

July 31, 1936.

Excerpts from Speeches and Official Reports
With Dates and Sources Noted

The Necessity for a Federal Program of Public Works. Although Mr. Hoover on September 26, 1921 stated that no demand "should be made upon the public treasury for the solution of every difficulty," (P.29 Pres. Conf. Unem.) and that solution should be obtained "through the mobilization of the cooperative action" among our industries, manufactures, public bodies and local authorities", (Ibid, p. 29) and that direct dole was to be shunned, the actual reports of committees in this conference showed that a large program of Federal public works was a necessity in order to meet the unemployment problem. A majority of the committee pointed to the stagnation of building construction as a prime retarding factor in recovery. Concrete suggestions were made for the development of a Federal program of public works which would not only relieve the present unemployment, but would prevent the recurrence of such a crisis by expansion and contraction according to long range planning.

The Necessity for the Use of Federal Funds in Support of such a Public Works Program. Although both President Harding and Secretary of Commerce Hoover emphasized in 1921 that neither Government relief nor public doles should be considered as a means of meeting unemployment, there were repeated recommendations that the Federal Government make matching grants to states for public road construction; that loans be made to municipalities and to the reclamation service fund for other construction projects. It was pointed out that road construction was regarded as a prime means of relieving unemployment, and that in the absence of Federal aid, state programs could not possibly proceed. Mr. Hunt, the Secretary of the Conference, in summarizing the results obtained on November 21, 1921, stated that \$75,000,000 had been appropriated by Congress under the Federal Highway Act on November 3, 1921 for road construction (Ibid, p. 173); that a bill had been introduced into Congress carrying an appropriation of \$20,000,000 (Ibid, p. 174) to the reclamation fund.

In other words, in spite of serving the idea that no Federal funds should be used to combat the problem of unemployment, every concrete committee recommendation militated against this recommendation.

Responsibility of the Federal Government to Its Citizens For the National Welfare and Economic Well Being. "It is fair to say that you are not asked to solve the long controverted problems of our social system. We have builded the America of today on the fundamentals of economic, industrial and political life which made us what we are, and the temple requires no re-making now. We are incontestably sound. We are constitutionally strong.....I would have little enthusiasm for any proposed relief which seeks either palliation or tonic from the public treasury. The excess of stimulation from that source is to be reckoned a cause of trouble rather than a source of cure.....Fundamentally sound, financially strong, industrially unimpaired, commercially consistent, and politically unafraid, there ought to be work for everybody in the United States who chooses to work, and our condition at home and our place in the world depends upon everybody going to work and pursuing that patriotism and devotion which make for a fortunate and happy people."--President Harding's Address of Welcome to the Conference, September 26, 1921. (Ibid, Bot. p. 14 & on p. 27 the whole).

"What our people wish is the opportunity to earn their daily bread and surely in a country with its warehouses bursting with surpluses of food, of clothing, with its mines capable of indefinite production of fuel, with sufficient housing for comfort and health, we possess the intelligence to find solution. (Ibid, bot. p. 14). Without it our whole system is open to serious charges of failure.... In other countries solution has been had by direct doles to individuals by their governments. We have so far escaped this most vicious of solutions and I am hopeful, and I believe you will be, that it is within the intelligence and initiative of our people that we may find remedies against hardship and bitterness that do not, except in exceptional cases, come within the range of charity..... Those economic movements which have presently reached the phase of unemployment can be modified and, possibly controlled, by practical remedies available through cooperative ~~service~~ on the part of those abundantly able and doubtless eager to render it."—Secretary Hoover's Address to the Conference, September 26, 1921.(Whole pp. 29-30 -Ibid)

"One of the causes of ill will that weighs heavily upon the community is the whole problem of unemployment. I know of nothing that more filled the mind of the recent Conference while dealing mainly with emergency matters than the necessity to develop further remedy, first, for the vast calamities of unemployment in the cyclical period of depression, and, second, some assurance to the individual of reasonable economic security—to remove the fear of total family disaster in loss of the job. I am not one who regards these matters as incalculable....The problem requires a solution consonant with American institutions and thought. Many American industries are, themselves, finding solutions. There is a solution somewhere and its working out will be the greatest blessing yet given to our economic system, both to the employer and the employee."— Secretary Hoover in a speech to the Academy of Political Science, November 4, 1921. (Ibid, p. 170)

"The problem of meeting the emergency of unemployment is primarily a community problem. The basis of organization should be an emergency committee representing the various elements in the community. This committee should develop and carry through a community plan for meeting the emergency, using existing agencies and local groups as far as practicable."— Recommendations for Municipal Emergency Measures to Relieve Unemployment, (Ibid, p.60) adopted by the Conference, September 29, 1921.

The general recommendations of the Conference for measures for permanent recovery of employment, adopted October 11, 1921, recognized that there was an entire disproportion between the price of the primary commodities and the ultimate retail price, and that if the buying power of the different elements of the community was to be restored then these levels must reach nearer the relative plane. (Ibid, p. 23)

Statement of the Necessity for a Program of Public Works in Times of Depression. The Summary of the Report, as adopted by the Conference on October 12, 1921, shows that on that date, President Harding's Conference was already convinced that a program of public works was necessary for relief of unemployment. This Report stated:

"Public construction is better than relief. The municipalities should expand their school, street, sewer, repair work and public buildings

to the fullest possible volume compatible with the existing circumstances...The Federal authorities, including the Federal Reserve Banks, should expedite the construction of public buildings and public works covered by existing appropriations." (Ibid, pp 89-90)

Aggressive prosecution of reclamation construction through the Reclamation Service was recommended. (Ibid, p. 90)

The Report of the Committee on Public Works was adopted by the Conference on October 13, 1921. This Report advocated that the Federal Government should assume:

"the leadership ... in expanding its public works during periods of depression and contracting execution during periods of active industry." (Ibid, p. 97)

The Economic Advisory Committee on Long Range Planning of Public Works, on September 26, 1921, advocated this same type of expansion and contraction of public works, recommending:

"Defer at least 10% of the average annual public works expenditures of Federal, state and municipal agencies. Execute the deferred accumulation during the year of depression which occurs once in about ten years... work to be executed upon a 'commercial basis and not a relief' basis." (Ibid, p. 99)

The Report of the Economic Advisory Committee on Emergency Public Works, September 26, 1921, included the following statement:

"This Committee is convinced that the expansion of public works during the winter of 1921-22 constitutes one of the most important measures to revive industry and to check unemployment."

Advancement and augmentation of public works was therefore recommended, with the statement that: "Public works will serve as a partial substitute for private relief and charity." (Ibid, p. 98)

A central Federal agency as a part of whatever department was charged with the duty of executing public works was recommended, with the statement that:

"Pending such legislation, the central Federal agency should be immediately formed and temporarily located wherever the President may suggest." (Ibid, p. 100)

The report of almost every committee contains a recommendation to the effect that building construction be encouraged in every way possible. These committees pointed out that the stagnation of building construction, with an estimated \$10 billion to \$20 billion shortage in 1921, was a prime retarding factor in recovery. The Committee on Metal Mining made a report on October 13, 1921, which was received, but not acted upon by the Conference, in which this is clearly stated. (Ibid, p. 128)

Mr. Edward Eyre Hunt, Secretary of the Conference, wrote a postscript to the Report, summarizing some results of the Conference. He stated that authorities believe:

"that the general principle is established that if, over a period of 10 prosperous years, 20% of ordinary public works were deferred, and the remaining 80% executed as usual, the lifting power of public works would be one-third the dead weight of such a depression as the present."
(Ibid, p. 174)

The Necessity of using Federal Funds to Support such a Program of Public Works. It has already been shown under the preceding heading that these committees regarded a program of public works in the nature of "a partial substitute for private relief and charity". (Ibid, p. 98). Some reports and discussions involved the prevention of unemployment, on a permanent long-range basis, as well as the aggressive prosecution of measures intended to end such unemployment as existed at the time. This was in line with a resolution advanced by the Committee on Unemployment of the Mayor of the City of New York, 1914, which stated that their proposed program of public works "is recommended with a view to preventing unemployment before rather than relieving it after it has occurred."
(Ibid, p. 110)

However, the statement is made unequivocally by the Committee on Public Roads of the President's Conference of 1921, Charles M. Babcock, Chairman, that "the chief reason (for giving Federal money to states for aid in construction of roads) was to prevent and relieve unemployment." (Ibid, p. 96)

The Committee on Public Works recommended that the Federal authorities should expedite construction of public buildings covered by existing appropriations. (Ibid, p. 90) It also stated that:

"A Congressional appropriation for roads, together with State appropriations amounting to many tens of millions of dollars already made in expectation of and dependence on Federal aid, would make available a large amount of employment". (Ibid, p. 90)

Moreover, this same report, adopted by the Conference on October 12, 1921, advocated "an appropriation by Congress, in the form of a loan to the Reclamation Service, of \$16,200,000 for expenditures on projects now under way." (Ibid, p. 90)
The Committee recommended:

"The loan of Government funds during the present period of industrial depression for the purpose of increasing the agricultural area of the United States, and recommends that reclamation developments be continued more intensively during the winter of 1921-22". (Ibid, p. 91)

The Committee believed that such a policy "was not inconsistent with the need for economy in Federal expenditures."

A letter from Mr. Ottamar Hamele, Acting Director of the United States Reclamation Service, to the Secretary of the Public Works Committee of this Conference, stated that such appropriations for reclamation projects would be "of

the nature of an investment. The cost of all projects is eventually to be returned to the Federal Treasury.....Reclamation Service projects now under construction have already demonstrated beyond question the economic value to the entire country of this work." (Ibid, p. 92)

The report of the Committee on Transportation, adopted by the Conference on October 13, 1921, advocated loans by the Federal Government for the immediate reduction of unemployment in railroad service. (Ibid, p. 122) It was pointed out that this was a necessary corollary to the encouragement of road building and other forms of public construction work. (Ibid, p. 123)

In spite of this emphasis upon the necessity for a public works program and repeated statements of such a program in order to relieve unemployment, Congress delayed in making appropriations which would enable the states to cooperate in such a program. Mr. Babcock's committee, supplying information on public roads, on October 13, 1921, reported that "the road building program of each state was planned on the belief that the Federal Government would continue its support and all political parties were committed to this policy.....Although various bills providing the expected Federal aid for road building have been before Congress since early in the session, and although unemployment has been more and more menacing, no action has yet been taken." (Ibid, p. 94)

In addition to Federal loans recommended for reclamation purposes, the Economic Advisory Committee on Long Range Planning of Public Works, on September 26, 1921, urged that a Federal bond issue be made in order to grant loans to municipal authorities for public works in years of depression.

What were the results of this conference? Mr Hunt, Secretary of the Conference, reported that the Federal Highway Act, passed by Congress on November 3, 1921, made available \$75,000,000, which was to be matched by a similar amount from the states. (Ibid, P. 173). A bill was introduced carrying an appropriation of \$20,000,000 to the Reclamation Fund. (Ibid, p. 174) Senator Kenyon introduced a bill on November 21, providing for long range planning of public works. (Ibid, p. 174)

Excerpts from Hoover's Message to Congress, Dec. 3, 1929, taken from text in New York Herald Tribune of Dec. 4, 1929. "We cannot fail to recognize the obligation of the government in support of public welfare."

"I have instituted voluntary measures of cooperation with business and local governments to make certain that fundamental businesses continue as usualI am convinced that through such measures we have re-established confidence."

He recommended increased construction of public buildings. "It would be helpful in the present economic situation if such steps were taken as would enable early construction work." He also recommended increased appropriations for waterways and flood control, and additional Federal contributions to highway construction.