SOME CONFLICTS IN THE PHILOSOPHY AND IMPLEMENTATION
OF THE NEW DEAL WITH THAT OF
TRADITIONAL PHILOSOPHY

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CHAPTER I

INTRODUCTION

Purpose of the Study

The purpose of this study is to examine some aspects of the traditional philosophy of America and contrast these with the principles of the New Deal philosophy. Significant questions that have developed in the political, social, and economic spheres of American life will be studied and attention given to those which are present today.

Importance of the Study

In the little more than two centuries of American life there have been a number of periodic depressions. The country has recovered from each in a certain length of time and the depressions have been regarded as ordinary crises that inevitably occur. The depression of 1929, however, was of such major proportions that many people began to ask themselves: Is the intensity of this depression a sign that the economic system of the country has broken down and is not capable of meeting modern conditions? Can our established methods be depended upon to solve the problems of a new political and social order? Or do these conditions demand a new economic structure and a departure from the traditional philosophy of early America?
President Roosevelt, in his New Deal philosophy, departed widely from the established traditionalist, individualistic philosophy. He recommended legislation for unemployment and price-fixing that was revolutionary. Due to the great upsurge of employment in the war effort, the New Deal legislation can not yet be impartially evaluated. Now that the war is over and the country begins to return to normal conditions, the New Deal legislation and philosophy are again occupying the attention of the people. It is highly important that attention be given to these matters for the decisions that are reached will ultimately affect the history of the United States and the welfare of the people.

Source of Data

The data for the study have come from various sources. Information on the traditional philosophy of America came from an examination of the ideas of the people who established the government of the United States. In the study of the New Deal philosophy there was so much material available that selection of important details was difficult. Modern books, recent magazine articles, and newspaper items and editorials on the subject were all utilized.

Method of Procedure

Chapter I in the study gives the purpose of the study, its importance, the source of the data, and the method of procedure. The traditional philosophy of America is examined
in Chapter II and attention is given to the growing perplexity of political, social, and economic conditions. The framework of a government which guaranteed the perpetuation of the individualist philosophy is also studied in this chapter. The philosophy of the New Deal and the major changes that have taken place in society in the industrial age are studied in Chapter III. The conflicts that have arisen between the New Deal ideas as expressed in federal legislation and the traditional philosophy of the American people are examined in Chapter IV. In this connection attention is given to conflicts between ideas, between methods of Government administration, between economic principles, and between traditional and modern social attitudes.
CHAPTER II

THE SIGNIFICANT PHILOSOPHY OF EARLY AMERICA

The experience of the American people up to the present has tended to establish and confirm the tradition of individualism. The country was settled by individualists who were dissatisfied with conditions at home and who wished for opportunities for advancement that could be won by individual effort. As might be expected, all the institutions of society - political, economic, and social - were dominated during this period by the philosophy of individualism.

The Declaration of Independence states the political philosophy of the early Americans in no uncertain terms.

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their creator with certain, inalienable Rights, that among these are Life, Liberty, and the pursuit of Happiness. That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed.¹

Here, in a nutshell, is the epitome of a long line of principles developed by French and English writers in the political field. John Locke, the noted English writer, declared in the seventeenth century that all men or more or

¹The Declaration of Independence.
less equal. Rousseau, the French philosopher, had held that governments derive their powers through and by the consent of the governed.

The economic philosophy of the early Americans was likewise individualistic in nature. They believed in economic freedom. Economic freedom meant that they did not want any government interference in their business or what they did with their own property. People are economically free as long as all their economic activities are self-determined. They lose this freedom when the state steps in and either controls or regulates the economic relationship between people. The early American settlers had migrated far across the ocean to escape government interference in their affairs. They had come to a place where there was a great deal of land and a wealth of room for expansion. They plowed their own land, harvested their own crops, made their own clothes from cloth woven in the homes, and sold what produce they had to whom they chose. They had economic power to do as they pleased with their own economic life, and they would not have had it otherwise.

In the early days of America the social needs of the individual were few, and the only need for government regulation in this field was protection of the individual from theft and violation of property rights. It was not the

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province of the government to attempt to make its citizens better, wiser, or wealthier. The chief function of the state was to punish crime and preserve the natural rights of its citizens.

What institutions did the American establish which would guarantee them political, social, and economic freedom? An analysis of the constitution which they wrote and put into actual practice will answer this question.

The Preamble to the Constitution states who the controlling force is in the country: "We, the People", not the State or some king or dictator, but "We, the People". The purpose is then stated for the establishment of the Constitution...

...in Order to form a more perfect Union, establish Justice, insure domestic tranquility, provide for the common defence, promote the general welfare and secure the blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America.3

The above words are broad and have been given a wide interpretation, but basically it is seen that the desired government preserved the individualistic spirit then so widely scattered.

The framework of the proposed government was divided into three departments, the legislative (Congress), executive, (President), and the judicial (the Courts). The President

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3The Constitution of the United States, Preamble.
was to be elected by the people every four years. The Congress was divided into two houses, the Senate and the House of Representatives. This latter arrangement represented a compromise between the large and the small states. In the Senate each state has equal representation, two Senators. In the House of Representatives, each state has representation according to its population. In the early part of the administration of the government, the members of the Senate were elected by the legislatures from their respective states who were, in turn, elected by the people of that state. In the Judicial department, one Supreme Court was established as well as a number of smaller ones. Judges in these courts were to be appointed by the President of the United States.

Each one of these departments was to act as a check and balance on the other. Each had definite duties. The Congress of the United States was to make all legislation for the Federal Government; the President was to administer the laws, and the judiciary was to enforce and interpret the laws.

Article VI in the Constitution expressly states that the Constitution and the law made by Congress and any treaties that may be negotiated are to be the supreme law of the land. The part that the President plays in making a law is stated in Article II: "He shall from time to time give to the Congress information of the State of the Union,
and recommend to their consideration such measures as he shall judge necessary and expedient". In Article I, Section 7, the Constitution says that the President must be given a chance to veto or approve the legislation that is passed by Congress. If he disapproves a measure, the Congress can pass it over his veto by a two-thirds roll call vote.

The powers of the President as outlined are very limited compared with the powers of powerful monarchs—powers which a great many of the colonists had experienced and lived under. The machinery of administration, too, was organized primarily in or under a series of coordinate executive departments created by act of Congress. The constitution did not provide for such departments in so many words, but in Section 2, Article II, the President is authorized to "require the opinion, in writing, of the principal officer in each of the executive departments; it also empowers Congress "to vest the appointment of inferior officers in the heads of departments". The writers of the Constitution plainly assumed that departments would exist. The language of the document also would indicate that Congress was the one to create the main departments. Minor agencies, however, could be established by executive order. The President also might be empowered by Congress to make changes effecting also every part of the work of the departments except the number and indentity of the departments themselves.
Detailed mention is made to the above phases of the President's power for the reason that this is the focal point of much of the New Deal legislation. Within these boundaries, the administration of the government by the President has almost immeasurably increased in modern times.

The importance that the people attached to the enumeration of their individual rights is shown in the first ten amendments to the constitution. When the constitution without these amendments was submitted to the different states for ratification, the people in these states demanded that their rights be enumerated. Freedom of speech, of religion, of the press and of the right to assemble and petition the government - the most cherished and fundamental rights of the American people - were forever guaranteed by denying Congress the right to make any law limiting them.

The Tenth Amendment to the constitution also reaffirmed the truth that the powers of Congress were "delegated". The people, in this instance, retained within their hands the source of power.

The philosophy of individualism was also stressed by the writers of the period. These writers, it is significant, were all political statesman as well as notable political theorists. Europe has produced many profound philosophers, many of whom held significant political theories, but it has been very seldom that the European political philosophers have been statesman or vice versa. In ancient times the outstanding political theorists were Plato and Aristotle; they were what modern people call "closet" philosophers inasmuch
as they took no active part in the government. Modern political philosophers, Bodin, Hobbes, and Rousseau, were private citizens. Burke, the great English political philosopher, took part in the English government but never attained any major political standing. The great German philosophers, Kant, Fichte, Schelling, and Hegel, were university professors with no connection with the government. On the other hand, it is significant that the American political philosophers have been its greatest statesmen.

In the post-revolutionary period John Adams, Alexander Hamilton, James Madison, and John Jay were outstanding political theorists. Adams and Madison later became Presidents of the United States; Jay became a diplomat and a Chief Justice of the Supreme Court; and Alexander Hamilton gave outstanding service as one of the most notable Secretaries of the Treasury in American history. In the early days of the government under the new constitution, George Washington, Thomas Jefferson, and the above mentioned statesmen spoke their views about government and the place of the individual in it. Still later Abraham Lincoln, one of the greatest of Presidents of the United States, added to the political as well as the social philosophy of the country. Herbert Hoover, another President, had decided views on economic philosophy. Woodrow Wilson, still another President, added much to the development of political philosophy, and within the last decade Franklin D. Roosevelt,
as President, wrote as well as practiced what seems to some people to be a revolutionary political, economic, and social philosophy.

These things, when taken as a whole, are significant. In most instances, the political views of these statesmen have been modified and colored by actual experience in the administration of different fields of the government. The development of political philosophy in the United States may be traced through a study of their written words.

George Washington, in his "Farewell Address" to the people of the United States has this trenchant comment on the nature of the government, the place of the people, and the place of the State:

The unity of government which constitutes you one people is also now dear to you. . . This Government, the offspring of our own choice, uninfluenced and unwavering, adopted upon full investigation and mature deliberation, completely free in its principles, in the distribution of its powers, uniting security with energy, and containing within itself a provision for its own amendment, has a just claim to your confidence and your support. Respect for its authority, compliance with its laws, acquiescence in its measures, are duties enjoined by the fundamental maxims of true liberty. The basis of our political systems is the right of the people to make and to alter their constitutions of government. But the constitution which at any time exists till changed by an explicit and authentic act of the whole people is sacredly obligatory upon all. 5

The Government of the United States, from the above comment, was a contract between the people and the State,

5"President George Washington, in His Farewell Address, Warns the People Against Domestic and Foreign Conflicts", Quoted in Beard and Beard, A Basic History of the United States, p. 510.
The State very decidedly derived its powers from the people. The people had a "right to make and alter" their constitutions of government.

Washington further stressed the individualistic philosophy of the new world when he cautioned the people against "political connections" with foreign nations. Europe, he said, was continually involved in controversies "the causes of which are essentially foreign to our concerns," and he considered it unwise for the American people to become involved in them. This, perhaps, is the basis of the celebrated "isolationist" doctrine that has grown up in the United States.

Thomas Jefferson, in his first inaugural address as President of the United States, explicitly declared that -

- - A wise and frugal Government, which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned.  

The main function of government, according to Jefferson, then, was to preserve law and order; the individual would perform the other services that he needed for himself.  

President Monroe, in his message outlining what has come to be known as "The Monroe Doctrine", emphasized our independence and isolation from other countries: "our policy in regard to Europe...is...not to interfere in

6Ibid., p. 511.
7Quoted in Beard and Beard, op. cit., p. 512.
the internal concerns of any of its powers". Likewise he let it be known that no interference from Europe would be tolerated in the affairs of the western continent.

In the field of economics, the early American settler was, if anything, more individualist than he was in his political philosophy. He subscribed heartily to the doctrine of *laissez-faire*. This doctrine, in practical terms, means that the individual should not be hampered or restricted in any of his activities as long as his actions are not harmful to the interests of others. Rightly applied, this doctrine meant unlimited economic freedom. In the time of Washington and Jefferson, America was a country of free land and immense natural resources. Initiative and persistent labor could yield wonderful results. Any attempt by the government to tell the farmer what he could plant, where he could sell, and the price he could ask for his product would have been considered rank heresy. At that time, too, there were no great manufacturing concerns, no great corporations, no great cities. The United States was a world of individuals thinking and working according to their principles and desires. All men, under the law were not restricted; the weak were unprotected against the strong. The law of supply and demand governed economic transactions.

With the invention of the steam engine and other mechanical aids, the economic picture in the United States
changed almost overnight. Methods of production and manufacture—hand-methods or human labor—which had been used almost unchanged for hundreds of years were completely changed. Beard and Beard say:

Considered in the largest terms, this revolution meant releasing the production and transport of goods from the limitation of human hands and strength, supplemented by animal, wind and water power. No longer was the amount of goods produced to be determined by the number of human beings employed in the process. Henceforward production could be expanded indefinitely by the substitution of mechanical fingers for human figures and mechanical power for human power. For the first time in the history of the human race the possibility of an abundant production, freed from the leash of mere human energy, loomed on the horizons of people capable of developing the Industrial Revolution toward the goal set by the potentials of technology.⁹

The inevitable result of the invention of industrial machinery was the growth of large towns, establishment of large factories, greater production of raw materials, and a greater number of economic problems. The population of the United States was scattered and lacked the density of European populations. Labor was scarce and commanded a good price. The higher price was reflected in the price of the finished article.

Commodities that were produced in the Old World, where there was an abundance of cheap labor, were cheaper in price than those made in America. In order to prevent these being shipped in to compete with articles made in the United States, Congress levied an import tax or duty on such manufactured

⁹Beard and Beard, op. cit., p. 195.
articles. This duty or tariff was not for the purpose of raising revenues as much as it was for encouraging manufacturing in the United States and upholding a fair wage schedule.

As opportunities for manufacturing multiplied, individual manufacturers banded together in order to have sufficient capital for buying tools and paying labor. In the pre-industrial age each man owned his own tools. These tools did not require much expenditure. Great manufacturing concerns required a large amount of capital to buy tools. Out of these combining activities have grown the great corporations of today. In many instances, manufacturers combined to form monopolies and controlled prices. Such activities caused a demand for government regulation.

The same thing happened in the development of the railroad systems of the country. In order to encourage the building of railroads the government offered many inducements to the builders—subsidies we would call them today. The railroads followed the plan set up by many manufacturers; they combined to form giant monopolies. Once again there was a demand for government regulation.

Large bodies of skilled laborers were necessary for operating the machines in the large manufacturing industries. There were not enough Americans to meet the demands, and immigration of workers from Europe was encouraged and permitted. These workers, American and immigrant, posed new problems in the economic field. They were dependent on their
labor for their subsistence. They did not own their tools. If the manufacturer decided to release them from work, or if a depression caused a lessening of the demand for labor, thousands were thrown out of work and unhealthy social conditions resulted.

In order to better working conditions and wages, the industrial workers began to band together in organizations. Beard and Beard say that the most persistent type of such an organization was the trade union. The first stage of these unions was local unions within single crafts or trades. Central or city trade unions marked the next step in the development of the unions. Loose national federations were then established, and finally a national federation was organized. There was a great deal of opposition to the labor unions from the industrial manufacturers, and up until the administration of Franklin D. Roosevelt they had been restricted very closely by court action and court decisions.

Agriculture as well as manufacturing underwent a tremendous change after the invention of power machinery. For example, geographical conditions in the southern portion of the United States made it ideal for the growing of cotton. When the fiber had to be combed by hand and the seeds picked out, the acreage in cotton was small. The invention of the steam engine and the cotton gin transformed the cotton industry. The South became the greatest cotton producing country in the world. Likewise, power machinery made it possible for the farmer to enlarge the amount of acreage he

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10Beard and Beard, op. cit., p. 201.
could cultivate in the production of other crops. The amount of farm produce was greatly intensified.

This increase in farm production brought other problems. The United States raised more than it could consume. In good years there were enormous surpluses. Markets abroad began to use these surpluses. But the buying nations also had products to sell. If they bought from us they had to sell to us also in order to have the purchase price. If the surplus of crops accumulated in the United States, the price paid the farmer declined. Presidents as well as private citizens began to concern themselves with what to do about agriculture.

The third phase of individualist philosophy of early America concerned itself with social questions. The Constitution of the United States made reference in the Preamble to the "general welfare" of the country. Outside of this reference, there is little mention in the literature of early America concerning any efforts of the government to enact social legislation. The place in which a person worked, the working conditions, the number of hours worked, and the wages paid were considered the business of the employer and the employee. A man's social relations, where they did not infringe upon the rights or welfare of others, were his own individual concern. In times of depression thousands of workers might be reduced to destitute condition, but individualistic philosophy considered this a "normal"
phase of everyday activities. Children were worked for long hours in factories, wages were low, and working conditions poor. Still, under the individualist system, these were no concern of the government. But as time went on the demands for social legislation on a national scale became more and more insistent from social workers.

There was another unhealthy situation that developed in the United States as the nation grew. This was the great amount of poverty as contrasted with the accumulation of great wealth by a few people. A Committee appointed by Congress to investigate this situation reported in 1916 that two per cent of the people owned sixty per cent of the total wealth of the country. Thirty-five per cent of the people owned thirty-three per cent, and the remaining sixty-five per cent of the people owned only about seven per cent of the total wealth. In 1930 the Federal Trade Commission reported that one per cent of the people owned fifty-nine per cent of the total wealth, which indicates that the concentration of wealth in the hands of a few people had been continuous. The same report said that seventy-five per cent of the people were almost destitute, were dependent solely upon their wages for subsistence, and owned not more than four or five per cent of the total wealth of the country.11

The dyed-in-the-wool traditionalists attributed this discrepancy in property and wealth to the shiftlessness of

11Jaime Gurza, Logic, Roosevelt, and the American People p. 54.
some people and the sagacity and shrewdness of others. It
was a natural situation and no concern of the government.
Horace Greeley, the great New York editor, epitomizes this
feeling in the following statement:

I believe that there need be, and should be,
no paupers who are not infantile, idiotic, or
disabled; and that civilized society pays more for
the support of able-bodied pauperism than the
necessary cost of its extirpation.
I believe that they babble idly and libel
Providence who talk of surplus Labor, or the
inadequacy of Capital to supply employment to
all who need it. . . . Where Labor stands idle,
save in the presence of some great public
calamity, there is demonstrated deficiency, not
of Capital, but of brains.
I believe that the efficiency of human effort
is enormously, ruinously diminished by what I term
Social Anarchy. . . . It is quite within the truth to
estimate the annual product of our National In-
dustry at less than half what it might be if
better applied and directed.
Inefficiency in production is paralleled by
waste in consumption. . . .
Youth should be a season of Instructional
Industry and in the Useful Arts, as well as in
Letters and the Sciences mastered by their aid. . . .
Isolation of workers is at war with efficiency
and with progress.12

Still another social evil was the attitude of govern-
ment toward those who were afflicted. The attitude of the
traditionalist was that individual families should care for
the members of their families who were aged, indigent, or
insane. It was not the province of the government to care
for them. Dorothea Dix, a reformer from Massachusetts,
plead the cause of all "suffering humanity" in a memorial
to the legislature of her state in 1843. Her immediate plea

12 quoted in Beard and Beard, op. cit., pp. 233-234.
for help was for the insane persons, who, she said, at that time were confined in "cages, closets, cellars, stalls, and pens." 13 She charged that they were chained naked and beaten into obedience.

The significant philosophy prevalent in the United States has been that of individualism in government, economics, and in society. The growth of the country has brought problems that challenge this individualism to solve. The next chapter will deal with these changes, and the emergence of a new social philosophy designed to remedy the evils of the individualist administration.

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13 Quoted in Beard and Beard, op. cit., p. 232.
CHAPTER III

THE NEW DEAL PHILOSOPHY IN THE UNITED STATES

In the autumn of 1929 a major depression descended almost overnight on the United States. In one day of frenzied trade, the stock market in New York crashed, and the whole economic structure that had been so painfully built up over the years came tumbling down. Banks failed overnight; railway companies went bankrupt; private concerns shut their doors; and in the opening months of 1933 it was estimated that 12,000,000 men and women were out of work. Ruin and hunger faced the rich and poor alike.¹

This was not the first depression that the people of the United States had faced, however. In 1827 a depression had caused a great deal of distress in the United States. Martin Van Buren, who was President of the United States at that time, declared that, under the Constitution, the Federal Government could do nothing to aid the distress of the people. He felt that it was fortunate that the government could not help. Congress, he said, had no authority or right to meddle in the affairs of private business. Poverty, he thought, was inevitable. It was due to individual shiftlessness and not to

¹Charles A. Beard, "The Quest for National Security", School and Society, XLI (June 1, 1935). 721-725.
any fault of the economic system. The natural laws of supply and demand, he said, would relieve the situation in time.

This supposition of Van Buren's proved to be true. The building of great systems of railroads, the exploitation of western lands that followed, and the development of natural resources once more brought prosperity to the land and the people. Other depressions at intervals followed which were in turn outlived. Herbert Hoover, who was President in 1929 when the greatest of all depressions occurred, said this one was no different, at least in cause, from the others.\(^\text{2}\) It was "just another panic" he thought. He said the country had passed through no less than fifteen major depressions and had come out of each into prosperity. He felt that it would do so this time. His attitude on government intervention was forcibly expressed in a veto of the Muscle Shoals Bill, a measure designed to aid in curbing the depression by developing natural resources and furnishing employment. He stated:

I am firmly opposed to the government entering into any business the major purpose of which is competition with our citizens. There are national emergencies which require that the government should temporarily enter the field of business, but they must be emergency actions.\(^\text{3}\)

This depression of 1929, however, did not yield to natural laws; it dragged on through weary years. A general feeling began to prevail that the intensity of the depression was due

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\(^\text{2}\)Beard and Beard, \textit{op. cit.}, p. 452.

\(^\text{3}\)Quoted in Beard and Beard, \textit{op. cit.}, p. 527.
to faults in the economic system, and that it would not pass until these faults were remedied. One writer said:

The present economic depression is the outgrowth of...an unplanned economic system. Can one imagine a more irrational situation than the one in which we now find ourselves? Here is a nation abundantly supplied with natural resources and raw materials necessary to production—land, coal, oil, water-power, iron and all the rest. We are in an extremely favorable position as to the implements of production. No nation has gone so far in applying the machine to industry and agriculture. We possess an abundant supply of labor, anxious to work, and more intelligent than any other large body of workers in the world. Our 125,000,000 people enjoy an annual income which in 1929 approximated ninety billions of dollars, which is roughly equivalent to that of all the other inhabitants of the globe. Their tremendous purchasing power and general desire to maintain a high standard of living made the American people the customer market per excellence of the world. But what are we doing with this unparalleled situation? Hundreds of factories are completely closed down, and thousands more running at a mere fraction of capacity. Thousands of farmers are unable to sell their products at a price sufficient to pay for their production. From five to six million people are out of work. ... 4

Many people began to agree with the expressed sentiment that there was something radically wrong with the nation's economy. A nation with so much potential wealth and resources should be able to pull itself up out of the mire of depression by its own resources. If it could not, then its economic system must be out of balance. This feeling entered into the presidential election in 1932. The Republican Party renominated Herbert Hoover as its leader, but the Democrats nominated and elected Franklin D. Roosevelt, the former Governor of New York. However, the Democrats did not campaign on a program of interference by the government in business. As far as appearances

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indicated, the Democrats were still believers in the creed of Thomas Jefferson of "the less government the better". They did not give any hint in their platform that they intended to make any change in their long role of opposition to federal interference in the natural laws which they believed governed national economy.

In all probability the leaders of the Democratic Party had no idea of doing anything radical. Times are always ripe for a change in the government when there is a great deal of dissatisfaction in the country. But Franklin Roosevelt evidently had some ideas of his own. In his inaugural address he described the conditions as they existed:

Values have shrunken to fantastic levels; taxes have risen; our ability to pay has fallen; government of all kinds is faced by serious curtailment of income; the means of exchange are frozen in the currents of trade; the withered leaves of industrial enterprise lie on every side; farmers find no markets for their produce; the savings of many years in thousands of families are gone.5

Roosevelt then went on to say that he was prepared, under his constitutional duties, to recommend to the Congress measures for relief of this situation. However, he stressed, if the Congress did not take such measures, he said he would ask for broad executive power to take measures himself. In the very beginning of his work as President of the United States, it appears, Roosevelt held a different economic philosophy than had been in practice in the country.

5Quoted in Beard and Beard, op. cit., p. 528.
The Democratic organization in Congress had no outstanding plans for dealing with the financial disaster, and the burden of planning was left to President Roosevelt. Under his direction, a large number of measures were passed which bear the name of the "New Deal". The main philosophy underlying this legislation was that private enterprise had failed to provide security and prosperity for the American people, and that it was necessary for the Federal government to intervene in business.

The country was in such dire straits that little opposition was offered to Roosevelt's plans. The general feeling was that something had to be done, and Roosevelt was looked to almost as a Saviour by some people. And in the interim of the twelve years that followed, legislation which violated every tradition of the individualist school of thought was passed and became a part of the law of the land. This legislation was in the field of banking and currency, federal credit, agriculture, regulation of business enterprise, collective bargaining for labor unions, and social security. The next chapter will discuss the many conflicts which arose within the United States over this legislation between the individualistic systems of thought and the New Deal philosophers. Before this study is undertaken, however, a more detailed study of the philosophy of the New Dealers has a place here.

President Roosevelt was the leader in the New Deal movement. His ideas about the power of the people in the government, the
place of the Federal government, his conception of a democracy, all have a trenchant bearing on the controversy that ensued.

His declaration of the rights of all people in 1937 perhaps best covers his aims which he hoped to achieve. At that time, he had been President of the United States for four years. Under his direction, many, what he thought to be alleviating measures, had been passed by Congress. But the depression was still with the people. This situation, President Roosevelt, in his second inaugural address, declared was a challenge to the democratic way of life. The Republic, he said, had its beginning and its great progress based on the theory of the natural rights of man - free speech, free press, free worship, trial by jury, and freedom from unreasonable searches and seizures. There were rights of life and liberty.

These political rights, however, he said had not been able to give equality in the pursuit of happiness. The people had come to a clear realization that true individual freedom cannot exist without economic security and independence. They had accepted the theory that prosperity should and could be established for all. This theory was based on an "economic" Bill of Rights. Among its provisions were:

1. The right to a useful and remunerative job in the industries or shops or farms or mines;
2. The right to earn enough to provide adequate food and clothing and recreation;
3. The right of every farmer to raise and sell his products at a return which will give him and his family a decent living;
4. The right of every business man, large and small, to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home and abroad;
5. The right of every family to a decent home; 
6. The right to adequate medical care and the opportunity to achieve and enjoy good health; 
7. The right to adequate protection from the economic fears of old age, sickness, accident, and unemployment; 
8. The right to a good education.6

When these newly postulated economic rights are considered, the question at once arises: Can they be realized within the framework of the Constitution and within the confines of a democracy? Communism, it will be recalled, envisions a world in which there is no inequality, no such thing as poverty or wealth, and where all will share equally in the benefits of society. Proletariats and capital will both disappear. Through universal cooperation, man will enjoy the all-sided fruits of the earth, and be free to train himself as he chooses. Did Roosevelt favor a communistic regime of society?

Very decidedly, if his written and spoken statements are to be believed, he did not. Excerpts from different addresses show his beliefs. Taken at random from his writings they are as follows:

We don't want and we are not going to copy other forms of government – ours is good enough for us.7

We believe in democracy; we believe in freedom; we believe in peace.8

I seek no change in the form of American government. Majority rule must be preserved as the safeguard of both liberty and civilization.9

7Ibid., p. 42. 8Ibid., p. 45. 9Ibid., p. 58.
Democracy, alone, of all forms of government, enlists the full force of man's enlightened will.\textsuperscript{10}

Democracy alone has constructed an unlimited civilization capable of infinite progress in the improvement of human life.\textsuperscript{11}

That foreign propaganda repeats and repeats that democracy is a decadent form of government. They tell us that our old democratic ideal, our traditions of civil liberties are things of the past.\textsuperscript{12}

Roosevelt's philosophy, then, was very decidedly not Communist. He had no desire to change the framework of the government, but he did believe major improvements could be made in bettering society's living conditions within this framework. He did not wish to form a classless society, but he did think it was necessary for the government to take measures to curb what he called "selfish minorities". The thing that he wanted to do more than anything else, it appears from his papers, was to eliminate the causes of poverty and crime, and to make it possible for every man to have a decent home, a decent wage, and a fair share in the things that constitute happiness.

The basis of such a society, he believed, was essentially democratic and dependent upon the right of free suffrage of all the people. Alexander Hamilton, he said, believed in government being administered by the "best minds"; democracy, as formulated by Thomas Jefferson was government.

\textsuperscript{10}Ibid., p. 59. \quad \textsuperscript{11}Ibid., p. 59. \quad \textsuperscript{12}Ibid., p. 60.
by all the people. Roosevelt said if government could be kept on a high level of unselfish purpose, there would be nothing to fear from a government limited to the votes of the most highly educated and the most successful citizens.\textsuperscript{13} However, he said "sheer, human fraility" would cause the Hamilton theory, in the long run, to develop into selfishness, personal gain, and an attempt to abolish free elections.

The main Roosevelt thesis was that the United States should be able to formulate a more balanced society, and to eliminate the great differences between the rich and the poor. He saw evidences all around him of the growth of great fortunes and of great monopolies. He saw also the steady increase in poverty among the people. Under the laissez-faire philosophy, a man was free to manage his own business in any way he pleased as long as he conformed with the law of the state. Under this theory, employers had been free to work employees as many hours as they pleased, to pay what wages they pleased, and to work children as well as grown people. The Government of the United States had, previous to Roosevelt's administration, recognized that employer's were not always mindful of the welfare of other people and much legislation to curb abuses had been passed - anti-trust laws, wage legislation, health measures, and numerous miscellaneous legislation to protect the rights of both workers and employees.

\textsuperscript{13}\textit{Ibid.}, p. 64.
Roosevelt believed that the depression had been caused by the way in which the economics of the nation had been developed under the laissez-faire theory. America, he said, had always had a small minority who assumed that there were not enough of the good things of life to go around. This minority had sought to possess and keep these "good things" for its own satisfaction without any thought of the general welfare or a humane and modern standard of living. In the early days of the Republic, American life had been simple. There was little need for Government interest or action to "insure the social and economic well-being of the American people". However, he said, that life was gone—

... Its simplicity has vanished and we are each and all of us, whether we like it or not, parts of a social civilization which ever tends to greater complexity. And in these later days, the imperiled well-being, the very existence of large number of our people have called for measures of organized Government assistance... Mechanization of industry and mass production have put unparalleled power in the hands of the few. No small part of our problem today is to bring the fruits of this mechanization and mass production to the people as a whole.  

President Roosevelt believed that the preservation of our democratic free-enterprise system depended upon the ability of the American people to achieve a full-employment program. In this belief he was joined by another outstanding New Deal philosopher, Henry Wallace. In his

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14 Ibid., p. 2.  
15 Ibid.
book, *Sixty Million Jobs*, Wallace states that when he first heard President Roosevelt outline his "Economic Bill of Rights" at Chicago on October 23, 1944, he thought the President had "set his sights" too high, but consequent study had caused him to decide that the plan was practical. He writes:

> I believe that we can attain this goal without a Planned Economy, without disastrous inflation, and without an unbalanced budget that will endanger our national credit.\(^{16}\)

Wallace was thus of the same opinion as President Roosevelt. He thought that it was possible for a democracy to achieve domestic equilibrium without the abolition of private enterprise and the substitution of government ownership and regulation.

There were a number of other so-called "New Dealers", but it was President Roosevelt who initiated the New Deal legislation. When the conflicts which arose in the country over the New Deal legislation are studied in the next chapter, it might be well to keep in mind the fundamental things that Franklin D. Roosevelt said he wanted for the country: The right of every man to a decent job, a decent home, and a good education. He wanted to level the barriers between the rich and the poor and build a society in which every one would have economic security and independence. We may not agree with his ways of reasoning or even with his theories, but these purposes colored the New Deal Legislation.

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CHAPTER IV

SOME CONFLICTS RESULTING FROM THE PHILOSOPHY OF THE NEW DEAL LEGISLATION WITH THAT OF TRADITIONAL INDIVIDUALIST PHILOSOPHY

President Roosevelt's efforts to conquer the depression and restore economic independence to the United States were directed to six different fields: (1) control over banking and currency; (2) federal credit to property owners and corporations in financial difficulties; (3) relief to farmers; (4) regulation and stimulation of business enterprise; (5) systematizing rights of collective bargaining for organized labor; and (6) social security for selected groups of people against the hazards of dependency, unemployment, poverty, and old age. Taken collectively, these measures represent an effort to create a stable economy and to protect people against misfortunes of specific kinds.

When President Roosevelt took office in March, 1933, the banks all over the country had declared a "bank holiday". In his efforts to open these banks and to restore circulation of currency, he met head-on one of the traditional individualistic institutions, state banks. The Constitution of the United States had made no mention of a national
bank. Accordingly the right to charter and regulate banks was considered to be the province of the different state governments. Alexander Hamilton, the first Secretary of the Treasury, had not understood the Constitution in this way, and he advocated and secured the establishment of a Bank of the United States. When the charter of this bank expired in twenty years it was not renewed, but another National Bank was established by President Madison in 1816. A Supreme Court decision in 1818 upheld the constitutionality of such an institution. The second United States Bank came to an end in 1836, and it was not until the National Banking Act of 1863 that a system of national banks became prevalent.¹

In the meantime state governments had authorized the establishment of state banks. The charters of such banks varied from state to state, but they all had the power to issue currency based on the amount of their reserve in either silver or gold. These banks flooded the country with paper money based on insufficient reserves, and during the Civil War the arrangement broke down and the banks could not redeem their notes in coin. The Banking Act of 1863 sought to stop the issuance of currency by state banks by taxing the paper money of all state banks. National banks might issue untaxed notes if they bought United States

bonds and deposited them in Washington as security. The amount of money that could be issued depended on the amount of security. This caused a rigidity in bank dealings; in good times, a large amount of notes might be needed, but they could not be issued because the national bank notes were tied to the government bonds and these remained the same regardless of the volume of business. What was needed was some elasticity whereby bank notes and bank credit could expand or deflate according to business conditions. The federal reserve banks were established in 1913 in an effort to meet this situation, but the over-expansion they permitted in the good business years of 1925-1929 was a material cause of the depression. When the stock market failed, much of the collateral deposited as security by the banks lost its value. The banks, trying to protect themselves, sold the collateral on a falling market. Panic resulted and banks began closing.

This "bank holiday was one of the first problems confronting the President. Some of his supporters urged him to nationalize all the banks and vest in the government all the power to issue currency. This would take away from private enterprise any banking business. The President did not agree with this view. Congress passed an emergency banking act March 9, 1933, just five days after the inauguration of the President. All banks were put under closer federal supervision; credit was extended to banks which were in good conditions; and others were
liquidated. The gold standard was abandoned, and in its place was substituted a currency managed under the authorities of the United States.\textsuperscript{2} The power of private banks possessing stores of gold and silver to dominate the issue of currency by the United States was done away with.

Nevertheless a large part of the country's banking facilities are still provided by state banks. Unless a state bank is a member of the federal reserve system or of the federal deposit insurance corporation, it is not subject to any national regulations. Munro says:

\textit{In its present situation the American banking system leaves much to be desired, Its duality is a defect, for credit is a national requisite which recognizes no geographical or political boundaries. It surges backwards and forwards with every season of prosperity and depression. Obviously, then, a country's system of credit should be unified so that it can be regulated nationally. From this point of view there is no sound justification for the maintenance of forty-nine banking systems within the same nation. \ldots  Not only are there too many banking systems in the United States but there are too many banks, - over 15,000 of them altogether.}\textsuperscript{3}

There has been no major controversy in the thought of the people over these phases of the New Deal legislation in banking. The individualistic traditional philosophy of state's rights alongside those of individual rights, no doubt, has hindered the abolition of state banks by the federal government.

Other phases of the credit business of the New Deal Legislation have dealt with providing credit and money for

\textsuperscript{3}Tbid., pp. 402-403.
agriculture and stock-raising. The federal land banks were organized to meet the needs of agriculture. The Reconstruction Finance Corporation was organized to aid banks, railways, insurance companies, industries and other enterprises whose earnings temporarily did not meet their needs. The aim of the legislation was to get the private business enterprises of the country back on their feet so that they could go ahead with the production of services and goods, employ labor, and get the entire economic life of the country to functioning again. At the time the measures were inaugurated, the depression was at its height, and there were few to quarrel with or question the aims of the legislation.

On the question of farm relief, the President came into conflict with traditional individualism in many instances. The farmer had always operated under the laws, more or less, or supply and demand. The price of his product was based on the amount produced and the demand for the product. For a number of years before the depression of 1929, he had depended upon foreign markets to use the surplus which the people in the United States did not need. A number of factors had worked together to reduce this demand. The use of industrial machinery had enabled foreign countries to grow more of their own products. By the use of cartels or barter, the German nation, had taken many of the normal American markets for agricultural products. Still another factor was our own tariff laws. In order to protect the
farmer against shipments of goods produced at low living standards, the government had gradually built up tariff walls. The foreign government which could not sell to us could not buy in a great many instances. The surplus of farm goods piled up. People in the United States were without employment and they could not buy.

There were two views in the administration of the government concerning what to do about the situation. Secretary Hull wished to make reciprocal trade agreements with other countries and provide outside markets. Under a law passed by Congress in 1934, the President and Secretary of State were authorized to make reciprocal trade agreements without it being necessary for the Senate to ratify them. Through these agreements it was felt that outlets for a large amount of cotton, corn, meat, and other farm products could be found in foreign markets.

President Roosevelt and Secretary of Agriculture, Henry A. Wallace, however, had other ideas about what to do with the surplus of farm products. Secretary Wallace worked out a plan of the "ever-normal granary". This was a plan to regulate the supply of each product so as to meet the normal and natural demand. Instead of dumping our surpluses abroad where they could depress markets there, a plan was evolved to reduce the amount of farm products raised in the United States. A certain quota was to be fixed by the government, and the farmer could not produce more than his
allotted part. The acreage which was withdrawn from production was paid for by the government under a subsidy plan. Such a plan became law by the adoption of the Agricultural Adjustment Act of 1933 and later amendments. Thereupon was inaugurated such a program in the United States as had never been heard of before. Farmers were required to plow under part of the then-maturing cotton crop. Surplus hogs and cattle were destroyed. In the meantime, there were hundreds of unemployed people who begged for the chance to pick the cotton or to eat the livestock which were destroyed and paid for by the government. The government was adamant in its refusal to change its policy.

This legislation of the New Deal has perhaps raised as much opposition from those who believed in economic individualism as any other controversial New Deal legislation. There was no power under the Constitution to force a farmer to participate in such a program, but if he did not submit his program to the Farm Administration and plant the required amount of crops, he was not allowed to sell his product over and above the quota he would normally have been given. He did not have to plant cotton, but if he did he could sell only the amount that he would have been assigned to raise. Opponents of such measures called it "regimentation", but the farmers, as a whole, favored the legislation because they got a better price for their products and were paid for the land they did not use or withheld from production.

One of the unlooked for results from any such a program was that it lessened the opportunities for work of thousands
of people. The farmer when he lowered production also lessened his need for labor. The problem of unemployment became more acute.

The National Industrial Recovery Act of 1933 was aimed at aiding in solving unemployment. A large amount of money was made available for a public building program to furnish employment and to encourage the production of building materials. In industry, itself, the anti-trust laws were suspended and industry was asked to work in cooperation instead of rivalry. Each industry was ordered to set up a code in which it formulated its own plan of "fair competition". This code must be approved by the President, not Congress, and it would not be approved unless it provided for the elimination of child labor, the fixing of minimum wages, the establishment of reasonable working hours, and collective bargaining of the employees.4

In a roundabout way, the government thus was trying to determine a great number of things which under the constitution it had no power to do. Congress had been given the power to regulate interstate commerce, but under the constitution it had no power to regulate industry wholly within states. The framers of the law had sought to bring the bill within the interstate commerce power by stating in the preamble that its purpose, among other things was "to remove obstructions to the free flow of interstate and foreign

4Munro, op. cit., p. 441.
commerce which tend to diminish the amount thereof". 5

There was vociferous objection to this argument by the traditionalist school of thought. It was claimed, too, that the law gave the President the power to usurp the power of Congress in that he, and not Congress, was the one who approved or disapproved codes set up by different industries.

In 1935 the Supreme Court in the Schechter Case declared the National Recovery Act unconstitutional on both the objections. 6 This decision effectively stopped legislation for minimum wages, child labor, and price-fixing by Congress through normal legislation. The President had to seek other means than legislation to secure these changes.

The work program remained as the solution to the unemployment situation. When it became apparent in 1933 that the states and municipalities could not carry the burden of relief due to unemployment, Congress authorized a large appropriation to help the states in meeting the cost. A federal Relief Emergency Administration was set up to supervise the allocation of the money. This CWA, as it became known, was succeeded by the Public Works Administration, and it was granted an appropriation of nearly five

5Ibid., p. 461.

6Ibid., p. 462.
billion dollars in 1935. Other relief agencies set up were the Civilian Conservation Corps (CCC), and the National Youth Administration (NYA). There were at least a score of other miscellaneous agencies. President Roosevelt was endeavoring to remedy the economic distress of the country through a domestic program, and without too much effort to bolster markets abroad.

Labor legislation occupied an important place on the calendar of Congress during the administration of President Roosevelt. Labor relations, throughout the greater portion of American history had been left to regulation by the different states. The federal legislation, prior to 1933 had dealt with labor engaged in interstate and foreign commerce. After 1933 federal legislation endeavored to aid all workers. The National Industrial Recovery Act made provisions for collective bargaining between employers and employees, but this law was declared unconstitutional. Then Congress passed the National Labor Relations Act, making collective bargaining mandatory on employers and employees. The Wages and Hours Act passed still later provided for fixing standard hours and wages in numerous industries and enterprises, particularly those in which the hours were long and the wages low.

In the National Labor Relations Act provision was made for the organization of unions. Industrial and other workers were authorized to join unions of their own choosing in matters of hours, wages, and working conditions. It is in
this field that the greatest conflicts have arisen. Traditional philosophy holds that a man should be free to work where he pleases, and that he shall be the judge of what is a fair wage for himself. Powerful union organizations have sprung up which make union membership mandatory on workers, and which set their own wage levels through strikes and other measures.

One field in which the New Deal pioneered has met with little opposition from any source. This is the National Social Security Act which provides measures of relief for distress in various forms. Through a fund derived from a tax on both employer and employee, money is available for old age pensions for workers in selected fields who reach the age of 65, and for those temporarily unemployed.

All these measures, however worthy or unworthy, had failed woefully to alleviate unemployment or rout the depression at the end of Roosevelt's first term of office in 1937. At least 6,000,000 people were unemployed. Business was far below the peak of 1929. And in 1937 in September a new depression overtook the country. Unemployment increased; relief rolls expanded, and the stock markets went down again.

World War II started in 1939 and in the struggle that followed employment became as much a problem as unemployment had been. The United States was drawn into the conflict in 1941 by the Pearl Harbor tragedy, and the nation went to work to win the war. The president was given broad
administrative powers and under this power began what is called "legislation by administrative decree". The urgency of the situation did not always permit lengthy discussion in Congress. Price ceilings on practically all commodities were set, minimum wages were fixed, and what the New Deal philosophy had envisaged as a dream became a grim reality. Unlimited demand brought great production; this demand created employment; and this employment in turn, created more demand.

At the time this study has been made, the summer of 1946, the Congress of the United States has failed to pass legislation which would keep alive the power of the administration to fix prices. At the present time the country has once more, in many ways, reverted to its status of 1941, as far as its ability to fix wages and prices is concerned. But the economic status of the entire country is changed. Peak employment has brought prosperity to the humblest homes in the land, and the demand for products plus an accumulated buying power promises a continued period of prosperity for some time.

But what will happen after the consumer has bought the things he wanted? Will there be another slump in prices when the demand slackens for commodities and when there is no longer a market for the amount that the American factories will be geared to produce? These are the questions which are troubling the thinkers in the United States today, and the thought of the country is divided. There are still
some people who think that the traditionalist philosophy is the one to be applied to the situation; others think that the government should be given more power to regulate private business. The views of a number of people will show the conflicting ideas that are present.

George S. Benson, President, Harding College, Searcy, Arkansas, has this to say:

America's economic system is what made America great. It is a system of liberty giving every man the right to pick what he wants and go after it hammer and tongs, get it if he can and enjoy it to the extent of his capacity, so long as it does not trespass the rights of some one else. It is a sprightly and dynamic economy, quickly adjustable to changing times and conditions.

The things that made American great was a decision to be free. Free to work, free to think, free to earn, free to save and free to invest and make a profit. It is called Free Private Enterprise and it's too valuable to lose.7

Eric Johnson, the President of the United States Chamber of Commerce, denies that America faces a choice between a "congealed old order and some experimental new order".8 He said that he believed in the middle way: "the way of realistic adjustment between old-style laissez-faire capitalism and socialized economy".9 To his way of thinking, the hundred and fifty years of freedom that the Americans have enjoyed have conditioned them for still further effort. They rely on themselves to get things done. They have been

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8The President of the United States Chamber of Commerce Expresses His Views on the Home Front", quoted in Beard, Charles A., and Mary R., pp. 531-532.

9Ibid.
able to win the war because they are rich, industrious, immensely productive, and economically free. The same upsurge of effort that brought forth the needed war production can and "must be maintained for war against internal enemies such as poverty, low living standards, chronic unemployment".10

Walter Lippmann, outstanding writer and thinker, also says that he does not think that civilization is doomed. He says that it is imperative that we find a new balance between liberty and authority in the modern state. Capitalist democracy, he believes, will have to be successfully governed. "Ungoverned it will not drift through stormy seas into safe harbors".11 He thinks that this can be done without sacrificing personal liberties. He says:

The basic question is not whether we should have state socialism, regimentation, inflation, or a flexible and competitive economy. It is whether we can have any coherent and working economy by having no conscious policy, allowing those who are strong to escape automatism in their own efforts and to subject others to its intensified consequences. The truth is that in a modern state even a policy of laissez-faire would have to be deliberately administered, the free play of supply and demand would have to be deliberately maintained. . . . I would rather have economic liberty than centralized direction and demand. But if we are to have economic liberty we must accept the ancient truth that liberty is not the natural state of man, but the achievement of an organized society. Liberty is a right which only vigilant and wise government can provide.12

10Ibid.
11Gurza, op. cit., pp. 54-55.
12Ibid., pp. 56-57.
Gurza states that the country has now come to the point where there are two ways to be followed in deciding on future policy of the government in its endeavors to create a normal existence which will not be marred by cycles of boom and depressions. One way, he says, is to continue with the laissez-faire system. If this course is followed two things may happen: business and the general economy of the country will be controlled by the stronger men and a plutocratic state will result; or popular discontent may cause radical agitation. This situation can easily lead to the continuance of depression and concentration of wealth. Social and economic unrest, possibly revolution, might be next.

Another way that may be followed is to try to establish an economic organization adapted to the modern, complex condition of society. If this is done, he says, two things may happen. If the organization selected is too radical, it may lead the nation to a totalitarian state. If the organization is not too radical or centralized, and is based on democratic and voluntary cooperation, regulated by the states, then such an organization might lead to a balanced economy.

The question of unemployment comes in for more attention from thinkers who are asking what will come after the "boom years" of the present. Will the government be able to take steps which will prevent the recurrence of another depression? H. Gordon Hayes says:
We will prevent mass unemployment. One fifth or more of our working population will no longer endure the humiliation of being outcasts. That is clear. The problem is one of means. The choice is largely between democracy and fascism.

Democracy is the method of making adjustments by compromise, by give and take. Its techniques are public debate, the secret ballot, the legislative process. Facism is the method of force. It is the rule of a gang that secures power in one way or another and then imposes its will upon the nation. Its base for government is terror.\textsuperscript{13}

A recent item in current news is pertinent. The labor unions in the United States have 12,000,000 members.\textsuperscript{14} In a statement released in The Dallas Morning News of July 19, 1946, one of the powerful unions calls on the President of the United States to call an immediate conference of labor and industry to set up guarantees for a "stabilized national economy". The question immediately arises: How can the government stabilize economy without price control? If the Office of Price Administration is not reinstated, the government has no authority, under the Constitution, to set prices on commodities. The Office of Price Administration is a war emergency measure and will automatically go out of existence when the war emergency is declared at an end.

In his new book, Sixty Million Jobs, Henry Wallace defines the problem as he sees it:

The problem is one of policy with regard to exercising wisely the economic powers that are already vested in the Federal government. The

\textsuperscript{13}E. Gordon Hayes, "Spending, Saving", The Texas Spectator, July 15, 1946.

\textsuperscript{14}The Dallas Morning News, July 19, 1946.
problem is to use the same spirit which the founders used, not to change the constitutional authority, but to develop under the Constitution new mechanisms to enable us to meet economic problems in a wise and orderly way. The need for making this decision was not forced upon us until we became a highly industrialized creditor nation. . . .

Our problem, in brief, is for Americans to organize the activities of the Federal government in taxation, agricultural adjustment, social security, foreign trade, resource development, and other fields so as continuously to promote in private enterprise the maximum of sound employment and business activity. We must do this to keep free enterprise free and functioning continuously. For this is the essential process of our own freedom.15

It would appear, then, that there has not been too great a change in the fundamental philosophy of the country. Times have changed and the old system of free enterprise has broken down to some extent. But those who are anxious to remedy the situation still desire to work within the framework of a democracy. The New Deal has made many changes, but the constitutional provisions set up by the early American fathers have toned these changes down and have prevented excesses. The aim of helping humanity better its living conditions has not been an unworthy one. If the New Deal philosophy has not been, and is not, the remedy for unhealthy social conditions, it, at least, has furnished an ideal at which to aim. The late President Roosevelt had this comment on the democratic ideal:

Those who first came here to carry out the longings of their spirit and the millions who followed and the stock that sprang from them—all have moved forward constantly and consistently toward an ideal which in itself has gained stature and clarity with each generation.16

15Wallace, op. cit., p. 87.
16Roosevelt, op. cit., p. 60.
CHAPTER V

CONCLUSIONS AND SUMMARY

The dominating philosophy of the United States has been that of individualism from the inception of the government down to the present time. The changes that have taken place in society have been reflected in the thought of the country, and there have been many modifications of the individualistic idea. It has been attacked severely in some instances and unheld very decidedly in others. However, the Preamble of the Constitution of the United States states that the public welfare of the country is of paramount importance. Regardless of the defects and excesses, in some instances, of the New Deal legislation this regard for the public welfare has been the dominating idea. The leaders in the New Deal movement assert that they wish to improve the economic status of the country and prevent a cycle of booms and depressions within the framework of the established government under the constitution. In this respect, then, the philosophy of the United States is still individualistic to the extent that the preservation of free enterprise is still the paramount aim. Through an examination of the traditional philosophy and of the New
Deal philosophy, this conclusion has been reached. The following summary shows how the thought was developed.

1. The United States was settled by individualists who were dissatisfied with conditions in Europe and who wished for opportunities for advancement that individual effort could bring. The spirit of individualism dominated all the early institutions, including the government, that they established.

2. In the early days of America the social life of the people was simple, and there was no need of government interference or supervision except to protect the natural rights of the citizens. The chief function of the state was to preserve order, and it was not in its province to attempt to make the citizens better, wiser, or wealthier.

3. The government that the Americans established was one of checks and balances and prevented radical, hasty action. The rights of the citizen were enumerated in the constitution.

4. The Industrial Revolution transformed the United States from an essentially agrarian country into a great industrial one. The expansion of industry brought many complex, social problems which the individualist philosophy seemingly failed to solve.

5. The growth of great industries brought with it monopoly, trade-restrictions, the accumulation of great wealth, and much increase in poverty.
6. Depressions have occurred in the United States at intervals since its establishment. These depressions have been regarded as part of a normal cycle of "booms and depressions" until the great depression of 1929. Its severity and duration have caused a belief to grow that the economic structure of the country has broken down and that there must be some changes made in the policy of the government toward private enterprise.

7. President Franklin D. Roosevelt, after he was elected, recommended some legislation to aid in ending the depression and restoring the economic balance of the country. This legislation faced many constitutional barriers, and much of it was declared unconstitutional by the Supreme Court. The outbreak of World War II called for mass production which effectually put an end to unemployment. President Roosevelt's legislation for ending the depression had not aided the country to a large extent when war was declared. No adequate evaluation may be made, therefore, of its adequacy.

8. President Roosevelt's wishes were to aid the country within the framework of the constitution. He thought it could be done. Other prominent New Dealers expressed the same viewpoint. Each wanted to preserve the freedom of private enterprise. Each was concerned with preserving the liberty of free men.

It is not the old spirit of laissez-faire, but the twin desire to "curb the forces in business which would destroy equality of opportunity and yet to maintain the initiative and creative faculties of our people."¹

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