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POLITICAL IMPORTANCE OF MONETARY AND FISCAL PLANKS

From the point of view of political psychology, the most telling attacks against the Roosevelt Administration will in all probability be those designed to instill fear in the public mind on two interrelated financial grounds:

1. That the Roosevelt Administration has been unwarrantedly extravagant in its expenditures and dangerously imprudent in its borrowings.

2. That unrestrained spending and continued resort to borrowing will ruin the national credit, lead inevitably to inflation, and destroy the hard-earned savings which people have accumulated in bank accounts, life insurance policies, building and loan shares, and all other forms of investment that are fixed in terms of the dollar.

On these grounds the Roosevelt Administration will be on the defensive unless its monetary and fiscal actions of the past three years can be stated and expounded so forcibly as to appeal to the mind of the independent voter, to whom certain other actions of the Roosevelt Administration still appeal with great force. Among these actions that are in high favor with the public generally regardless of party affiliation are the following:

1. The quick clean-up of the banking situation and the subsequent guaranty of bank deposits.

2. The saving of homes and farms from foreclosure and the subsequent revival of the home-building industry.

3. The prompt measures to relieve the human privation and misery brought about by long-continued unemployment and exhaustion or destruction of savings.

4. The regulation of security and commodity speculation and the protection of investors against misleading information and fraud.

5. The repeal of prohibition and the wiping out of bootlegging and the graft and corruption brought about by bootlegging.

6. The capture of notorious bandits and gangsters and the rigorous suppression of kidnapping, bank robbery, and racketeering.

7. The protection of young men and women whom private industry has not yet assimilated, and the protection against destitution in their old age of persons no longer able to work.

8. The restoration of public confidence from the defeatism of depression and deflation, the rescue of agriculture, industry, and investment from the catastrophic fall in prices, the stimulation of business activity and employment, and the steady raising

of the national income from the paralyzing level of 1932.

The problem of the platform makers, keynoters, and campaign speakers, then, is to make the monetary and fiscal actions of the Administration as understandable and as appealing to the political psychology as these other actions are. If this is done the whole Democratic campaign can be conducted in the affirmative and on the aggressive, and the voters whose minds are open to persuasion between now and November can be moved by fear, not that the monetary and fiscal policies of the Roosevelt Administration will be adhered to, but that the policies which characterized the last three Republican administrations will be reverted to.

Next in importance to a lucid interpretation of the performance and policies of the Roosevelt Administration in these matters is a frontal attack on the Republican position. The policies which Governor Landon is advocating in these same matters are mutually inconsistent and, ^{if} attempted in practice, would only make for confusion and hinder rather than hasten the international stabilization and the convertibility of currencies into gold that he advocates.

To take a stand against any further devaluation of the dollar, and in favor of repealing the power of the President to

adjust the value of the dollar, is for all practical purposes to advocate putting the United States right back into the vulnerable position it was in when the currencies of other nations were being deliberately manipulated against the dollar. The direct result of that manipulation was ruinous prices for American foodstuffs and manufactured products in the export markets and the flooding of our domestic markets with cheap goods from abroad.

The previous Administration had permitted this costly and intolerable situation to go on unchecked long after Great Britain and other countries had abandoned the gold standard and depreciated their currencies. The devaluation policy of the Roosevelt Administration gave and still gives the same freedom of action to protect its interests that these other countries have. Not to mince words, the President beat the currency-manipulating countries at their own game.

Since then the discretionary authority of the President to devalue the dollar further has not been exercised. It is the fact that he stands able and ready to use this power which Congress has vested in him--the fact that he can act quickly to adjust the dollar to sudden excessive changes in the valuation of other currencies--that now safeguards our domestic and foreign markets against a recurrence of a vicious and destructive competition.

For another thing, it is the discretionary authority of the President to adjust the value of the dollar within the limits fixed by Congress that makes it possible for the United States to join at any time with other nations in a program of cooperative action to effect an international stabilization of currencies. In the absence of such power in the Executive, the United States could no more take prompt action toward international stabilization, when the time for that were at hand, than it could promptly defend our national interests, under Governor Landon's plan, while other currencies are still unstable and in a process of readjustment.

If besides tying the hands of the President, and thus leaving the dollar and the prices of American products exposed to attacks from abroad, Congress were also to reestablish convertibility of currency into gold, as Governor Landon further proposes, the nation's gold reserves would again be put at the mercy of hoarders and international speculators. Our currency had that kind of convertibility during the financial crisis of 1929-1933; but adherence to it by the last Administration, to ^{lose} ~~the~~ policy of ~~which~~ Governor Landon ^{now} ~~proposes~~ to return, not only did not keep the currency sound; it wrecked the entire banking and currency system.

The lesson of it all can be put very clearly in a sentence made famous by Patrick Henry: "I know of no way of judging the future but by the past."