

File under  
Marshall

1936

When this Administration was inaugurated a war was on. The country had been invaded by business depression and unemployment. Private enterprise was not coping with the situation and the declining public revenues in most of the States rendered them not only unable to step into the breach but also in many instances compelled them to add to the unemployment and accentuate the business depression through curtailment of local governmental expenditures. Distress was prevalent and confidence had waned. Men and money were mobilized and a widespread drive through various types of activities was made to overcome the invasion and restore confidence. Banks were reopened and employment and relief were provided through expenditures of public money. Business recovery is now well under way. Confidence is returning and public revenues are increasing.

The country had made no adequate preparation for meeting such an emergency, and everything had to be done at once without sufficient opportunity for careful planning and systematic organization. As a consequence there was overlapping in administration, inefficiency and waste. Experience has made it necessary to scrap or modify methods and adopt new ones from time to time. No single body has been charged with responsibility for or had unquestioned control over these matters. Therefore, it is essential promptly to take stock of the situation and to develop a plan for completing the task now under way and for preventing the recurrence of another such disaster.

When business activity lessens in any major field and substantial unemployment begins, the resulting situation must be anticipated and steps taken promptly to provide useful means of livelihood for those who become unemployed. Otherwise the effect upon consumers' expenditures becomes a snowball of increasing dimensions which produces further declines in business activities and wider spread unemployment. Unless private enterprises meet the situation promptly, public agencies must do so and provide the necessary compensating factors. People who are thrown out of work in one field through no fault of their own must be provided with other remunerative work so that the volume of expenditures by consumers which sustain business activity may not decrease. This is not only a social problem; it is a problem of economic and monetary import.

Careful planning for the future along these lines is a vital part of any sound and constructive program for the maintenance of business stability. It requires the development of a small non partisan public body with far-seeing vision which will carry on through successive administrations. It should be for the economic welfare of the country what the general staff is designed to be for the military.

The germ of such an idea is found in the creation of the Economic Resources Committee, established by Executive Order, which is engaged in studies of the varying production capacities of major enterprises and of consumption capacities and opportunities of employment of the population, which recognizes the need for a comprehensive view and coordination of policy of Federal, State and local Governments, and which aims to correlate the direction of their plans in regional and related activities.

A permanent body of this kind need be provided directly with funds only sufficient to enable it to command the services of able and conscientious men whose duty it would be to initiate and carry on the necessary studies, develop constructive plans for meeting problems arising out of cessation of business activities and resulting unemployment in the future, and be prepared promptly to advise as to the resources which should be called into play and the direction which should be given to the necessary activities.

Such a body charged with this responsibility should be authorized to coordinate and render more effective the extraordinary activities which are already under way with a view to winding them up as soon as possible through the transfer of employable labor into the field of private enterprise. Its creation and functions need not cause any constitutional question. It would not be expected that such a body would in any degree regulate or

attempt to control the ordinary functions of Government, military or civil. On the other hand, it would be its duty, when unemployment makes such action necessary, to show how national and local activities such as those relating to the construction of public roads and other public works should be utilized and coordinated and if necessary increased to correct unemployment situations and maintain business activity. It would be expected that the executive would be guided by its advice in such matters and to this end that proposed expenditures for these purposes would pass under its review. Its advice would enter into the framing of budgets so that, while in times of full employment excess revenues of the Government should be directed to the reduction of public debt, with the consequent encouragement of the investment of private funds in useful business enterprise, if times of decreasing employment should come again such excess revenues would be utilized as a compensatory factor in order to maintain business activity and thus prevent or minimize the development of business depressions. The responsibility for taking care of unemployables would then properly rest entirely with the State and other local authorities.