Let me put the case so clearly that even his type will understend. If we admit that the government has a specific produce mto solve and undortakes to do it in a specific way, the critic is unpatrictic who contents himself with loudly proclaiming that that way, that method is no good; that it wont twork; that it is wrong to do this. This critic contributes nothing -- he is not constructive; he is unpatrictic because he attempts to destroy without even suggesting a way to build up.

On the other hand, the critic is patriotic whether he be a business man, a worker, a farmer or a politician if he says, I don't like the methods you are using to solve the problem; I believe it would be far better if we were to use the following alternate method, and thereupon outlines for the benefit of his neighbor and his government a helpful proposal.

In this great evolution through which we are passing, the average American is doing splandid service by coming lack at the captions critic and saying to him, "Fall, old man, and what do you suggest?" One thing is very certain, we are not going back either to the old conditions or to the old methods.

and now to be more specific in regard to N.R.A. itself. You have set up representative government in industry. You are carrying it on without violation of the constitutional or the perliamentary system to which the United States has been accustomed. Your industrial groups are composed of two parts - labor and management; and the government is a participant in this organization in order to carry out this mandate of the law, "To promote organization in industry for the purpose of cooperative action in trade groups and to induce and maintain united action of labor and management under adequate government sanction and supervision." Somebody, of course, must strike the equitable balance between conflicting interests and especially must protest the third group—the consumer—and that your "consumer" means the whole American people.

That group has also been in ashington, invited to come here and to make known publicly any complaint as to the effects of any of the codes. I am sure it vill herrian you to know that the great majority of the complaints were directed not at the odds but at errors and omissions in what has been done under codes. The great bulk of complaint or criticism of the Recvery Act does not go to the Act itself or to its basic principles, but rather to the details of more method. In this we should feel encouraged and heartened that we are on the right tract and can go forward.

In morking out the belence on a national scale, of which I have spoken before, we can list cortain invediate objectives. I spoke last June of the fact that wage increases will eventually raise costs but I saked that management give first consideration to increasing the purchasing power of the public. I said, "That is good economics and good business. The aim of this whole effort is to restore our rich domestic market by raising its vast consuming capacity." Complaint has been made of a few industries and of some companies that they have not followed this suggestion, and evidence brought forward shows that in some cases these complaints are justified. That I said was true in June and it is true now. The first task of industry today, as it was then, is to create consuming power.

is must remember that the bulk of the market for American industry is among the 90 per cent of our people who live on wages and salaries and only 10 per cent of that market is among people who live on profits alone. No one is opposed to sensible and reasonable profits, but the morality of the case is that a great segment of our people are in actual distress and that as between profits first and humanity afterwards and humanity first and profits afterwards we have no room for hestiation. It imillions still unemployed the power of our people to purchase and use the products of industry is still greatly cuntailed. It can be increased and sustained only by striving for the lowest schedule of prices on which higher wages and increasing amployment can be maintained.

Therefore, I give to industry today this challenge: It is the immediate task of industry to re-employ more people at purchasing mages and to do it now. Only thus can we continue receivery and restore the balance we seek. It is worth while keeping in the front of our heads thought that the people in this country whose incomes are less than \$2,000 a year buy more than two-thirds of all the goods sold hare. It is logical that if the total amount that joes in wages to this group of human beings is steadily increased merchants, employers and investors will in the long run get more income from the increased volume of sales.

I want to speak for a moment directly to the public. In my initial statement of policy, I said:

"Finally, this law is a challenge to our whole yeople. There is no power in America that can force against the public will such action as we require. But there is no group in America that can withstand the force of an aroused public opinion. This great cooperation can succeed only if those who brevely go forward to restore jobs have aggressive public support and those who lag are made to feel the full weight of public disapproval."

You all know what happened. "e gave you the Blue Zegle as a symbol of cooperation. Its display in a shop or factory windo", or upon a garment, or product, or delivery wagon, informed you that the firm with which you were dealing was doing its part in this great National cooperation to defeat depression. For the first time -- so far as I know -- all of the people in this country were given a part in making a law effective.

This is a law for the public benefit. Obviously an employer who pays Blue Eagle or Gode wages cannot compete with an employer who does not. It is, therefore, common sense for the consuming public in their own interests, as well as for labor and for industry, to join in seeing to it that the few who think only of selfish gain be made to play the game with the overwhelming mejority.

Every exemination I make, and all the information I receive leed me to the inescapable conclusion that we must now consider immediate cooperation to secure increase in wages and shortening of nours. I am confident that your deliberations will load you also to this conclusion. Reduction in hours coupled with a decrease in weekly wages will do no good at all, for it amounts merely to a forced contribution to unemployment relief by the class least able to bear it. I have never believed that we should violently impose flat, arbitrary and abrupt changes on the economic structure but we can nevertheless work together in arriving at a common objective. The Government cannot forever continue to absorb the whole burden of unemployment. The thing to do now is to get more people to work, Your self-coverning groups are not here to devise ingenious plane to circumvent the purposes of the Act. You are here in a patriotic spirit to effect these purposes. With few exceptions industry will give wholehearted compliance. It is only in the case of rare exceptions where industrial self Sovernment may fail that the Government itself must and will under the law move firmly end promptly to prevent failure.

Under the code system you and I are swore that experience must be guide for the working out of difficulties and the prevention of abuses. For example, you on code authorities are your industrial brother's keeper and especially are you the keeper of your small industrial brother. We must set up every arfequend egainst eracing the small operator from the economic scene. Many years ago anti-trust less were passed and one of the primery reasons for their enactment was the protection of the little fellow against the big fellow. In many cases these laws failed to protect the little fellow. We do not want to maintin that condition. The essential provisions of the codes should check or reverse competitive methods by which the small business man was or is being squeezed out.

These same anti-trust laws must continue in their major purpose retaining competition and preventing monopoly; it is only where these laws have provated the cooperation to eliminate things like child labor and sweet shops, stervetion wages and other unfair practices that there is justification in modifying them.

One more subject I cell to your special attention. The lew iteal has provided for free choice of their own representatives by employees. Those two work "free choice" men just what they say. It
is obvious that the Government itself not only has the right but also
the duty to see, first, that employees may make a choice end, secondly,
that in the making of it they shall be shally free. I ask that the
letter and the spirit of free choice be seconded to its workers by
every corporation in the United States.

We have been seeking experience in our first eight months of code making; for that same reason we have been tolerant of certain misundorstandings even when they resulted in eventons of the spirit if not of the letter of the law. Now we are moving into a period of administration when that which is law must be made certain and the letter and the spirit must be fulfilled. We cannot tolerate softions which are clearly monopolistic, which what at unfair trade practices, which fail to give to labor free choice of their representatives or which are otherwise hostile to the public interest.

In a word, we cannot tolerate abuses of economic power -- abuses against abor, abuses against employers or abuses against the consuming public, whether they persist either with the sid of godes or despite their prohibitions. This does not mean that we can et once make perfect meny hundrade codes covering the major trades and industries of the Nation, nor that we can get a mark of perfection in a day or a month. It does meen that we have arrived at the time for taking stock for correcting manifest errors, for rooting out demonstrated evils.

One year ago to were suffering and shrinking under economic pressures so intolevable that collapse was at hand. "The had arrived at the day to make our choice. We made that choice. The American people responded to the call for action with eager onlistment -- enlistment in the struggle against ruthless self-seeking, reckless greed and economic anarchy. We undertook by lawful, constitutional processes to reorganize a disintegrating system of production and exchange.

The methods and details of that reorganization may and will change from year to year but it is very certain that the American people understand that the purpose of the reorganization mas not only to bring back prosperity. It was far deeper than that. The reorganization must be permanent for all the rest of our lives in that never again will we permit the social conditions which allowed the vest sections of our population to exist in an un-American way, which allowed a mal-distribution of wealth and of power.

The willingness of all elements to enter into the spirit of the New Deal becomes more and not less evident as it joes on. As an example, I have just received a telegram from Mr. Trancis II. Law, the Prosident of The American Bankers Association. In it he said: "On this your first anniversary please allow me in behalf of the country's banks to express our full confidence and our sincere desire to cooperate in your courageous efforts to bring shout recovery. x x x The Banking structure of the country is sound and liquid and banks have mover been in stronger position to function offectively. Conditions have improved to the point where it is no longer necessary for banks to be super-liquid. x x x There is a definite call now for banks not to extend loose credits or to make improper loans but for a most sympathetic stititude towards legitimate credit needs and for a recognition of responsibility for their proper and vital part in the program of recovery.

Think back exactly one year ago today. You know where the banks stood at that time; you know where your our business stood. That tolegram is a living illustration of the progress we have made. Let us consolidate our gains and let us resolve that that consolidation shall be for the continued progress and especially for the greater happiness and well-being of the American people.

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That team is before me this morning - 3500 leaders of 600 great organized industries representing, as measured by employment, more than 90 per cent of the industrial field which is covered by the N.R.A. Naturally I am deeply gratified that the feith which I expressed last June is so well justified in March.

I do not undertake today to present either a broad review of all the manifold causes which led up to the distressful situation from which the Nation is emerging or a recapitulation of the events, the measures and the results of this past year. You are here as the direct representatives of only one element in our complex modern life but at the same time because of the fine spirit you have shown I can congratulate you on an approach to your own problems which shows an understanding of the many other problems which criscross and dovetail into each other to make up the broad objective of the American people.

It is sufficient for me to point out once more that the discreanable, difficult and dangerous situation into which the United States had got itself was due to the general attitude, "Every man for himself: the devil take the hindmost." Individuals were seeking quick riches at the expense of other individuals. Geographical sections were

seeking economic preference for themselves to the disadvantage of other sections. Cities were offering to manufacturing plants to move away from other cities. Within given industries unfair competition went on unheeded or resulted in vast consolidations whose securities were peddled to the public at dishonest prices. There was little consideration for the social point of view and no planning whatsoever to avoid the pitfalls of over production or of selling methods which foisted unassed articles on a gullible public which the family builds that afford

That is a strong picture but you and I, in the bottom of our hearts, know that it is a true picture. Most of us participated in the making of that picture. We did not know as much then as we know now and because our eyes have been opened it is possible that future history will call that crazy decade of 1919 to 1929 one of the greatest blessings that ever came to the American people.

It was because the situation in March, 1933 was so serious all along the line that the remedies had to be applied to every phase of the illness. The objective was, as you know, to apply these remedies in the American way and not to copy those which were being tried in other countries which did not live under the same form of democratic government that is ours. I am always a little amused and perhaps at times a little saddened -- and I think the American people feel the same way --- by those few writers and speakers who proclaim tearfully either that we are now committed to Communism and collectivism or that we have adopted Fascism and a dictatorship. The real truth of the matter is that for a number of years in our country the machinery of democracy had failed to function. Through inertia on the part of leaders and on the part of the people themselves the operations of government had fallen into the hands of special

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people. You have shown response to the governmental request for national unity. For

this support I give you my thanks.

The National Industrial Recovery Act was drawn with the greatest good of the greatest number in mind. Its aim was to increase the buying power of wage earners and farmers so that

Part 2 - page 3

industry, labor and the public might benefit through building up the market for farm and factory goods. Employer, wage earner and consumer groups are all represented on its boards with the government; all three groups with the government must have the interests of all the people as their main responsibility.

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In this great evolution through which we are passing, the average American is doing splendid service by coming back at the captious critic and saying to him, "Well, old man, and what do you suggest?" One thing is very certain, we are not going back either to the old conditions or to the old methods.

And now to be more specific in regard to N.R.A. itself. You have set up representative government in industry. You are carrying it on without violation of the constitutional or the parliamentary system to which the United States has been accustomed. Your industrial groups are composed of two parts -- labor and management; and the government is a participant in this organization in order to carry out this mandate of the law, "To promote organization in industry for the purpose of cooperative action in trade groups and to induce and maintain united action of labor and management under adequate government sanction and supervision." Somebody, of course, must strike the equitable balance between conflicting interests and espectially must protect the third group -- the consumer -and that word "consumer" means the whole American people.

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June of the fact that wage increases will eventually raise costs but I

asked that management give first consideration to increasing the purchasing

power of the public. I said, "That is good economics and good business.

The aim of this whole effort is to restore our rich domestic market by

raising its vast consuming capacity." Complaint has been made of a few

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and evidence brought forward shows that in some cases these complaints are

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industry today, as it was then, is to create consuming power.

We must remember that the bulk of the market for American industry is among the 90 per cent of our people who live on wages and salaries and only 10 per cent of that market is among people who live on profits alone. No one is opposed to sensible and reasonable profits but the morality of the case is that a great segment of our people are in actual distress and that as between profits first and humanity afterwards and humanity first and profits afterwards we have no room for hesitation. With millions still unemployed the power of our people to purchase and use the products of industry is still greatly curtailed. It can be increased and sustained only by striving for the lowest schedule of prices on which higher wages and increasing employment can be maintained.

Therefore, I give to industry today this challenge: It is the

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that the people in this country whose incomes are less than \$2,000 a year buy more than two-thirds of all the goods sold here. It is logical that if the total amount that goes in wages to this group of human beings is steadily increased merchants, employers and investors will in the long run get more income from the increased volume of sales.

Part 4 - page 1

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In my initial statement of policy, I said:

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You all know what happened. We gave you the Blue Eagle as a symbol of cooperation. Its display in a shop or factory window, or upon a garment, or product, or delivery wagon, informed you that the

firm with which you were dealing was doing its part
in this great National cooperation to defeat depression.
It is perhaps the most effective support of this law.
For the first time -- so far as I know -- all of the
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employer who pays Blue Eagle or Code wages cannot compete with an employer who does not. It is therefore common within such that the for and for industry to join in seeing to it that the few who think only of selfish gain be used to play the game with the overwhelming majority.

Every examination I make, and all the information I receive lead me to the inescapable conclusion that we must now consider immediate cooperation that seeks to struck increase in wages and shortening of hours. I am confident

Part 4 - page 3

that your deliberations will lead you also to this conclusion. Reduction in hours coupled with a decrease in weekly wages will do no good at all, for it amounts merely to a forced contribution to unemployment relief by the class least able to bear it. I have never believed that we should violently impose flat, arbitrary and abrupt changes on the economic structure but we can nevertheless work together in arriving at a common objective. The Government cannot forever continue to absorb the whole burden of unemployment. The thing to do now is to get more people to work. Your self-governing groups are not here to devise ingenious plans to circumvent the purposes of the Act. You are here in a patriotic spirit to effect these purposes. With few exceptions industry will give wholehearted compliance. It is only in the case of rare exceptions where industrial self government may

Part 4 - page 4.

fail that the Government itself must and will under the law move firmly and promptly to correct failure.

Under the code system you and I are aware that experience must be the guide for the working out of difficulties and the prevention of For example, you on code authorities are your industrial brother's keeper and especially are you the keeper of your small industrial brother. We must set up every safeguard against erasing the small operator from the economic scene. Many years ago anti-trust laws were passed and one of the primary reasons for their enactment was the protection of the little fellow against the big fellow. In many cases these laws failed to protect the little fellow. We do not want to maintain that condition. The essential provisions of the codes should check or reverse competitive methods by which the small business man was or is bring a squeezed out.

These same anti-trust laws must continue in their major purpose find privately surming their major purpose of retaining competition: it is only where these laws have prevented the cooperation to eliminate things like child labor and sweat shops, starvation wages and other unfair practices that there is justification in modifying them.

One more subject I call to your special attention. The law itself has provided for free choice of their own representatives by it employees. Those two words "free choice" mean just what they say.

It is obvious that the Government itself has the right and the duty to hear that employees may make a choice and, secondly, that in the making of it they shall be wholly free. We do not want to been the words to that the letter and the spirit of free choice be accorded to its workers by every corporation in the United States.

we have been seeking experience in our first eight months of code making; for that same reason we have been tolerant of certain misunderstandings even when they resulted in evasions of the spirit if not of the letter of the law. Now we are moving into a period of administration when that which is law must be made certain and the letter and the spirit must be fulfilled. We cannot tolerate which are clearly monopolistic, which wink at unfair trade practices, which fail to give to labor free choice of their representatives or which are otherwise hostile to the public interest.

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Think back exactly one year ago today. You know where the banks stood at that time; you know where your own business stood. That telegram

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