

OUTLINE OF THE CHICAGO SPEECH

I- Introduction

- (1) Importance of industrial activity to farmers
- (2) Importance of reconciling conflicting interests of private groups

II- Causes of the Recession

- (1) Orderly up to final quarter of 1936
 - (a) Industrial Production, Dec. '34-86; Oct. '36- 110
 - (b) Payrolls " " - 39%
 - (c) Increase in National Income 1934-36 - \$14b.
 - (d) Stable prices
- (2) What happened in last quarter of 1936
- (3) Industry kept going in summer on backlog of orders and additions to inventories
- (4) Consumer buying ceased to expand after May
 - (a) Decline in building
 - (b) Falling off in railroad buying
 - (c) Decline in Government contribution in first eleven months - \$3b.

III- Other Explanations

- (1) Monetary policy
- (2) Undistributed Earnings and Capital Gains Taxes
 - (a) Improve operation but retain principle

IV- Episode illustrates limitations on monetary and fiscal policies

- (1) March statement
- (2) Decline in competition and growth in controlled prices, output, wages
- (3) Questions this raises
- (4) Hope that organizations of capital and labor will realize their true interest lies in serving public interest
- (5) These basic problems are economic, not political

V- Current Situation

- (1) Correction of inventory situation
- (2) Maintenance of buying power through provision for unemployed and far-sighted business policies
- (3) Increase in buying power from building program
 - (a) Railroads and building and farm income

VI- Conclusion