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[Annual Message to Congress]

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Annual Message
1939

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As this Congress opens, the American people need no more warn-
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A war which threatened to engulf the world in flames has been
momentarily averted. But it has become increasingly and painfully clear
that peace has not been achieved.

All about us is undeclared war, military and economic. All
about us grow greater and more deadly armaments - military and economic.
All about us are being plotted new incidents to justify aggression -
military and economic.

We have in this hemisphere, under a single ideal of democratic
government, the richest diversity of peoples and the richest diversity
of resources in the world, functioning together in peace.

To all men of good will, that peace is now the shadow of a
great rock in a weary land.



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From the Papers of
SAMUEL I. ROSENTHAL

1st Draft
Annual Message
1934

For the last four years I have considered it the duty of leadership to open the Congress with increasing warning of disturbance abroad and the need of putting our own house in order before it has to meet the strength of storms from over the seas.

As this Congress opens, the American people need no more warning.

A war which threatened to engulf the world in flames has been momentarily averted. But it has become increasingly and painfully clear that peace has not been achieved.

All about us is undeclared war, military and economic. All about us grow greater and more deadly armaments - military and economic. All about us are being plotted new incidents to justify aggression - military and economic.

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That hemisphere and that peace, we propose to protect against storms from any quarter — and we propose to do now anything necessary to guarantee that protection. From that determination no American flinches.

What do we need to protect ourselves?

First of all we need an army, navy and air force, and a well-organized ability to adapt our industrial system for military supplies.

One year ago a substantial part of our people may have believed that the innate decency of mankind would protect from aggression those who by deliberate unpreparedness showed their innate trust of mankind. One year ago many in this country may have believed that the courage of bare hands could defend sacred soil with broomsticks. Today no one can believe such things.

In the course of a few days I hope to send you a special message asking my recommendations for obvious military essentials of preparedness against trouble which we hope may not come, but which we cannot take the risks of assuming will not come.



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The second thing we need is a realistic foreign policy.

I have earlier said that we have learned from the World War not only much to do but also much not to do in our relations with foreign powers.

But we have also learned much from the new wars which have raged about us in the last two years.

We have learned how much differently modern wars, military and economic, are fought — how much preparatory invasion of propaganda and sabotage takes place before military aggression follows. We have learned the impossibility of isolation by formula since invasion and economic interrelationship have obliterated distance. We have learned that our own neutrality legislation in its present form operates unevenly and unfairly; may actually give aid to an aggressor and deny it to the victim of aggression; may create a public conviction that there can be no middle course of action between a neutrality policy which will aid an aggressor and active military intervention on behalf of the victim of aggression.

We have sought to safeguard the common safety of the



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Western Hemisphere by cooperative action. The recent conference at Lima has strengthened our faith in the value and effectiveness of such cooperative action. We shall continue our good neighbor policy in our dealings with our neighbors in this hemisphere.

But the ultimate strength of a nation to defend itself lies deeper than effective diplomacy and adequate stores of arms. Down at the bottom the things that make a nation mighty in self-defense are the same as make it great in peace. Might and greatness both are built of the abilities of men and women given the fullest chance to grow, of irreplaceable natural resources wisely husbanded, of perishable productive resources of labor and capital mutually used to the full, of the self-confidence that comes from the moral cohesion of the diverse racial, religious and social groups that make up the nation. These things put ability and imagination and devotion behind aeroplanes and tanks and ships of war; these things give the staying power that hangs on to win; — and these things bring the cool courage of self-restraint with which a people sure of itself avoids being frightened either into war or out of war.



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During the Great War we saw civilian populations crack before
 armies; crack under the drain of physical privations; crack under the
 pounding of propaganda. And during the present undeclared war we have
 seen nations strong on paper in a military sense unmoved by the self-
 distrust engendered by class injustice, by differences between capital
 and labor — in short by unsolved social problems at home.

Never forget that in one respect a dictatorship always has
 an advantage over a free people; a dictator can always command the
 full strength of a *repainted* nation.

But to summon forth the united strength of a democratic nation,
 government must represent the united will of a free people. And in a
 democracy there is always doubt of that united will unless substantially
 all the people, educated by modern standards to know what is going on,
 are convinced that the whole set-up of things is giving them as large a
 share of opportunity for development and of human dignity and of material
 goods as they deserve.

For years I have been trying to make the country see our pro-



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gram of social and economic reform in that true light of national defense — as a form of preparedness as basic as armaments themselves.

And in getting ready for eventualities we have, scarcely realizing it, come magnificent distances that would be envied by any a foreign nation much longer conscious of a defense problem. We have passed deserts and crossed mountains unimaginable twenty — yes ten years ago.

Do you remember what kind of a fighting organism we were in 1932?

When the great depression of 1929 swept across the world you might have expected that the richest nation on earth, could have organized itself, could have found the ability within itself, to resist the common infection of panic and business collapse. But you know very well that we probably got poorer results for our resources than any other nation on earth.

During the roaring 20's, inside the magnificent false front of national wealth and prosperity, under the flaming cloud castles of

high finance, the sap of our national life had been poisoned with graft, with wild speculation, with narrowness of view. Our land, our rivers, our mines, our forests had been magnificently wasted. The health of the nation as a whole was poor; its housing atrocious. The industrial unemployed were left to deteriorate. The farmers were driven deeper and deeper into debt. We had not even tried to regularize the relationships of employers with employees who had been explosively repressed for thirty years by the dangerous instrument of court injunctions. The prosperity of business was shoved up, year after year, only by foreign loans that would never be paid, by inflation^{of} bank credit, and by the unhealthy stimulation of a stock market boom that was sure to blow up.

When the day of trial came, America was an inflated, hollow shell, not fit to stand the strain of any crisis.

Let us be honest — I doubt if it would have been any different if the crisis had been a world war instead of a world depression.



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Any storm that blew could have blown us over. We were out of training, selfish and careless of the future, and so we, the richest nation on earth, fell the hardest and lay helpless and whimpering under the lash of the storm.

Today we have our difficulties but we are a far wiser nation — and a far tougher nation — than we were in 1827, 1829 or 1832. In the perspective of events abroad of the last twelve months, I hope that the pattern and the accomplishments of the last six years — the sum total of what we have been driving at — becomes clearer.

Whatever our deficiencies the American people in the last six years have for the first time in our history moved upon our real problems of national strength and forged national instruments adequate to meet those problems.

Whatever our present deficiencies, we have really gone at the problem of conserving and developing our irreplaceable natural resources.

We have really gone at seeing to it that every man, woman and



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child who may some day be called upon physically to defend this country gets a necessary minimum of food and shelter and medical attention.

We have really struggled with the enormous economic difficulties of the relationship of the farmer to the industrial order — and with the enormous difficulties of regularizing by law the relations between employer and employee; our concern for farm prices and decent wages and working conditions for industrial laborers is the first national effort to require the productive system to support the producer.

We have a banking system in which the public's deposits are safe from storm and in which business finance ~~which~~ does not depend upon defrauding investors.

And whatever our deficiencies we have made the American people conscious of their interrelationship and their interdependence. Today as never before they sense that whatever their occupation or geographical location, race or religion, they share a common destiny. This vast continent, once a mere federation of sections, we have made one nation in thought and in action.



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Never have there been any such six years of internal preparedness in the history of any country as far-flung as ours. And all this we have done without any dictator's power to command, without conscription, without labor camps, without concentration camps, without a scratch upon freedom of speech, freedom of the press or the rest of the Bill of Rights.

Having boldly eluded so far, we can now see things that we could not see along the way. As I see our present situation events had outmoded by 1929 the economic tools which our democracy knew how to use. In the six years since March 1933 we have had to forge ourselves a whole new set of tools based on a new conception of the role of government in democracy — a role of continuing responsibility for the welfare of all the people. The legislation over which we have struggled in those six years, sometimes so bitterly, constitutes those tools.

Some of those tools had to be pretty roughly shaped and need a lot of machining down. All of them are complicated. They will never work at maximum effectiveness until a scheme of government reorganization allows the federal executive and the state executives to use these tools



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is the most effective combinations. And even with such reorganization it may be a long time before we develop administrative personnel and experience to use our new tools with a minimum of mistakes.

But two great truths about these new tools and their use are in the forefront of my mind.

The first truth is that the American people have already accepted our new legislation as the indispensable machinery of the next age of democracy. To my mind the most significant feature of the past election was that the opposition party itself accepted these tools as the instruments of a new order of things; that nowhere was there any significant attack upon the new ideas and the new instrumentalities which this Administration has brought to democratic government.

Where there was criticism it was suggestion for refinement or for extension. And I for one welcome the emergence of an effective and intelligent opposition to help in the process of further machining which all of us admit may be needed upon our new tools.

This acceptance of a new technique of democracy is as I say



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one of the two important facts of our present situation. The other truth is the paramount importance of time. The deadline of national danger against which we must work to make democracy newly effective is not within our control. The hourglass which measures our opportunity may be in the hands of other nations. That lies ahead of us therefore is a race against time with our new tools; a race to make democracy work so that we may be a nation contented in peace and secure in self-defense.

In our plans to win that race there are elements of detail interesting to every part of our population.

For our older people we want to make better provision by way of old age pensions under our Social Security legislation. For the medically needy we want to provide better medical care.

For the farmer it is apparent that we must further refine our farm legislation, simplify it and democratize its administration so as to bring better stability in farm prices with less burden on the individual farmer.

For the industrial worker we must work out deficiencies in the wage and hour law. For employer and employee alike we must find some



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single
 way to end factional labor strife and employer-employee strife. No
 simple problem makes such demands upon the patriotism and the common
 sense of all parties to it as our suicidal labor strife and all the
 weaknesses that flow from it.

But over and beyond all these things the compulsions of time
 force upon us now, I think, a bolder task.

We have now learned enough from experience and we have at-
 tained enough of our intermediate goals to dare to tackle during the
 pendency of this Congress our big over-all problem -- full employment
 of our labor and capital to produce the largest possible volume of goods
 and national income.

That, mark you, does not mean insurance against unemployment --
 although such insurance must always have a place in our protective
 measures. It means something much bolder and bigger -- assurance of
 employment itself. It means a job for every man, woman and child who
 wants to work. It means taking full advantage of that greatest natural
 resource of America -- the ingrained desire of our people to work whether
 they have to or not.



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We shall never be as strong as we can be — as we may need to be — unless we develop to the full our capacity to produce material goods — and our capacity to develop human skill and courage. Capital and labor which do not use each other, undeveloped youth which has never had a chance to learn and develop skill and self-assurance, are wasted by the very fact they are not used — on a job.

The first duty of our statesmanship today is to bring capital and man-power together — by whatever means within our power we may have to use to achieve the result.

Dictators do this by main force — and by using main force succeed at it. However we may be horrified at their methods, we have to admit that they have achieved substantial complete utilization of all their material and human resources. They have shown that it is possible for governments to do many things which orthodox economists claimed it was not possible for governments to do without going broke. But the dictatorships have not gone broke. They have in their way solved the problems of idle men and idle capital. And if we would compete with



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then we must let our minds be bold in finding methods of achieving substantially the same results within our way of life, within the Bill of Rights, within the bounds of what we consider civilization.

In seeking for those ways, private business leaders and government alike, all over the democratic world, have over the past ten years experimented with one economic theory or another. We have tried deflation and balancing the budget. We have tried the doll without work. We have tried starting the wheels by government work and then giving back to private industry the responsibility to maintain the momentum. And our bona-fide attempt last year at this time to see if business could permanently maintain recovery without government help feebly failed.

No one can be sure of anything in such an inexact field as economics. But the time has come when the necessities of mastering our strength compel us to make a practical decision -- a decision to take whatever risks may be of following consistently that course which our experiments of the last ten years have shown us is most likely to produce the concrete results of jobs and profits and goods.



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In the face of world conditions about us we no longer can afford to waste our capital, our labor and our youth. We shall lose far more by not giving our men jobs than by any civilized method we take to give them jobs. And if we do attain a goal of finding useful jobs for all our unemployed and thereby manage to raise the national income of this country to say 90 billion dollars, the diffused well-being which will result from that increase in national income will more than pay for anything it costs us. But at any cost we cannot risk world events of the next few years without getting our productive machinery fully in gear, without tuning up our man-power by use — in jobs.

And that way ^{let} ~~new~~ business profits as well as jobs. The fact of our experience and the experience of other countries is that when government has been building bridges and sewers and hospitals and schools and roads and power plants and improving forests and rivers and land, private business has flourished and made profits and jobs. And conversely when government has ceased to do these things — when it has ceased to pour its own funds into an investment market to tempt private funds



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which seek profit from government initiative -- the initiative of private enterprise dries up.

A new generation of business leaders willing to recognize that they live in 1929 is rapidly breaking through the crust of older men who have learned and forgotten nothing since 1929. Farsighted business men now agree that active business men can make profits, and those profits can keep other men employed, only so long as their markets expand. They agree that the conditions which created expanding markets in our periods of prosperity up to 1929 were the development of new lands and the growth of population. And we all now know to our sorrow that with the passing of frontiers and the slowing up of population growth, private business no longer builds extensively for an expanding future unless it first sees government investment for the future creating present demands for private business. It is the blunt truth that in our mature economic system private investment will not assume the complicated risks of modern business unless public investment, through government, goes ahead to take the first risks. Private business cannot make profits if we attempt to balance the budget at our present level of national income.



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More and more as we have let our minds be told we have realized that profits for business men in this country, with all that implies for the employment of the rest of the population, has always depended in this country, as in other countries that lived under our system of capitalistic democracy, upon government investment, invisible or otherwise. Little by little it has dawned on us that we always had something like the W.P.A. and the F.W.A. in this country — some investment of public funds that induced private investment.

At one stage of our development we invested public assets by transfer to private individuals of our huge government domain — worth far more than the government funds we have invested in the last six years. And another time we invested in orders to American producers for goods to be shipped abroad the proceeds of huge publicly-subscribed foreign loans which we were never able to recover. And with countries abroad which have lived under the same economic system as our own, periods of private business prosperity have depended upon the exploitation of colonial resources and public investment in foreign loans.

Now for the first time the provision of that normal feeder to



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prosperous private enterprise has become conscious with us. There are many things we need to do to provide assurance of full mutual employment for our labor and capital and full employment for the potential abilities of our youth which will rot away or deteriorate and be completely lost to us if unused. But we are now certain that the one most indispensable factor in creating that assurance of full employment is a bold program of government investment in the things — the illimitable list of things — that the people of the United States need if they are to be as strong and able as they can be, both in peace and in war.

I therefore propose to the Congress, along with such untethered work as may be necessary for filler to meet the necessities of relief, a permanent and a continuing program of government work of particular kinds which in the judgment of the Congress best meet the needs of the nation for national defense in the widest sense; roads, health facilities, housing facilities, the conservation of natural resources and flood control. I suggest to the Congress that on each of these items we set up a definite program of goals to be achieved over a period of years and pro rate



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expenditures over these years at not less than \$ _____ for the
 coming fiscal year and \$ _____ for the fiscal year ending

That way lies not only the provision out of idle capital and
 wasted labor of things the American people need for their strength and
 well-being both in this and in succeeding generations. That way lies
 profits for business men. That way lies a rising national income which
 will not only meet the cost of the program but provide an ever rising
 standard of private living and private opportunity for all our people.
 That way opportunity for the application of all of the energies of our
 people, for the growth of all their abilities for the satisfying dignity
 of a choice of jobs which in the last century made this country such a
 happy place to live in.

Of course a program of this character involving far-sighted
 social engineering will require painstaking care in its execution. It
 cannot be expected that the gears will always mesh perfectly or that
 the engine can attain full speed at the very start.

To obtain full employment of capital and of labor under deco-



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From the Program of
 Samuel I. Rosenbaum

eratic methods and under a capitalistic economy will require the courage and the cooperation of all of the American people. I believe that that cooperation will be forthcoming, because I think events abroad have made it increasingly clear to all of the American people that any dangers within from each other are unreal compared to dangers without, that if the solution of this problem of idle men and idle capital is the price of preserving our democracy, no formless fears can stand in its way.

But if we are going to solve this problem of idle men and idle capital without abandoning our democracy each of us must be willing to make the accommodations and concessions necessary for its democratic solution. We must begin to understand that paying taxes when we have income from which to pay them and risking capital when we have capital to risk are small costs to pay for the privilege of living in a free country.

True there are those who wonder whether the way of a civilized solution is not too hard to find and whether a dictatorship would be so bad after all. It gets rid of labor trouble. It gets rid of unemployment. It gets rid of a lot of wasted motion.



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SAMUEL I. ROSENBERG

But for the individual man with money the material benefits of dictatorship are largely illusory. Scorn if you will our own W.P.A. workers, but they are doing infinitely more useful and productive work than the military squadrons and storm troops into which the dictators regiment their unemployed. Strong dictators may spend less for education and social services than weak democratic governments, but they do not remit those savings to the taxpayer. They require more and more taxes for their military establishments. And when they can no longer raise the tax rates, they resort to forced loans and capital levies. Undistributed profits do not have to be taxed by the dictators, because undistributed profits are invested in the dictators' direct. The dictators do not worry whether or not business has confidence. It does not matter. For, under dictatorship, business is no freer than labor. High finance may help the dictator seize power, but once the going dictat is accomplished, the dictator and his gang call the tune. The dictator no longer needs the help of high finance at election time, for there are no elections.

And what a cost even before this ultimate paying of the Piper. The cost of the blessed right of being able to say what you please, at the



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FROM THE PAPERS OF
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cost of freedom of religion, at the cost of being cast in a concentration camp for incurring the dictator's slightest displeasure, at the cost of being afraid to walk down the street with the wrong neighbor, at the cost of having one's children brought up not as free and dignified human beings, but as wooden soldiers with their minds and bodies mortgaged to Beal.

If avoiding that cost meant taxes on my income, I would be willing to pay those taxes as a part of the cost of civilization — as the price of being part of a living rather than a dead world. If avoidance of that cost meant taxes on my estate at death, I feel I would do far less for my children if I passed on to them a few thousand more dollars (subject to all the diseases of modern bookkeeping dollars) than if I handed down to them the invaluable help of a whole nation of healthy, alert and self-respecting citizens — able to make a richer civilization for them to live in if they are to have peace — able to make stronger and more trustworthy comrades in arms for them if they are to face war. If we have to choose between land and people on one side and bookkeeping entries on the other, either for ourselves in our generation or for our children in theirs, let us choose realities.



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General J. R. Rosenbaum

Once I prophesied to you that this generation of Americans
 had a ramissvous with destiny. Too soon that prophesy comes true.
 To us much was given, of us much is expected. As Lincoln said to
 his Congress just before emancipation, "we shall nobly save or meanly
 lose the last best hope of earth".



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*The
President
H. A. H.*

THE WHITE HOUSE
WASHINGTON

October 24, 1938

MEMORANDUM FOR MISS LEHMAN:

Here is the Lincoln quotation which the President asked to have verified. It is from the last paragraph of the Second Annual Message to the Congress, dated December 1, 1862. The entire paragraph is such a strong one that I think the President would like to read it. It follows in full:

"Fellow-citizens, we can not escape history. We of this Congress and this Administration will be remembered in spite of ourselves. No personal significance or insignificance can spare one or another of us. The fiery trial through which we pass will light us down in honor or dishonor to the latest generation. We say this. We know how to save the Union. We forget that we say this. We know how to save the Union. The world will not forget that we say this. We know how to save the Union. The world knows we do know how to save it. We, even we here, hold the power and bear the responsibility. In giving freedom to the slave we assure freedom to the free — honorable alike in what we give and what we preserve. We cannot give on a half-vow when the war has just died of death. Other means may succeed; this could not fail. The way is plain, peaceful, generous, just — a way which if followed the world will forever applaud and God must forever bless."

M. D. H.

William L. Hassett



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SECOND DRAFT

-1-

For the past several years I have been compelled to give to the Congress a constantly increasing warning of disturbance abroad and the need of putting our own house in order before it is called upon to meet the storm from across the seas. As this 76th Congress opens there is no need for further warning.

A war which threatened to engulf the world in flames has been momentarily averted. But it has become increasingly and painfully clear that peace has not been achieved.

All about us is undeclared war, military and economic. All about us grows greater and more deadly armaments - military and economic. All about us are being plotted new ~~institutions~~ ^{to justify aggression} - military and economic.

The storms from abroad present a direct threat to three institutions indispensable to the ~~existence~~ ^{well-being} of Americans. The first, the mother, of the other two dating back to the earliest days of mankind, is religion. The others are ~~modern offspring~~ ^{children} of the religious spirit - democracy and international good faith. In a modern civilization they complement each other. Religion brings the individual ~~can~~ ^{gives} a moral respect for himself in a sense of his relationship



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SECOND DRAFT

-2-

to God. Democracy gives the individual man moral respect for the rights and the liberties of his fellow nations. And international good faith gives nations of man respect for the humanity of other nations of man.

It is no accident that whenever democracy has been attacked or overthrown, the true spirit of religion has disappeared and international affairs have degenerated into anarchy. And it is no accident that where religion has been attacked or suppressed in modern times even though in the false name of a democracy, the sources and methods of attack have been the antithesis of democracy.

For the spirit that moves the State that can do no wrong, or the governing clique that can do no wrong, cannot live side by side with the ideals of the Prince of Peace or the ideals of democracy or the ideals of a civilized world. It is the same spirit which today attacks religion and democracy within the borders of individual nations that is responsible for the anarchy in affairs between nations. For that spirit refuses to observe the religious good faith -- the self respect and the respect for others -- which is the only effective sanction of international treaties. The fight to save religion, the fight to save democracy, and the fight to bring about a reasoned order in international affairs is all the same fight. To save one, we must save all.



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SECOND DRAFT

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Here in the Western Hemisphere is the strongest fortress of all these.

Here in this Western Hemisphere we have under a single ideal of
democratic government, the richest diversity of peoples and the richest
diversity of



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SECOND DRAFT

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resources in the world, functioning together in peace. To all men of good will, that peace is now the last refuge - the shadow of a great rock in a weary desert land.

That hemisphere and that peace, we propose to protect against storms from any quarter - and we propose to do not anything necessary to guarantee that protection. From that determination no American flinches.

What do we need to protect ourselves?

First of all we need an army, navy and air force, and a well-organized ability to adapt our industrial and transportation system for military supplies.

One year ago a substantial part of our people may have believed that the innate decency of mankind would protect from aggression those who by deliberate unpreparedness showed their innate trust of mankind. Today no one believes that.

In the course of a few days I shall send you a special message making my recommendations for military preparedness against trouble which we hope may not come, but which we cannot take the risks of assuming will not come.



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The second thing essential is complete realism in our foreign policy.

We have learned from the World War not only such to do but also such not to do in our relations with foreign powers.

We have learned much from the new wars which have swirled about us in the last two years.

We have learned how differently wars in modern days, are fought -- how much preparatory invasion of propaganda, economic penetration and political sabotage takes place before military aggression actually appears. We have learned the impossibility of isolation by formula since invention and economic interrelationship have diminished distance. We have learned that our own neutrality legislation in its present form may operate unevenly and unfairly; may actually give aid to an aggressor and deny it to the victim of aggression; may create a public conviction that there can be no middle course of action between aid to an aggressor and active intervention on behalf of the victim of aggression.



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The mere fact that we refuse to intervene physically to prevent acts of aggression does not mean that we must act as if there were no aggression. There are means short of war to let other nations know by official action which they can understand and take into their calculations, what are the aggregate sentiments of our people. It does no good to bottle up the reactions of a people under a false diplomatic front of official good will, to the very point where a continuation of the course of irritation actually brings on war. It is just as important to be frank in the human relations of international affairs as in the human relations of individual and private affairs.

For example an individual may be opposed to the intervention of the State to bring about compulsory arbitration of a labor dispute; but at the same time he may well refuse to deal with a business concern which treats its labor unfairly. The democracies of the world, facing acts of aggression against others and themselves, cannot forever continue to take them lying down. They must do something about them. Obviously they must proceed along practical, peaceful lines, which do not of necessity mean war. But just as the individual in a community, they can at least avoid doing anything which will help to build up, encourage, or assist the aggressor. The instinct of self-preservation



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alone should make that obvious. In that course lies the true path to peace.

We have sought to safeguard the common safety of the Western Hemisphere by cooperative action. The recent conference at Lima has strengthened our faith in the value and effectiveness of such cooperative action. We shall continue our good neighbor policy in our dealings with our neighbors in this hemisphere.

But the ultimate strength of a nation to defend itself lies deeper even than effective diplomacy and adequate stores of arms. Down at the bottom the things that make a nation mighty in self-defense are the same as make it great in peace. Might and greatness both are built of the abilities of men and women given the fullest chance to grow, of irreplaceable natural resources wisely husbanded, of perishable productive resources of labor and capital mutually used to the full, of the self-confidence that comes from the moral cohesion of the diverse racial, religious and social groups that make up the nation. Those are the things that put ability and imagination and devotion behind aeroplanes and tanks and ships of war. Those are the things that give the staying power that hangs on to win. Those are the things that bring the cool courage of self-restraint with which a people sure of itself avoids being frightened either into war or out of war.



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During the Great War we saw civilian populations crack before armies; crack under the drain of physical privations; crack under the pounding of propaganda. And during the present undeclared wars we have seen nations strong on paper in a military sense unnerved by the self-distrust engendered by class injustice, by differences between capital and labor -- in short by unsolved social problems at home.

In one respect a dictatorship always has an advantage over a free people; a dictator can always command the full strength of a regimented nation.

But to summon forth the united strength of a democratic nation, government must represent the united will of a free people. And in a democracy there is always doubt of that united will unless substantially all the people, educated by modern standards to know what is going on, are convinced that the whole set-up of things is giving them as large a share of opportunity for development and of human dignity and of material goods as they deserve.

Our program of social and economic reform regarded in that true light is a form of preparedness for national defense as basic as armaments themselves.



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Today we have our difficulties but we are a far wiser nation -- and a far tougher nation -- than we were in 1927, 1929 or 1932. In the perspective of events abroad of the last twelve months, I hope that the pattern and the accomplishments of the last six years -- the sum total of what we have been driving at -- becomes clearer.

Whatever our deficiencies the American people in the last six years have for the first time in our history moved upon our real problems of national strength and forged national instruments adequate to meet those problems.

We have really tackled the problem of conserving and developing our irreplaceable natural resources.

We have really begun to provide for every man, woman and child who may some day be called upon physically to defend this country, a necessary minimum of food and shelter and medical attention.

We have really begun to meet the enormous economic difficulties of the relationship of the farmer to the industrial order -- and the enormous difficulties of regularizing by law the relations between employer and employee. Our concern for farm prices and decent wages and working conditions for



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industrial laborers is the first national effort to require the productive system to support the producer.

We have a banking system in which the public's deposits are safe from storm and in which business finance need not depend upon defrauding investors.

And, above all, we have made the American people conscious of their interrelationship and their interdependence. Today as never before they sense that whatever their occupation or geographical location, race or religion, they share a common destiny. This vast continent, once a mere federation of sections, we have made one nation in thought and in action.

Never have there been any such six years of internal preparedness in the history of any country as far-flung as ours. And all this we have done without any dictator's power to command, without conscription, without labor camps, without concentration camps, without a scratch upon freedom of speech, freedom of the press or the rest of the Bill of Rights.

Having boldly climbed so far, we can now see things that we could not see along the way. As I see our present situation events had outstepped by 1929 the economic tools which our democracy knew how to use.



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In the six years since March 1933 we have had to forge ourselves a whole new set of tools based on a new conception of the role of government in democracy -- a role of continuing responsibility for the welfare of all the people. The legislation over which we have struggled in those six years, sometimes so bitterly, constitutes those tools.

Some of those tools had to be pretty roughly shaped and need a lot of machining down. All of them are complicated. They will never work at maximum effectiveness until a scheme of government reorganization allows the federal executive and the state executives to use these tools in the most effective combinations. And even with such reorganization it may be a long time before we develop administrative personnel and experience to use our new tools with a minimum of mistakes.

The American people have already accepted our new legislation as the indispensable machinery of the next age of democracy. The most significant feature of the past election was that the opposition party itself accepted these tools as the instruments of a new order of things. Where there was criticism it was suggestion for refinement or for extension. And I for one welcome the emergence of an effective and intelligent opposition to



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HELP IN THE PROCESS OF FURTHER MACHINING WHICH ALL OF US ADMIT may be needed upon our new tools.

In the use of this legislation, time is of paramount importance. The deadline of national danger against which we must work to make democracy newly effective is not within our control. The hourglass which measures our opportunities and our needs may be in the hands of other nations. What lies ahead of us therefore is a race against time with our new concepts -- a race to make democracy work so that we may be a nation contented in peace and secure in self-defense.

In our plans to win that race there are elements of detail which concern every part of our population.

For our older people we want to make better provision by way of old age pensions under our Social Security legislation. For the medically needy we want to provide better medical care.

For the farmer it is apparent that we must further simplify and improve his practical relationship to the government, without altering the objectives of our farm legislation.

For the industrial worker we must iron out administrative



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deficiencies in the wage and hour law. For employer and employee alike we must find some way to end factional labor strife and employer-employee strife. No single problem makes such demands upon the patriotism and the common sense of all parties to it as our suicidal labor strife and all the weaknesses that flow from it.

On these matters and on the subject of railroads, I intend to send special messages to the Congress.

But over and beyond all these things the compulsions of time force upon us now, I think, a bolder task.

We have now learned enough from experience and we have attained enough of our intermediate goals to dare to tackle during the pendency of this Congress our big over-all problem -- full employment of our labor and capital to produce the largest possible volume of goods and national income.

That, mark you, does not mean insurance against unemployment -- although such insurance must always have a place in our protective measures. It means something much bolder and bigger -- assurance of employment itself. It means a job for every man and woman who wants



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TO WORK. It seems taking full advantage of that greatest natural resource of America — the ingrained desire of our people to work whether they have to or not.

We shall never be as strong as we can be — as we may need to be — unless we develop to the full our capacity to produce material goods — and our capacity to develop human skill and courage. Capital and labor which do not use each other, undeveloped youth which has never had a chance to learn and develop skill and self-assurance, are wasted by the very fact they are not used — on a job.

The first duty of our statesmanship today is to bring capital and man-power together — by whatever means within our power we may have to use to achieve the result.

Dictators do this by main force — and by ~~the~~ using main force succeed at it. However we may be horrified at their methods, we have to admit that they have achieved substantial complete utilization of all their material and human resources. They have shown that it is possible for governments to do many things which orthodox economists claimed it was not possible for governments to do without going broke. But the dictatorships have not gone broke. They have in their way solved the problems of idle



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Men and idle capital. And if we would compete with them we must let our minds be bold in finding methods of achieving substantially the same results within our way of life, within the Bill of Rights, within the bounds of what we consider civilization.

But the time has come when the necessities of mastering our strength compel us to make a practical decision -- a decision to take whatever risks may be of following consistently that course which our experiments of the last ten years have shown us is most likely to produce the concrete results of jobs and profits and goods.

At any cost we cannot risk world events of the next few years without getting our productive machinery fully in gear, without toning up our man-power by use -- in jobs. We shall lose far more by not giving our men jobs than by any civilized method we take to give them jobs. And if we do attain a goal of finding useful jobs for all our unemployed and thereby manage to raise the national income of this country to say 90 billion dollars, the diffused well-being which will result from that increase in national income will more than pay for anything it costs us.



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And that way has business profits as well as jobs. The fact of our experience and the experience of other countries is that when government has been building bridges and sewers and hospitals and schools and roads and power plants and improving forests and rivers and land, private business has flourished and made profits and jobs. And conversely when government has ceased to do these things -- when it has ceased to pour its own funds into an investment market to tempt private funds which seek profit from government initiative -- the initiative of private enterprise dries up.

Now for the first time the provision of that normal feeder to prosperous private enterprise has become conscious with us. There are many things we need to do to provide assurance of full mutual employment for our labor and capital and full employment for the potential abilities of our youth which will rot away or deteriorate and be completely lost to us if unused. But we are now certain that the one most indispensable factor in creating that assurance of full employment is a bold program of government investment in the things -- the illimitable list of things -- that the people of the United States need if they are to be as strong



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and able as they can be, both in peace and in war.

This is not a proposal for pump priming. It is a continuous government program which takes no risk that private enterprise will be able to keep the pump going after an interval of government priming. In other words it does not propose to take any chances that private enterprise should again be unable completely to take over as it was last year. It recognizes the blunt truth which we have now learned from experience that in our mature economic system private investment will not assume the complicated risks of modern business except while public industry through government is going ahead to take the first risks and creating present opportunities for private profit in the process. It will pay for itself over the nation's economy as a whole by a rise in national income by the stoppage of enormous annual losses such as that from flood damage and disease and ignorance. And its cost can be greatly reduced by the sale to public investors through the private investment market of specific recoverable assets, just as the R. F. C. has lately sold its investment in the San Francisco Bay Bridge. It assumes that the nation cannot be making a mistake from the standpoint of national defense, from the



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standpoint of general welfare by transforming useless assets into useful assets no matter how much the bookkeepers may be horrified.

I therefore propose to the Congress, along with such minor undetermined work as may be necessary for filler to meet emergency necessities of relief, a permanent and a continuing program of government work of a limited number of specified kinds such as roads, health facilities, housing facilities, the conservation of natural resources and flood control, which in the judgment of the Congress best meet the needs of the nation for national defense in the widest sense. I suggest to the Congress that on each of these lines we set up a definite program of goals to be achieved over a period of years for things which private enterprise will not do.

That way lies not only the provision out of idle capital and wasted labor of things the American people need for their strength and well-being both in this and in succeeding generations. That way lies profits for business men. That way lies a rising national income which will not only meet the cost of the program but provide an ever rising standard of private living and private opportunity for all our people. That way opportunity for the application of all of the energies of our



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people, for the growth of all their abilities for the satisfying dignity of a choice of jobs which in the last century made this country such a happy place to live in.

Of course a program of this character involving far-sighted social engineering will require painstaking care in its execution. It cannot be expected that the gears will always mesh perfectly or that the engine can attain full speed at the very start.

To obtain full employment of capital and of labor under democratic methods and under a capitalistic economy will require the courage and the cooperation of all of the American people. I believe that that cooperation will be forthcoming, because I think events abroad have made it increasingly clear to all of the American people that any dangers within from each other are unreal compared to dangers without, that if the solution of this problem of idle men and idle capital is the price of preserving our democracy, no cornlaws fears can stand in its way.

Thus there are those who wonder whether the way of a civilized solution is not too hard to find and whether a dictatorship would be so bad after all. It gets rid of labor troubles. It gets rid of unemployment.



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It gets rid of a lot of wasted motion.

But for the individual man with money the material benefits of dictatorship are largely illusory. Our W. F. A. workers, are doing infinitely more useful and productive work than the military squadrons and storm troops into which the dictators regiment their unemployed. Strong dictators may spend less for education and social services than weak democratic governments, but they do not reat those savings to the taxpayer. They require more and more taxes for their military establishments. And when they can no longer raise the tax rates, they resort to forced loans and capital levies. Undistributed profits do not have to be taxed by the dictators, because undistributed profits are invested as the dictators direct. The dictators do not worry whether or not business has confidence. It does not matter. For, under dictatorship, business is no freer than labor. High finance may help the dictator seize power, but once the power is seized, the dictator becomes the piper and he and his clique call the tune. The dictator no longer needs the help of high finance at election time, for there are no elections.

And what spiritual cost is paid to the Piper: the cost of the



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blessed right of being able to say what you please, the cost of freedom of religion; the cost of being cast in a concentration camp for incurring the dictator's slightest displeasure; the cost of being afraid to walk down the street with the wrong neighbor; the cost of having one's children brought up not as free and dignified human beings, but as wooden soldiers with their minds and bodies mortgaged to Beal.

If avoiding that cost means higher taxes on my income, I am willing to pay those taxes as the price of living in a free country and being part of a living rather than a spiritually dead world. If avoiding that cost means taxes on my estate at death, I feel I would do far less for my children if I passed on to them a few thousand more dollars (subject to all the diseases of modern bookkeeping dollars) than if I handed down to them the invaluable help of a whole nation of healthy, alert and self-respecting citizens — able to make a richer civilization for them to live in if they are to have peace — able to make stronger and more trustworthy comrades in arms for them if they are to face war. If we have to choose between land and people on one side and bookkeeping entries on the other, either for ourselves in our generation or for our children in theirs, let us choose realities.



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Once I prophesied to you that this generation of Americans
had a rendezvous with destiny. Too soon that prophesy comes true. To us
much was given; of us much is expected. "We shall nobly save or sadly
lose the last best hope of earth".



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3rd Draft
~~THIRD DRAFT~~

~~THIRD DRAFT~~

For the past several years I have ~~been competing~~ ^{felt it necessary} to give to the Congress a constantly increasing warning of disturbance abroad and the need of putting our own house in order to heed store signals from across the seas. As this Seventy-Sixth Congress opens there is need for further warning.

A war which threatened to envelop the world in flames has been averted. But it has become increasingly and painfully clear that peace is not assured to those in the world who pray for peace.

All about us ~~is~~ ^{page} undeclared war, military and economic. All about us grow greater and more deadly armaments -- military and economic. All about us are ~~aggressions~~ ^{threats} of new aggression -- military and economic.

The storms from abroad present a direct ~~threat~~ ^{challenge} to three institutions indispensable to Americans now as always. The first, ~~the~~ source of the other two, dating back to the earliest days of ~~making~~ ^{the source of the other two} is religion. The others spring from the true religious spirit -- democracy and international good faith.

~~In a modern civilization all three complement each other.~~

Religion, through its relationship to God, ~~gives~~ ^{brings} the individual



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Samuel J. Hoffmann

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a sense of his own dignity, ^{and} he teaches the individual ^{line} to respect him-
self by respecting his neighbors.

Democracy, ^{is} practice of self-government, due to groups
of men is a covenant among free men to respect for the individual's
 rights and liberties of their fellows.

International good faith, a sister of democracy, ~~is the basis~~
of ~~our~~ respect for peace and cooperation with other nations of ~~the~~
spring from the will of civilized nations, to respect the rights and
liberties of other nations. ~~There is~~

liberty of other nationalities. ^{There}
In a modern civilization, all three - religion, democracy
where ~~the~~ modern life, religion has been attacked ~~comp-~~
^{and}
pressed, the attack has ~~come~~ from sources opposed to democracy.

Where democracy has been overthrown, the free spirit of religious worship has ~~retreated~~ disappeared. And where religion and democracy coincide, in the sake of the crivious united, where against religion and democracy international good-will and the given way to religious doubt and rule of reason have been displaced by force expediency and brute force.

An ordering of society which relegates religion, democracy and peace among nations to the background ~~cannot have this side by side with the ideals of the Prince of Peace.~~ The United States rejects such an ordering and retains its ancient faith.

can find no place within it for

International and Faith - complement each other.

There comes a time in the affairs of men when they must prepare to defend not their homes alone but ~~consequently~~ ^{and the very destiny of} the tenets of faith and ~~and~~ ^{and} humanity on which their churches and their governments are

founded. ~~Because these tenets of faith extend to many other nations~~ ^{We, the men of this nation, can afford} of the world. ~~The individual nations can ill afford~~ any isolation which may result in ~~each nation~~ ^{our} ~~it~~ being ~~circumscribed~~ ^{circumscribed} by the enemies of ~~its~~ ^{our} faith, and ~~humanity~~ ^{humanity}. The defense of religion, of democracy and of ~~the common order between nations~~ ^{good faith among nations} is all the same fight. To save one we must ultimately make up our minds to save all.

~~Fortunate~~ ^{Common} it is that in this Western Hemisphere ~~we~~ ^{we} ~~are~~ ^{are} ~~the~~ ^{the} ~~strongest~~ ^{strongest} ~~partisans~~ ^{partisans} of all, ~~there is~~ ^{there is} ~~in this Western Hemisphere~~ ^{in this Western Hemisphere} ~~of~~ ^{of} ~~war.~~ ^{war.} ~~We~~ ^{We} ~~have~~ ^{have}, under a ~~single~~ ^{single} ideal of democratic government, a rich diversity of resources and of peoples functioning together in mutual respect and peace. ~~To men of good will that peace and that ideal are~~ ^{like the shadow of a great rock in a weary land.}

~~of~~ ^{of} ~~that Hemisphere~~ ^{that Hemisphere}, that peace and that ideal ~~are~~ ^{are} ~~no~~ ^{no} ~~in~~ ⁱⁿ ~~the~~ ^{the} ~~hands~~ ^{hands} ~~of~~ ^{of} ~~any~~ ^{any} ~~one~~ ^{one} ~~people~~ ^{people} ~~and~~ ^{and} ~~our~~ ^{our} ~~resources~~ ^{resources} ~~are~~ ^{are} ~~pledged~~ ^{pledged} ~~and~~ ^{and} ~~we~~ ^{we} ~~propose~~ ^{propose} ~~to~~ ^{to} ~~do~~ ^{do} ~~not~~ ^{not} ~~everything~~ ^{everything} ~~and~~ ^{and} ~~anything~~ ^{anything} ~~necessary~~ ^{necessary} ~~to~~ ^{to} ~~secure~~ ^{secure} that protection. From that determination no American flinches.



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wiser -- and sadder.



In the course of a few days I shall send you a special Message making recommendations for preparedness against trouble which we hope may not come but which we cannot assume will not come.

In our foreign affairs we have learned from the past what not to do and we have learned from new ways what we must do.

We have learned that survival cannot be guaranteed by arming after the attack begins, and that the probability of attack is mightily decreased by the assurance of ever-ready defense.

We have learned that we can recognize future attack by the preliminaries of propaganda, the stirring of prejudice and the incitement of division ~~and the stirring of prejudice~~.

We have learned that our own neutrality laws in their present form may operate unevenly and unfairly; may give aid to an aggressor and deny it to the victim.

The democratic nations of the world which observe the sanctity of treaties and good faith in their dealings with other nations cannot be indifferent to international lawlessness. Facing acts of aggression against others and against themselves, cannot forever take the easy way. Obviously they must proceed along practical, peaceful lines. Which by no means necessitate war. But The mere fact



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that we rightly decline to intervene with arms to prevent acts of aggression does not mean that we must act as if there were no aggression at all. Words may be futile but war is not the only means of commanding a decent respect for the opinions of mankind. ~~Repeat force and short of~~ There are many methods -- short of war but stronger and more effective than mere words -- of bringing home to aggressor governments the aggregate sentiments of our own people.

At the very least, we can and should avoid any action, or any lack of action, which will ~~help to build up~~ encourage ~~and~~ assist, or build up an aggressor. The instinct of self-preservation should make that obvious.

In meeting ~~the~~ these world problems, of the world our approach must be an approach of unity -- a recognition ~~that~~ a nation must stand united. In meeting external problems, we must recognize that decisions of a free and democratic majority in meeting external problems should have the support of all -- even of those who might have preferred other solutions. If other forms of government, unacceptable to the American people, can present united fronts in attack on democracy, united democracies form the only answer. Such a democracy can and must exist in the United States.

Under modern conditions the words "adequate defense" — a policy subscribed to by all — must be divided into three elements.

The first necessitates ~~the actual existence of forces at any given moment~~ armed forces and defenses strong enough to prevent the destruction of and ward off sudden attack against strategic positions and key facilities essential to the successful conduct of later defense and ultimate victory.

~~Second, to the existence of such facilities strategically located and in sufficient supply to require expansion only in order to meet all needs.~~ The second necessitates the organization and location of these key facilities so that they may be immediately utilized and rapidly expanded to meet all needs without danger of serious interruption by enemy attack.

If these first two essentials are reasonably provided for, we must be able confidently to call on the ^{underlying} strength of our citizenship — the self-confidence, the ability, the imagination and the devotion that give the staying power to see things through.

A ~~united, successful~~ strong and united nation may be destroyed if it is unprepared against sudden attack. But ~~at the same time~~ a nation well armed and well organized from a strictly



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Samuel I. Rodeman

military standpoint, may, after a period of time, meet defeat if it is unmoved by self-distrust, endangered by class prejudice, by differences dissention between capital and labor, by false economy and by other unsolved social problems at home.

A dictator may command the full strength of a regimented nation, ^{but} ~~but to secure faith~~ the united strength of a democratic nation, ~~can be maintained only when the people,~~ educated by modern standards to know what is going on and where they are going, the people must have conviction that they are receiving as large a share of opportunity for development, as large a share of human dignity and of material success as they deserve.

Our program of social and economic reform is part of preparedness for national defense as basic as the armaments themselves.

We have our difficulties — but we are a far wiser and a far tougher nation than we were in 1927, or 1929, or 1932.

In the perspective of events in Europe, in Africa and in Asia during these recent years, I ~~hope that~~ the pattern and the accomplishment of what we have done since 1933 ~~has been~~ clear to the nation.

Whatever our deficiencies, we have moved for the first time upon deep-seated problems of national strength and forged national instruments adequate to meet them.



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We have undertaken to conserve our natural resources; to

ENCLAVE Page 9

Differences of occupation, geographical location, race,
and religion ~~are~~ no longer obscure ^{national} the fundamental unity
~~of the nation~~ in thought and in action.

toward the goal of ~~one~~ ^{one} a nation fundamentally united in thought and
in action.

Never have there been six years of such ^{endless} internal preparedness
in the history of any nation ~~as far along as ours~~. And all this ~~we~~
^{has been} done without any dictator's power to command, without the con-
scription of labor, without concentration camps, without the confisca-
tion of capital, and ~~without~~ without a scratch on freedom of speech,
freedom of the Press or the rest of the Bill of Rights.

We have undertaken to conserve our natural resources; to provide a necessary minimum of food, shelter and health for our population; to meet the difficulties of our agriculture and to provide decent wages and working conditions for industry; to make safe the deposits of our public in the banks and protect investors from fraud; to initiate security for the aged, the helpless and the needy.

Above all, we have made the American people conscious of their inter-relationship and their interdependence. They sense a common destiny, as they move away from defenses of occupation, geographical location, race or religion, they overcome sectional differences as they move toward the goal of one a nation fundamentally united in thought and in action.

Never have there been six years of such internal preparedness in the history of any nation as far along as ours. And all this has been done without any dictator's power to command, without the conscription of labor, without concentration camps, without the confiscation of capital, and without without a scratch on freedom of speech, freedom of the Press or the rest of the Bill of Rights.



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We see things now that we could not see along the way.

The tools we ~~used~~^{had} in 1933 were outdated ~~at~~^{and} we have had
to forge new tools from drawings which ~~conceived of~~^{represented} a new
role of government in democracy — a role of new responsibilities

for old needs and ~~new needs~~^{increased responsibilities for old needs, long neglected.}

Some of these tools had to be roughly shaped and need ~~great~~^{the}

~~machining~~^{machining} down. All are complicated. ~~Many~~^{Many} of those who fought
bitterly against the forging of new tools accept their use today.

The American people have ~~already~~^{now} accepted the objectives which the
new legislation seeks to attain. Where there has been criticism it

has ~~been~~^{been} suggestions for refinement or for extension. ~~There are~~^{There are}

~~well~~^{well} cooperation between the two major political parties in helping
to improve the new tools which we have permanently installed.

For instance all of us want better provision for our older
people under our social security legislation. For the medically needy
we must provide better care.

All of us agree that we should simplify and improve the prac-
tical relationship of the farmer to the government without altering the



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objectives of our farm policy.

All of us agree that we must remove administrative deficiencies in the Wage and Hour Law, *and more experience with its operation.*

All of us agree that for the sake of employer and employee alike we should make further efforts to end factional labor strife and employer-employee disputes. *Revising the National Labor Relations Act makes greater demands on the common sense of all participants, as our present labor law does.*

Most of us recognize that the use of all these tools, in their

original form or in such improved form as we may get them this session, cannot be used to the maximum effectiveness unless the executive processes of state and federal government are revamped — reorganized, if you will — into a more effective combination. And even after such reorganization it will take time to develop administrative personnel and experience in order to use our new tools with a minimum of mistakes. The Congress, of course, needs no further information on this.

With this exception of legislation to provide greater government efficiency, and with the exception of legislation to ameliorate our railroad and other transportation problems, the past three Congresses have met in part or in whole the pressing needs of the new order of



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THE WHITE HOUSE
WASHINGTON

INSERT - PAGE #12

We are now over the bump of internal conflict concerning our program of social reform. Our full energies may now be released to assure the security of the nation in the problems of peace as well as of war. ¶ Time is of paramount importance. The deadline of danger from within and from without is not within our control. The hourglass may be in the hands of other nations. Our own hourglass tells us that we are off to a race to make democracy work, so that we may be efficient in peace and therefore secure in self defense. ¶ This time element forces on us a bolder task -- the full employment of our labor and our capital.



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~~things.~~

[This fact -- that we are over the hump of internal conflict concerning our program of social reform -- ~~enables~~ ^{allows} our full energies ~~to~~ ^{to be directed} ~~at~~ ^{into} the most fortunate time to meet an ultimate demand of national defense, ~~internal as well as external~~, on which we have never had substantial disagreement among ourselves. That ultimate necessity of national defense -- and of national peace -- is the full employment of our labor and our capital.

That means assurance of employment -- ^{to be sure} a job for every man and woman who wants to work.

We shall never be as strong as we ought to be -- and may need to be -- unless we develop simultaneously an increased capacity to increase income -- especially for those who have practically no income today -- and to produce material goods. Capital and labor which do not at the same given time use each other, undeveloped youth which has never had a chance to achieve skill and self-assurance, are both wasted by the very fact that they are not used.

The first duty of our statesmanship today is to bring capital and man-power together.



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A p 13 We suffer from a great unemployment
of capital. This is due largely to
excesses to ~~invest~~ ^{invest} ~~more investment~~
our savings. ~~Invest~~ ^{Invest} the aggregate
~~investment~~
debt, public and private, of the
nation is actually less than
it was in 1930. State and
municipal borrowings are
about the same today as
they were in 1932. The federal

indebtedness of the federal govern-
ment has ^{in the period 1930} ~~increased~~ ^{but} this
increase has been more
than off-set by the decline
in ~~the~~ ^{the} ~~the~~ ^{the} private
debt. And on an overall basis
the growth of our investments,
public and private is less than
it was before the
depression of 1929.

Dictators do this by main force. By using main force they apparently succeed at it. However we abhor their methods, we are compelled to admit that they have obtained substantial utilization of all their material and human resources. They have done things which every economist of a decade ago claimed would result in immediate bankruptcy. But the dictatorships are not financially bankrupt today. Like it or not, they have solved, for a time at least, the problem of idle men and idle capital. Can we compete with them by boldly seeking methods of putting idle men and idle capital together and, at the same time, remaining within our way of life, within the Bill of Rights, and within the bounds of what we call, from our point of view, civilization?

For ten years — since 1929 — we and other countries who live as we do — have tried almost every theory of solution for the employment of idle capital and idle labor. During that time, every common sense American has seen the great simplicities of the problem — that we have had men, willingness to work, and capital, and needed only a way to put them together.

One simple common-sense solution has always seemed obvious



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FOLIO 100, INSET 11

to suffer from a great shortage of capital, ^{for example,} ~~put out of~~
work. Private long-term investment and loans ^{from} ~~and discounts~~
of banks are both far below the figures of ten years ago.
State and municipal borrowings ~~are little above 1931.~~
In other words, while the Federal Government has kept wheels
turning by putting people to work, by loaning its money --
and thereby adding to its debt -- the total of all the other
debts in the nation, private, state and municipal, are well
below the old level.

Sketch
The nation ~~now~~ ^{is} ~~less~~ ^{richer} than it did in 1930 ~~and that~~
means that there is less capital at work creating new wealth
in the form of wages, construction and production today than
then.

The object then is to increase the working capital of
the nation -- and the greatest opportunity in this field is ^{in the}
for private ~~to~~ ^{to} work. It does not seem logical to me
that at the moment we are trying to ~~put more capital to work,~~
^{because} ~~thereby producing more and consuming more,~~ ^{for the Federal}
Government to ~~make~~ ^{make} a drastic curtailment in its own capital
operations.

~~Insert in~~



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This whole subject of government spending and government income is one which may be ~~approached~~ ^{approached in} through two different ~~avenues~~ ^{ways} of approach. ^H The first calls for the elimination of enough activities of government to bring the expenses of government immediately into balance with income of government. This school of thought maintains that because our national income this year is only sixty billion dollars, this is only a sixty billion dollar country; that government must treat it as such; and that if, without the help of government, it happens to become an eighty billion dollar country in the future, government may decide to do more at that time but not until then. ^H If the Congress decides to accept this point of view, it will logically have to reduce the present functions of government by ~~about~~ ^{about} one-third. The Congress will have to accept the responsibility for such reduction; and the Congress will have to determine which activities shall be reduced.

^H Certain expenditures we cannot possibly reduce, such as the interest on the public debt and the normal running expenses of departments and permanent agencies. A few million dollars saved here or there in this



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normal work will make no dent in the Federal budget. Therefore, the Congress would have to reduce drastically ^{some of} certain large items, such as aids to agriculture, ^{and soil conservation} veterans' pensions, public works, grants for social and health security, relief for the unemployed ^{or} and national defense.

The Congress alone has the power to do all this, as it is the appropriating branch of the government.

The other approach takes the position that this Nation ought not to be only a sixty billion dollar nation; that at this moment it has the men and the resources sufficient to make it at least an eighty billion dollar nation. This school of thought does not believe that it will become an eighty billion dollar nation in the near future if government cuts its operations by one-third. It is convinced that if we were to try it, we would invite disaster. In 1937 government curtailed its work ~~in a co-operative effort~~, and very soon came a definite recession of industry and prosperity. Last Spring the Congress resumed the government activities which had been suspended. Almost immediately there followed an up-turn, which, has been increasing

(7)

the national income slowly and steadily ever since.

This second approach is the approach of economists and students of government who believe that if government activities are fully maintained, there is a good prospect of our becoming ~~again~~ an eighty billion dollar country in a very short time. With such a national income, present tax laws will yield enough each year to pay each year's expenses.



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(18) #2
It seems clear that, using unemployment as a criterion, there is less unemployment in those nations which have greatly increased the amount of their public investment -- and this does not apply only to those nations which are spending huge sums on armament. Public investment can be used as a vehicle to fill a vacuum, which, for many complicated reasons, private investment of itself does not fill. This does not mean any grandiose plan for new government projects. But it does mean a continuation of sound spending in order that we may not be accused of halting again a renewal of prosperity just when it is getting into its stride.



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D p 20

The means of project
the right of the nation
and in consequence
to which ~~the nation~~ and
~~the nation~~
~~the nation~~
~~the nation~~
the national and
local wealth ^{is} in
dollars but in better standards
of living and ⁱⁿ increased
happiness to men women
and children of America

B p 20

Wastatachuk, however,
involves costs which
the American people
will never pay.

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enormous value for our future agricultural production. When highways are improved the property near them, in almost every case, goes up in assessed value; produces more wealth and returns more taxes than any increase in the tax rate.

In this same category must be placed the saving of human lives because these lives have indefinite asset value to the nation. When we spend money for medical and hospital improvements; for the better nourishment of children, for the prevention of industrial and other accidents, for the improvement of education and for better housing, we are creating great additions to our future wealth.

I hear some people say "There are certain advantages in a dictatorship. It gets rid of labor trouble, of unemployment, of wasted motion and of having to do your own thinking".

My answer is "yes, and it also gets rid of some other things which we Americans intend very definitely to retain."

It will cost us capital and taxes to attain some of the practical advantages which other forms of government have acquired. But if this nation increases its unity, stops its bickering and makes up its mind to see things through now, we have the opportunity to prove to the world that democracy does work.

And in so doing we will avoid certain costs. The cost of losing our spiritual values. The cost of seeing our capital confiscated. The cost of the blessed right of being people able to say what we please. The cost of freedom of religion. The cost of being cast into a concentration camp. The cost of being afraid to walk down the street with the wrong neighbor. The cost of having our children brought up not as free and dignified human beings, but as pawns molded and enslaved by a machine.



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From the Papers of
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If avoiding these costs would mean higher taxes on my income; if avoiding these costs would mean more taxes on my estate at death, I would pay those taxes willingly as the price of my living and my children living in a free country, ^{part of} ~~part of~~ a living and not a dead world.

Let us choose realities. To obtain full employment of capital and of labor under democratic methods and an economy of private ownership will require the courage and the cooperation of all of the American people.

I believe that this cooperation will be forthcoming because events abroad have made it increasingly clear to the American people that dangers within are less to be feared than dangers from without; that if a solution of this problem of idle men and idle capital is the price of preserving our liberty, no formless selfish fears can stand in its way.

Once I prophesied that this generation of Americans had a rendezvous with destiny. That prophecy comes true. To us much is given; more is expected.

This generation will nobly save or meanly lose the last best hope of earth The way is plain, peaceful, generous, just — a way which if followed the world will forever and God must forever bless.



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A

p 19

these expenditures would
be vitally necessary
but they are not in
the strict sense future
investments.



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And being fairly certain that we are doing our job.
 To guard against opportunist appropriations, I have on several occasions addressed the Congress on the importance of permanent long-range planning, ~~in order that this and future Congresses may~~ have full information of what can be usefully done and what should not be done when public works and social improvements should be either increased or curtailed. I hope, therefore, that following my recommendation of last year, a permanent agency should be set up and authorized to report annually on the urgency and the type ~~of many kinds of government activities.~~

It is neither intelligent nor fair to put all spending by government into one category.

For example, the cost of running the regular departments, the pay of the Army and Navy, the pensions for veterans, and all "out of pocket" expenditures which bring no tangible return even though they may add to the spending power of many individuals.

In another category we find government expenditures for certain types of work or loans which will be repaid to the government in future years. These we call self-liquidating expenditures. The cost of building Boulder Dam, for example, will come back to the government through the sale of water and power. Most, though perhaps not all, of the loans made by various lending agencies will be repaid to the government. All of these items put together on a strictly business basis amount to several billion dollars of invested funds put out by the Treasury or other agencies.

Finally, we must consider a third classification -- expenditures which increase the national wealth in various ways and, therefore, add to the government revenues of the future. By controlling floods we are actually saving wealth by ~~eliminating~~ millions of dollars of property damage and also by retaining millions of tons of good top soil of



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We suffer from a great shortage of capital put out of work. Private long-term investment and loans and discounts of banks are both far below the figures of ten years ago. State and municipal borrowings are little above 1931. In other words, while the Federal Government has kept wheels turning by putting people to work, by loaning its money — and thereby adding to its debt — the total of all the other debts in the nation, private, state and municipal, are well below the old level.

The nation owes less than it did in 1930 — and that means that there is less capital at work creating new wealth in the form of wages, construction and production today than then.

The object then is to increase the working capital of the nation — and the greatest opportunity in this field is for private to go to work. It does not seem logical to me that at the moment we are trying to put more capital to work, thereby producing more and consuming more, for the Federal Government to make a drastic curtailment in its own capital operations.

It seems clear that, using unemployment as a criterion, there is less unemployment in those nations which have greatly increased the amount of their public investment — and this does not apply only to those nations which are spending huge sums on armament. Public investment can be used as a vehicle to fill a vacuum, which, for many complicated reasons, private investment of itself does not fill. This does not mean any grandiose plan for new government projects. But it does mean a continuation of sound spending, in order that we may not be accused of halting again a renewal of prosperity just when it is getting into its stride.



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Let us choose realities. To obtain full employment of capital and of labor under democratic methods and an economy of private ownership will require the courage and the cooperation of all of the American people.

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THIRD DRAFT

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For the past several years I have been compelled to give to the Congress a constantly increasing warning of disturbance abroad and the need of putting our own house in order to heed storm signals from across the seas. As this Seventy-Sixth Congress opens there is need for further warning.

A war which threatened to envelop the world in flames has been averted. But it has become increasingly and painfully clear that peace is not assured to those in the world who pray for peace.

All about us is undeclared war, military and economic. All about us grow greater and more deadly armaments -- military and economic. All about us are suggestions of new aggression -- military and economic.

The storms from abroad present a direct threat to three institutions indispensable to Americans now as always. The first, the source of the other two, dating back to the earliest days of mankind, is religion. The others spring from the true religious spirit -- democracy and international good faith.



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THIRD DRAFT

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In a modern civilization all three complement each other. Religion, through its relationship to God, teaches the individual to respect himself by respecting his neighbors.

Democracy, a practice of self-government, gives to groups of men respect for the rights and liberties of their fellows.

International good faith, a sister of democracy, gives nations of men respect for peace and cooperation with other nations of men.

Where, in modern times, religion has been attacked or suppressed, the attack has spring from sources opposed to democracy. Where democracy has been overthrown, the free spirit of religious worship has suffered or disappeared. In the wake of the grievous wrong against religion and democracy, international good-will and the rule of reason have been displaced by reliance on expediency and brute force.

An ordering of society which relegates religion, democracy and peace among nations to the background, cannot long live side by side with the ideals of the Prince of Peace. The United States rejects such an ordering and retains its ancient faith.



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THIRD DRAFT

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There comes a time in the affairs of men when they must prepare to defend not their homes alone but certain tenets of faith on which their churches and their governments are founded. Because these tenets of faith extend to many other nations of the world, the individual nation can ill-afford any isolation which may result in such nation being circumscribed by the enemies of its faith. The defense of religion, of democracy and of the reasoned order between nations is all the same fight. To save one we must ultimately make up our minds to save all.

Fortunate it is that in this Western Hemisphere we have, under a single ideal of democratic government, a rich diversity of resources and of peoples functioning together in mutual respect and peace.

That Hemisphere, that peace and that ideal were proposed to protect against any storms from any quarter -- and we propose to do now anything and everything necessary to secure that protection. From that determination no American flinches.



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THIRD DRAFT

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Before all else comes the repetition of the standing offer of the Americans to take counsel with all other nations to the end that aggression among all nations be terminated, that the race of armaments cease, and that world commerce be renewed.

But the world has grown so small that no great nations can remain outside the door.

If governments strongly backed (?) by the implements of force insist on the policies of force, adequate self-protection is the only resort to those people who are, or who may be, threatened.

I have spoken of the many nations of the world which in general hold to the same doctrines of peace as we do. I will not paint for you a picture of what might happen to us of the United States if new philosophies of force were to encompass the other Continents and invade our own. Events move so rapidly that it is sufficient for me to remind you of the changes in world affairs and the increase in world dangers which have taken place since 1931 — seven years ago.



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THIRD DRAFT

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One year ago a substantial part of our people may have believed that the innate decency of mankind would protect from aggression those who, unprepared, showed their innate trust in mankind. Today we are wiser -- and sadder.

In the course of a few days I shall send you a special Message making recommendations for preparedness against trouble which we hope may not come but which we cannot assume will not come.

In our foreign affairs we have learned from the past what not to do; and we have learned from new wars what we must do.

We have learned that sheer survival cannot be guaranteed by arming after the attack begins -- and that the probability of attack is mightily decreased by the assurance of ever-ready defense.

We have learned that we can recognize future attack by the preliminaries of propaganda, the incitement to disunion and the stirring of prejudice.

We have learned that our own neutrality laws in their present form may operate unevenly and unfairly; may give aid to an aggressor and deny it to the victim.



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From the Papers of
Samuel I. Rosenman

GENERAL SERVICES ADMINISTRATION

THIRD DRAFT

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The democracies of the world, facing acts of aggression against others and against themselves, cannot forever take them lying down. Obviously they must proceed along practical, peaceful lines, which by no means necessitate war. The mere fact that we rightly decline to intervene with arms to prevent acts of aggression does not mean that we must act as if there were no aggression at all. Apart from and short of war, there are many methods of bringing home to aggressor governments the aggregate sentiments of our own people.

At the very least, we can and should avoid any action, or any lack of action, which will help to build-up, encourage or assist an aggressor. The instinct of self-preservation should make that obvious.



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From the Papers of
Samuel I. Roderman

THE WHITE HOUSE
WASHINGTON

December 19, 1938.

Dear Sam:-

Enclosed are pages #7 to
#13 of the Third Draft. The
President has not finished dictating
it yet but he will probably have
a complete copy for you when you
come down on Thursday.

My best to you and

Dorothy,

As ever,

Grace



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From the Papers of
Samuel I. Rosenman

THIRD DRAFT

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In meeting the problems of the world our approach must be an approach of unity — a recognition that decisions of a majority in meeting external problems should receive the support of all — even of those who might have preferred other solutions. If other forms of government, unacceptable to the American people, can present united fronts in attacks on democracy, united democracies form the only answer. Such a democracy can and must exist in the United States.

Under modern conditions the words "adequate defense" -- a policy subscribed to by all -- must be divided into three elements. The first necessitates the actual existence of force, at any given moment, strong enough to prevent the destruction of key facilities essential to the successful conduct of later defense and ultimate victory. Second, is the existence of such facilities strategically located and in sufficient supply to require expansion only in order to meet all needs.

If these first two essentials are reasonably provided for we must be able confidently to call on the underlying strength of our citizenship -- the self-confidence, the ability, the imagination and the devotion that give the staying power to see things through.



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THIRD DRAFT

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A unified, successful nation may be destroyed if it is unprepared against sudden attack. But, at the same time, a nation well armed may, after a period of time, meet defeat if it is unnerved by self-distrust, endangered by class prejudice, by differences between capital and labor, by false economy and by other unevolved social problems at home.

A dictator may command the full strength of a regimented nation; but to summon forth the united strength of a democratic nation, educated by modern standards to know what is going on and where they are going, its people must have conviction that they are receiving as large a share of ^{opportunity} for development, as large a share of human dignity and of material success as they deserve.

Our program of social and economic reform is a part of preparedness for national defense as basic as the armaments themselves.

We have our difficulties — but we are a far wiser and a far tougher nation than we were in 1927, or 1929, or 1932.

In the perspective of events in Europe, in Africa and in Asia during these recent years, I hope that the pattern and the accomplishment of what we have done since 1933 becomes more clear to the nation.



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From the Papers of
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Whatever our deficiencies, we have moved for the first time upon deep-seated problems of national strength and forged national instruments adequate to meet them.

We have undertaken to conserve our natural resources; to provide a necessary minimum of food, shelter and health for our population; to meet the difficulties of our agriculture and to provide decent wages and working conditions for industry; to make safe the deposits of our public in the banks and protect investors from fraud; to initiate security for the aged, the helpless and the needy.

Above all, we have made the American people conscious of their inter-relationship and their interdependence. They sense a common destiny. We move away from defenses of occupation, geographical location, race or religion, toward the goal of one nation in thought and in action.

Never have there been six years of such internal preparedness in the history of any nation as far-flung as ours. And all this we have done without any dictator's power to command, without the conscription of labor, without concentration camps, without the confiscation of capital, and, withal, without a scratch on freedom of speech, freedom of the Press or the rest of the Bill of Rights.



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From the Papers of
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We see things now that we could not see along the way. The tools we were given in 1933 were outmoded — and we have had to forge new tools from drawings which conceived of necessity a new role of government in democracy — a role of new responsibilities for old needs and new needs of welfare.

Some of these tools had to be roughly shaped and need a lot of machining down. All are complicated. Even many of those who fought bitterly against the forging of new tools accept their use today. They no longer ask their discard. The task is, therefore, the task of improvement and on that we should be able to agree.

Most of us recognize that the use of all these tools, old and new, cannot be put to the maximum effectiveness unless the executive processes of government itself — the Federal executive and its relationship to the State executives — is revamped — reorganized, if you will — into a more effective combination. And even after such reorganization it will take time to develop administrative personnel and experience in order to use our new tools with a minimum of mistakes. The Congress has, of course, full information of this.



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With this exception of legislation to provide greater government efficiency, and with the exception of legislation to ameliorate our railroad and other transportation problems, the past three Congresses have met in part or in whole the pressing needs of the new order of things. The American people have already accepted the objectives which the new legislation seeks to attain. Where there has been criticism it has run to suggestions for refinement or for extension. There can well be cooperation between the two major political parties in helping to improve the new tools which we have permanently installed.

But in the use of our implements time is of paramount importance. The deadline of danger from within and from without is not within our control. One hourglass may be in the hands of other nations. Our own hourglass tells us that we are off to a race to make democracy work so that we may be efficient in peace and, therefore, secure in self-defense. Almost every part of our population is concerned.

For our older people we want to make better provision under our social security legislation. For the medically needy we must provide better care.



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For the farmer it is clear that we should simplify and improve his practical relationship to the government without altering the objectives of our farm policy.

For the industrial worker, we must remove administrative deficiencies in the Wage and Hour Law. For employer and employee alike we should make further efforts to end the factional labor strife and employer-employee disputes. No single problem makes greater demands on the common sense of all parties to it as our suicidal labor strife.

But beyond all these things, the time element forces on us a bolder task -- the full employment of our labor and our capital to produce the largest possible volume of buying power through work, and as a result a greatly increased total of goods and of national income.

That means assurance of employment -- a potential job for every man and woman who wants to work.

We shall never be as strong as we ought to be -- and may need to be -- unless we develop simultaneously an increased capacity to increase incomes -- especially for those who have practically no incomes today -- and to produce material goods. Capital and labor which do not at the same given time use each other, undeveloped youth which has never had a chance to achieve skill and self-assurance, are both wasted by the very fact that



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they are not used.

The first duty of our statesmanship today is to bring capital and man-power together.

Dictators do this by main force. By using main force they apparently succeed at it. However we abhor their methods, we are compelled to admit that they have obtained substantial utilization of all their material and human resources. They have done things which every economist of a decade ago claimed would result in immediate bankruptcy. But the dictatorships are not financially bankrupt today. Like it or not, they have solved, for a time at least, the problem of idle men and idle capital. Can we compete with them by boldly seeking methods of putting idle men and idle capital together and, at the same time, remaining within our way of life, within the Bill of Rights, and within the bounds of what we call, from our point of view, civilization?



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