

Speech delivered by the Honorable Marriner S. Eccles,
before the League of Women Voters, Kansas City, May 1, 1946.

When your president invited me to speak at this, the 17th Convention of the National League of Women Voters, I was aware in a general way that yours is a national, non-partisan organization and that during the past quarter of a century it has carried on an increasingly effective educational campaign in the interest of intelligent citizenship.

Since I have had an opportunity to look over copies of some of the literature which you have been sponsoring and distributing through the country, I have been increasingly impressed by the breadth of your interests and your understanding of social, political and economic forces at home and abroad. You have dealt specifically with so many economic subjects, which I might have ventured to talk about, that I concluded there was but little left except to outline in very general terms some of the problems now with us and ahead of us, as I see them, and to leave to you such questions on specific matters as you may care to ask — I only hope I can answer them.

The wide range you have surveyed and the prestige of the League are noted, with deserved commendation, in an editorial under the title, "Women With An Idea," which I saw in the Washington Post of last Sunday. As the editorial said:

"The league's history shows that steadfastly it has been in the lead in social and political thinking and action in this country. Its stand on public issues always have weight because they are arrived at through exhaustive study and wide discussion."

I agree with the editorial's statement that in the next quarter-century "the American form of government will need desperately the kind of grass roots work the league is doing in checkmating totalitarianism of every kind."

If I had been writing the editorial I would have put it more affirmatively.

I would say that the kind of work you are doing is desperately needed if democracy is to survive in this country. Unless we can make democracy synonymous with high and sustained levels of production and employment, we will surely pave the way for dictatorship, in one form or another, not because we want it. The overwhelming majority of the people of this country do not want it. But we can blunder into it unless we learn to settle our internal differences without violence and unless we develop a far broader sense of public responsibility than is evident today in too many sectors of our national life.

Your organization is one bulwark against the danger, because it is guided by a sense of national responsibility and it has kept discussion and debate on a high level of intelligence. Too much public discussion and debate is largely an exchange of popular epithets and labels. When we do not like some proposal, though it may be necessary to protect the economy, we are inclined to stigmatize it by such terms as "communistic," or "fascist," or "totalitarian." We are prone to denounce as "bureaucrats" officials in agencies of Government with whom we do not agree.

A few days ago the former head of a national association of industry delivered a speech entitled, "The Greatest Show on Earth." According to newspaper accounts his ridicule of OPA officials delighted his audience of business men. His major point was that business is caught in the jaws of a giant nutcracker, consisting, according to his view, of OPA on the one side and rising labor costs on the other. The general public, which is the real victim of a pincer movement resulting from business demands for higher prices and labor demands for higher wages, seems to have been left out of the discussion. This sort of oratory is the rule, rather than the exception, but it hardly represents a reasoned approach to problems of serious national concern. Those spokesmen for business, or labor, or agriculture, who indulge in epithets and appeals to prejudice, appear to feel that this is the best way to influence public opinion.

If so, then it is all the more vital that every encouragement be given to groups like your own which undertake to study and analyze the pros and cons of public policy and action in the light of reason and in relation to the broad objectives of national welfare.

I have long thought it unfortunate and shortsighted that some of the leading, long-established national organizations, representing business, banking, and other groups, so often fail to approach pressing economic problems in the same analytical manner with a view to proposing and fighting for appropriate remedies. Their record reveals an almost unbroken succession of resolutions against something -- usually against whatever solutions for the problems may be suggested by others. It is a record of negation rather than of positive approach to national issues.

However, lest you suspect me of attempted flattery, let me say that I do not believe that the readiness of organized women to face up to national problems and to advocate positive remedies, and the tendency of organized men to oppose changes in the status quo necessarily reflects a higher intelligence among the women than among the men. The difference may be due to the difference in the interests, purpose and objectives of their organizations.

It is natural, if unfortunate, that many great organizations so often represent and thus reflect special or vested interests. There are said to be 1500 organized lobbies registered in Washington. For the most part they are organized to keep or add to what they have and to fight off inroads upon their preserves. Organized bankers, for example, have feared and repeatedly fought against legislation that would change the status quo. They opposed, in this century, the Federal Reserve System and practically every change in the banking laws, including the Banking Act of 1935 which provided central banking authority which was essential to the financing of the war. They will probably continue, by the nature of their immediate interests, to be suspicious of and hostile to further

changes.

The habitual and perhaps inevitable attitude of organized groups representing business and other private interests is to have and to hold -- to gain something, if possible, but not to accept willingly curtailment of existing powers or privileges, for fear that any breach in the dike will bring the flood. There are, of course, in the ranks of such groups some dissenters -- usually the younger men, more receptive than their elders to new ideas and less fearful of change. The dominant leaders in most of the large organized groups representing business and industry, however, generally resist change. They make the policy of the organization. They write its resolutions. The only way those who may disagree can make their voices heard is to break away from the parent organization and form a new group. Even then, the influence of the older organization is seldom seriously impaired.

Fortunately, your organization does not represent a special or a vested interest in the economic or the political scene, although individually you represent a wide complex of different backgrounds and interests. But the fact that as a group your aim is that of economic and social progress for the nation as a whole, enables you to be objective in your approach to and aggressive in advocacy of measures in the broad interest of the nation. The situation would be very different, no doubt, if you were individually associated with many of the special interest groups that exert great influence on the economic, social and political fronts.

Clearly, it is of the utmost importance to the progress and wise conduct of public affairs today to foster the organization of citizens in groups that do not speak for special interests or segments of our society. Otherwise, there is not much hope of successfully initiating and carrying forward objective policy and action designed in the broader interests of the nation. Extension of price

control legislation for another year and approval of the British loan, for example, would almost certainly go down to defeat -- and these issues still hang in the balance -- but for the active and resolute support which this and similar organizations of citizens have given both of these measures designed to serve a broad national interest. It is a remarkable commentary on our political processes that all polls and tests of public opinion disclose surprisingly large majorities of consumers in favor of retention of price and rent controls, yet the bill to extend the act has been weighted down with hampering amendments, obtained under pressure from special-interest groups. Unless the most crippling of these amendments can be removed by a still greater pressure from consumer and other national-interest groups, it would be a meaningless gesture to pass the act at all.

The effective organization of national opinion did not so greatly matter in the early history of the country when we were predominantly an agricultural nation, or even in the early days of this century. It matters very much now because America has not only come of age, but we are the most powerful nation in the world and our influence for better or for worse is felt throughout the universe. If we have not sought world leadership, it has in any event been thrust upon us. He is an optimist who will say that we are adequately prepared for such leadership. When we survey our domestic scene today and take account of the contending forces, the bitter factions, the greedy competition to get more for less, the daily exhibitions of individual and organized self-seeking, it scarcely encourages the hope that we are prepared to manage successfully our internal affairs, let alone international relations.

Some of the violent contention today arises, no doubt, from the fact that the unifying influence of a global war for survival is gone. Most of us are weary of war-imposed restraints and of those still necessary if we are to hold in check

the huge inflationary forces, generated by war financing, until we reach a reasonable balance between the factors of demand and supply. Some of the strife and confusion is inherent in our political system. We do not have a parliamentary system, and I am not prepared to say whether it would be suited to us. It is a fact, however, that in our country the opposition does not have to assume responsibility. Measures and policies that may be in the nation's best interest can be and often are defeated by an opposition which is not required to offer any alternative, except negation.

Much of the confusion, however, arises from the conflicting purposes of organized groups representing a vast array of different interests. Because of the difficulty of formulating, enacting and putting into effect appropriate and timely policy and action, when powerful, contending forces disagree, it has been said that we appear to make progress only through disaster. A crisis has to develop of sufficient size and adversely affecting enough people to arouse public opinion to the point of demanding and obtaining correction of social and economic ills.

Certainly the fullest debate and discussion are essential to and a safeguard of the democratic system. New, untried measures ought to be thoroughly tested in the forums of public opinion. But we are today under the sternest necessity for devising ways and means of composing our differences, without resort to violence, and without interminable delays that make for more and more confusion and in the end demoralization in our economy. We need to have in the high councils of business, labor, agricultural, or other organized groups a far broader sense of public responsibility than is evidenced today by industrial demands for higher profit margins, labor demands for higher wages without increased productivity and agricultural demands for price floors, but no ceilings.

A sense of responsibility to the public at large should accompany the possession and use of power to shape or to block legislation or to shut down a great industry or otherwise to affect the daily lives and fortunes of great numbers of citizens. It does not make sense to assume that our Constitutional guarantees of freedom give any group a right to injure millions of other Americans. We shall surely destroy democracy if we abuse its privileges by constant resort to great economic pressures by powerful organized groups, in the name of freedom of action. We have been witnessing industrial strife that paralyzes great industries or public utilities vital to the life of the nation. We see terrific clashes between rival groups and rival leaders. The managerial revolution, as it has been called, has resulted in gigantic struggles for power and profit between powerful industrial leaders on the one side and powerful labor leaders on the other. The stockholders of giant corporations and the rank and file of labor -- the general public -- is relegated to the sidelines and given little, if any, consideration. There are increasingly powerful contending forces exerting influence upon government -- city, State, and Federal. The great organized lobbies of business, labor, agriculture and a host of other interests tend to generate more and more contention over legislation. There are numerous devices for legislative stalemate, including the privilege of filibuster.

All of this conflict and frustration, with the resultant confusion, cannot be complacently regarded as merely the natural working of the processes of democracy. The grave and complex problems which confront the nation and the world today cannot be intelligently approached or solved in an atmosphere of greed and reckless rivalry for power or profit for the few at the expense of the many. It seems to be constantly forgotten that we cannot have more by producing less even if we do get more money. We cannot overcome the immediate danger of inflation by prematurely throwing overboard all remaining controls. It will be difficult enough

at best to deal with the deflationary forces which will confront us later. Those forces will be intensified to the extent that we mismanage our affairs in this transitional period by letting an inflationary spiral take control in the economy.

Today with a debt structure of which roughly two-thirds represents public debt and but one-third private debt -- while the prewar proportions was about 1/4 Government and 3/4 private -- the problems of debt management and of related fiscal and monetary policy are infinitely more difficult than ever before. The Federal debt, which is some five and a half times as large as it was before the war, and nearly ten times what it was when your organization came into existence, is no longer a minor factor in the economy. It now occupies a dominant place, raising a whole new series of problems intimately bound up with the overall objective of maintaining economic stability. Today the Government has assumed tremendous obligations, as have governments all over the world, for social and economic stability. Today the Government has assumed tremendous obligations, as have governments all over the world, for social and economic progress. These obligations are likely to grow constantly greater, rather than less. The part that government plays today and will play in the future in working out our economic destiny requires a vastly greater degree of public understanding and vision than ever before. The goal of economic stability at high levels of production and employment -- the objectives of the so-called Full Employment Bill -- cannot be reached unless the complicated problems of government today can be approached and solved on a basis of what is best for the nation as a whole. They can hardly be solved in an arena of deadly combat between rival gladiators of powerful groups seeking their own ends, regardless of the general public. More than ever today, there must be a broad sense of national responsibility on the part of organized groups which exert great economic and political power.

The educational work which your organization carries on, exemplified by

the enlightened and informative pamphlets such as the extremely able one you have issued on "Full Employment and Democracy," is of far greater importance than ever before because the need for intelligent understanding of our economic, social and political problems today is so much greater than ever before. Equally necessary is the function of your organization in coming to decisions after careful study of issues and measures, and then in making your influence felt in the shaping of public policy and its execution. You have recognized "that government does have a responsibility for using its powers to help the nation obtain economic stability at high levels of production and employment." You have done much to clear the air of the misunderstanding and misrepresentation that has surrounded discussion of the intricate problems involved in budgetary, fiscal, monetary and other policies necessary to carry out such a governmental commitment. You are fully alive to the inflationary dangers that are of immediate concern, and the influence of your organization has been exerted on behalf of price controls and other protective measures.

You are aware, I am sure, that price controls, rationing, curbs on consumer credit or on stock market credit, and similar devices, deal only with effects, not with the basic causes of inflationary pressures. As a result of the way in which we financed the war, our money supply today is far in excess of anything in the past. At the same time the backlog of demand is enormously greater than ever before. While reconversion has proceeded more rapidly than many expected, production, even at best, cannot be expected to meet the accumulated demand at home, let alone foreign demand, for an indefinite time. It should not be overlooked, moreover, that current incomes are also at high levels, about 150 billion per year, intensifying demand. This is in addition to the huge backlog of savings. Thus, all the elements of inflationary danger exist today. Important as it is, therefore, to retain price controls, which are about the last line of defense in holding back

inflationary forces, we should not delude ourselves into thinking that this is enough. We need to attack the basic causes of inflation — on the one hand, the excessive supply of money, and, on the other hand, the deficiency in goods and services. Serious as it is at any time to have the flow of production interrupted, the strikes and the struggles between powerful leaders in industry and labor at a time like this threaten the economic foundations of the entire nation.

Looking beyond these very serious immediate problems, you have foreseen that the future need will be to combat deflation instead of inflation. You have recognized that when that stage is reached it will be necessary to "keep the spending of the nation at high levels if we want to avoid a depression." By "spending," you mean, of course, the combined total of private and public spending.

As your pamphlet on full employment stated, "Here in the United States we now have the opportunity to use our government and private activities, and our intelligence as citizens, to prove that democracy and prosperity, and economic stability, are not incompatible."

The challenge -- the danger -- to our system is real. You can do much to make a unifying force of national interest in peace as in war. Unless we clearly visualize and direct our efforts to the larger objectives of national life, unless we can resolve our differences and subordinate narrow interests to national interests, the universal hope for a prosperous and a peaceful world will not be realized in our time.