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ADMINISTRATOR HOPKINS DELIVERS COMMENCEMENT ADDRESS AT U. OF SOUTH CAROLINA

The following address was delivered by Harry L. Hopkins, Administrator of the Works Progress Administration, at the commencement exercises of the University of South Carolina, at 11:15 a.m (EST) at Columbia, S. C.:

WHAT IS AHEAD FOR THE SOUTH

I have heard that in this section, in the old days, commencement exercises were a good deal like the Chautauqua, and whole families came from miles around to enjoy the luscious barbecue and bathe in the sea of oratory. It also was said by Walter Page that the South has suffered from oratory and fried food, and I am not here to contribute to the suffering.

I simply want to talk to you about some of the current problems which this class faces as it leaves the campus; and these problems will not be solved by oratory and emotion. They will be solved only by careful fact-finding and sober planning of remedies.

In a certain Western high school only about two weeks ago, the class of 1938 voted to adopt as the class slogan these words: "W.P.A., here we come!"

I know they were not really serious about that, but I also know that behind the joking they had been doing a lot of thinking and wondering, just as you have. And so have the other 145,000 students who are being graduated from American colleges and universities this month.

They had been wondering, just as you have been, what this commencement is the commencement of -- whether the economic system in which we live will let them really and richly use their training and enthusiasm, or will confine their engineering to the operation of filling-station pumps and their chemistry to the compounding of ice cream soda.

This is a real problem, and I don't want to minimize it. Many of you will have difficulty getting the kind of work you want. Some of you will feel that you are wasting years of time and effort. But in general, in the long run, you will succeed. For you, and the other college and university seniors in the country, are the best-equipped -- the top six or seven percent -- of well over two million young people who are starting out in the United States this year in quest of a place in the economic world. You will have your troubles, of course, but you will get along -- and in fewer years than you now believe possible, many of you will find yourselves in positions of leadership.

I do not want to belittle your current problem, but I am so certain of your general and ultimate success that I would like to set up a counter-irritant to your own job-worries. I would like to call on you, because of your superior advantages and training, to start now giving serious concern to today's problems, and to what you as economic, social and professional leaders are going to do about them.

Back of you are some of the richest traditions and most charming aspects of American culture. The tragic controversy which clouded that pleasant scene, and the exploitation of the South which followed it, are things we should remember only to give us humility in the light of man's vast capacity for error.

The things to remember, and emulate, are still fresh in the minds of your parents and yourselves -- the courage and honor of the Old South, its

generosity and productive promise and above all the love which those Southerners bore for their own land -- their home region. Their faith in it was as boundless as the sacrifices they were willing to make for it. That is the yardstick against which you will have to measure your own adult usefulness to South Carolina and to the entire South.

You may well ask what you can do. Modern life is not such a plumed fantasy as it was then, and beautiful ladies have learned much about how to help themselves. Moreover, in several Southern states a man must swear he never fought a duel before he is permitted to hold public office.

Nevertheless, there is more you can do today than ever before. Today this country has the industrial and agricultural facilities to produce a comfortable life for all its people. It has the transportation facilities to distribute these products. Yet many of the factories are wholly or partially idle, many of the farms are going to wrack and ruin and the transportation lines are in dire need of tonnage, while at the same time millions of people are forced to go without such basic necessities as adequate food, clothing and shelter.

Everybody, I take it, admits that this is true and that it is wrong. Up to this point, then, there is no controversy. But the moment we begin to give the problem more than lip service -- the moment we propose to do something about it -- the fight is on.

This condition came about because as a nation we refused for many years to recognize basic changes which were taking place in our economic structure. Because we were the world's wealthiest nation, we seem to have assumed there was no end to anything. We laid waste our natural resources. Those who could find no economic place for themselves moved West until there

were no more frontiers. Our foreign trade dropped off as the other nations strove for economic self-sufficiency. We built up our industrial plant until its machines could produce more than our income pattern would let us consume.

Throughout our most prosperous period, we had given little or no thought to how the benefits and the opportunities were distributed among the American people. Things were moving, so why worry about details?

But when the crash came, we had to realize that for a long time the rich had been getting richer, while a vast mass of people at the bottom of the ladder not only had shared very little in the boom, but had been made steadily more insecure in the event anything happened to the upward swing.

By this I mean all the small independent business men who had been driven into salaried jobs by great business combines. I mean the craftsmen and mechanics, formerly proprietors of their own tools and establishments, who now sat in big factories, in assembly-lines, doing one small part of a mass operation. They could no longer pick up and move with their tools. They did not own them. And their livelihood was entirely dependent upon whether or not the factory continued to operate. If the flow of sales began to drop off the employer could decide, provided he was big enough to control the quantity of whatever product he was making, whether to cut prices and start orders coming again, or hold up the price, shut his plant and thus take the difference out of the wages of the workmen. That is what monopoly can, and often does, do to people.

In agriculture the story was slightly different, but again proprietors and investors acquired more land and larger mortgages, small farmers were forced into tenancy, and the actual worker lost ground economically. Prices of what

the farmer had to sell fluctuated freely according to conditions - but not the prices of the things he had to buy.

The net result of all this was that, even at the height of our 1929 prosperity, more than half of the American families - 16 million of them - were living at standards below the minimum of comfort, That is, below a family income of \$2,000 a year. Twelve million families had incomes of less than \$1,500, and six million less than \$1,000. Putting it another way, the total income of the 36,000 families at the top was as much as the total income of the 11,500,000 families at the bottom.

The present instability and insecurity of American workers needs no further illustration than has been provided during the past few years by the millions of unemployed. Under these terribly aggravated conditions, the Administration in Washington has faced the Herculean task of reversing the whole national attitude toward the man in the street and concerning itself directly with a certain minimum of security for him. It has done this not only for humanitarian and democratic reasons, but out of a deep conviction that it is good business to do so - that among the low-income and no-income groups in our own country there may be developed a market for our own farms and industrial plants which will go a long way toward solving their problems.

After all, what does the average American want or need? He wants a decent home, with decent furniture and food and adequate clothing for his family. He wants enough to pay the doctor and the dentist. He wants good schooling for his children and a little opportunity for recreation. He is willing to work for these things. Then he wants to know that if he has work, he will be able to live out his declining years in decent comfort.

I know this is what the average man wants. If there are some people

in this country who have been denied an education so completely that they do not know they want it, or others so bitterly hopeless that they no longer allow themselves to think of it, what of that? Their children will have a better chance.

The question of how to get these things into the hands of this average American, if you listen to the conflicting views about it, sounds a good deal like trying to decide which came first -- the hen or the egg. Those who disagree with the policies of this National Administration believe it can be accomplished by giving business an absolutely free hand. Everybody recognizes that the most desirable way to do it is through private employment, but we believe all modern experience in this country demonstrates that business alone cannot do it. And when business fails, it is the New Deal thesis that government must help. I can best explain some of the reasons for the belief that government must help in this adjustment by talking to you in some detail concerning South Carolina and the South.

The South needs industry to balance its agriculture, and rapid strides in industrial development have been made. There are magnificent natural advantages which eventually will attract industry. You have a wealth of raw materials, unusual potentialities in the field of electric power and plentiful labor.

South Carolina is a rich spring of natural wealth and beauty, with enough to provide abundance for all its citizens. Its soil, its rainfall, its sunshine, its busy mills and waterpower developments should provide a stream of plenty for all its citizens. But its flow of income goes into a pipeline which flows directly out of the State and into the tremendous financial reservoirs of the Northeast.

According to the Brookings Statistics on Income in 1929 -- during the days of so-called prosperity -- if you divide the money by the number of people, you find that the people of New York had an average per capita income of over \$1,300 a year and South Carolinians had \$265. Now an average of \$265 per person means that a great many people got much less than \$265. I cite these figures merely to show you how tremendously the wealth and strength of capital had been drained out of many sections of the country to the main centers of absentee ownership and finance.

In 1929 there were four people in South Carolina who paid income tax on more than \$100,000. In all twelve Southeastern states there were only 441. But in New York there were 5,538. I am sure you will agree that there is something wrong in that kind of a situation.

In 1933, the latest year for which figures are available, statistics show that the South, although it produced one-eighth of the money paid in corporate incomes, collected only one-twelfth of those dividends.

In other words, after wages had been paid, the South sent out to absentee owners one dollar for every two dollars it retained at home of the value added by southern manufacture. That is one of the things that is sapping the spring.

Much of the petroleum is produced in the South, but oil companies concentrate their profits in New York. A similar situation exists with sulphur, aluminum and steel. Not one of the large chain stores or mail order houses has national headquarters in the South. The whole structure of corporate and financial control centers in the great industrial and financial centers of the Nation and forms tremendous concentrations of economic power and surplus wealth.

No matter how much you may need industries in the South, there is

grave danger that in the rush to get them quickly you will be tempted to exploit your plentiful labor supply. How does it work?

A mill which is owned by New York or Massachusetts stockholders finds out that it cannot exploit the workers in Massachusetts or New York on account of the protection of labor in those States. They hear that there is a lot of cheap labor in the South and they move down where they can pay \$5 and \$6 a week to farm boys and girls who want a job. The profits go back to New York or Massachusetts and the South gets a lot of workers who are ill-fed, ill-housed, and ill-clothed.

There are good industries in the South, and there are predatory industries in the South, just as there are both types in other sections. When the President sent to Congress his message on this subject, he said:

"And so to protect the fundamental interests of free labor and a free people we propose that only goods which have been produced under conditions which meet the minimum standards of free labor shall be admitted to interstate commerce. Goods produced under conditions which do not meet rudimentary standards of decency should be regarded as contraband and ought not to be allowed to pollute the channels of interstate trade."

That expresses one safeguard of the South against feverish attempts at industrialization -- namely, the fixing of minimum standards of labor below which industry may not fall and of minimum wages which will distribute more of the profits of industry to the workers.

While I emphasize absentee ownership and exploited labor as dangers of too-rapid industrial development, other drawbacks of industry in the region should be recognized and dealt with constructively. One is the freight rate structure which is designed to facilitate the shipment of raw materials out

from the South and to place a handicap on manufactured products shipped out of the South. Another is the tariff structure which again tends to put a premium on the South's production of raw materials for the national and world market, and create a profit for the sellers of goods protected by the tariff wall. Equally as fundamental is the South's lack of a large body of skilled workmen. This is constantly cited as a cause of low wages, and it is a real challenge to the educational system of this region.

Now let us turn to the rural South. It is well at the outset to recognize that the difficulties of southern agriculture are not new. They are not entirely born of the depression. They have been with us a long time, but in prosperous periods we closed our minds to them for it is human nature to look on the bright side when there is one. These difficulties are inherent in cotton culture and the tenant system as it has been practiced, which return low and insecure incomes both to landlord and tenant, and keep them constantly in debt.

The agricultural depression began long before 1929, and, relative to industrial prices, agricultural prices began to decline soon after 1910. In addition, in many parts of the country, farmers had attempted to produce crops on soil which either should not have been brought under the plow or which has been mined until its fertility is lost. Soil erosion had been allowed to continue unchecked until over 150 million acres of land had lost all or most of its topsoil.

Congressman Maverick, of Texas, in his recent book tells of a visit to the home of his grandparents and great grandparents in South Carolina. He

looked forward with great pride to a visit to his ancestral acres, abode of a vigorous family. But when he got there he could hardly reach the house because the road was so washed and gullied. The land was denuded of soil and almost barren, the house dilapidated and occupied by an impoverished tenant family. Such is the condition of thousands of once rich homesteads in the rolling foothills, - a wasted heritage.

In many sections, devotion to a single cash crop amounted to almost a worship of cotton, tobacco, corn, or wheat. More and more the practice of neglecting the production of food and feed crops spread, leaving the farmer vulnerable to the price fluctuations of a world market. A good many farmers also speculated in land values rather than farming their land. Consequently, mortgage burdens accumulated rapidly. Opportunities for earning wages in off seasons were also dwindling as the timber, coal, and other minerals were progressively depleted, and in some areas farmers were trying to support large families on farms that were too small in size.

In one of the most fertile cotton counties in the South (in the Mississippi Delta), after one of the largest cotton crops in history, we had in January 1938, 2,300 applications for relief. Nature had done her best but human destitution was the result. It is evident that the situation was man-made, not a result of natural conditions,

The large majority of farms with a gross income of \$600 and under are located in the South. A gross income per farm of \$600 is very small. As the publications of the Department of Agriculture point out, such incomes must cover not only living expenses but farming expenses, and farmers at this income level must spend practically all their profit for the necessities of food and

clothing. Housing suffers. They have no conveniences and little leeway for expenditures on health, recreation, or educational advancement. Too many of the subjects of King Cotton are living on this income level.

But the insecurity of this income is as vexing as its smallness. In good years the small farmer may come out ahead. In medium years he may break even. But in bad years, and these occur all too frequently, he comes near starving. This is where the relief burden in the South originates. The farmer on the margin has been able to accumulate so little that he has no reserves to see him through a reverse. A short crop, a low price, the death of a mule, or a serious illness may mean the difference between subsistence and actual want and privation.

I am reciting these problems at some length because they are the base from which we must consider what can be done, and how. There is one other very important consideration - the fact that South Carolina is the only state in the nation which in 1930 had more people under 20 years of age than over 20, and that all the Southeastern states have high proportions of children.

One of the most important and expensive crops in the country is the crop of children. It takes as long to mature a generation as a fast-growing forest, and it needs constant attention. It is estimated that to bring the average worker up to 18 years of age costs his family about \$2,500, exclusive of all the public money spent on his health and safety and schooling.

What does this mean? It means that South Carolina, with an average income of \$265, has had to raise and train over half of its population which is under 20, whereas a state like California, with an average income four times as great, has had to raise and train only one-third of its population which is

under 20.

Let us put it another way. The increase in our population is now coming almost entirely from the nation's farms, and southern farms are producing far more than their share of this increase. The farm homes of the nation receive only nine per cent of the national income, and on that they must bring up 31 per cent of the nation's children. The discrepancy on Southern farms alone is even worse than that.

Now these children do not all stay at home after they grow up. A great many of them go, as soon as they can, to the great cities in other sections, where they are immediately ready for work. They are, in fact, "exported", but the rural sections which raised them get no return in wealth for their loss.

Even worse than this is the fact that the burdened rural areas cannot afford to give them really good schooling and training. So they move to the cities, unskilled and poorly equipped, to compete with the lower levels of industrial labor, or take even worse jobs in Southern plants. It has been shown definitely that the wage discrepancies between the South and other sections are greatest in jobs which these unskilled farm boys can fill, and least in jobs which require apprenticeship or training.

Whether these young people stay at home or move away, the whole nation owes them, somehow, the chance at average education and training which their own states have not the wealth to give them. Only by providing it can we stop their exploitation, lift their standards to decent levels, and make proper use of them as part of the nation's consuming power.

The question of how this educational help will be provided for the poorer sections which contain the most children is one of the gravest and most vital we now face. Up to this depression, the South had made some marked progress with its educational system, but the blow struck in 1932 and 1933 was terrific. Hundreds of schools were closed, especially in the rural areas. Since that time the Federal emergency programs have helped to repair the damage, but they are only beginnings.

The widespread building of new schoolhouses in these sections, and the campaign against adult illiteracy, carried out mostly by relief labor, are a start. Health campaigns, under the same auspices, also have struck at such weakening diseases as malaria, typhoid and Pellagra. Many Southern communities now have good water and sewer systems. The United States Surgeon-General says that work-relief projects have advanced the fight against malaria in 16 Southern States by thirty years. Yet I still say that these are only rudimentary beginnings.

If the South is to achieve its rightful place in our economy, its plane of living must be raised to a level more nearly comparable with mass standards of health and comfort in other sections.

This contention as regards public health will not be contested even by the most conservative people. Not many of them will question the merits of general education. But on the question of equalizing income opportunities, you begin to get arguments from the sort of people who are always saying that what was good enough for their fathers is good enough for them. It may be useless to protest to them that the opportunities of today, in spite of all our scientific advances, are not as widely distributed as the opportunities which were

open to them and to their fathers; but I am sure the members of this graduating class understand all too clearly what I am talking about.

I am sure you know that to improve these living conditions will take more than mere preaching the gospel of hard work, of frugality and rugged individualism.

I am not going to try to map out a precise blueprint of just what needs to be done, but certain broad outlines are quite plain. There must be a concerted and determined effort by southern workers, industry and agriculture, aided by the Federal Government, with a clear understanding that the problems of the South are national in importance.

As a first consideration I would urge that we stop future waste and endeavor to repair the waste of the past. We have wasted our forests and the rich topsoil stains our rivers red. As long as the rivers run muddy, nature's most precious asset is being wasted. Reforestation and soil conservation must be a basic part of the national budget and a major concern of our people for a long time to come.

We also must stop human waste. Unemployment is a waste of manpower, and if our industrial system does not absorb it, then the Government must step in and use it on socially useful works.

Men who are underemployed through lack of education, or ill-health are also partially wasted manpower, and this waste also must be stopped.

As to industry, the principal safeguard needed by the South outside of adjustments in the tariff and freight rates is the protection of labor both in conditions of work and level of wages. The South cannot afford to industrialize on the basis of fly-by-night industries which will leave little or nothing

in the way of wages behind.

Not only must every effort be made to raise the level of income of the industrial worker but every effort must also be made to assure the agricultural worker a more decent income. Part of this could be obtained now by less devotion to cotton and more to live-at-home farming. The farmer who lives at home does not have as high a cash income, but he should have a better diet and more security. Here is a little doggerel about it:

A garden and a cow  
 A smokehouse and a sow  
 Twenty-four ~~hens~~ and a rooster  
 And you will have more than you uster.

Never was a jingle more expressive of the needs of the cotton tenant. As a matter of fact, our studies among thousands of them prove that their net income rose in almost direct proportion to the amount of home-use production on their farms.

There is tremendous waste in the credit system. No one in the South -- tenant, banker, landlord or merchant -- is satisfied with the credit structure which drains so large a portion of the South's income into the reservoirs of financial centers. It is the outcome of a vicious furnishing system which has fastened itself on the region, along with the devotion to the one crop of cotton. Federal agencies have been able to make some headway in assuming risks which the commercial and intermediate credit banks would not formerly assume, and these agencies at the same time have been able to advise the borrower on how to increase his income. This is a beginning at the right point, but it is only a beginning when we consider the vast amount of high-cost credit still in use.

What is to be done about the share cropping system? The Federal Government has helped hundreds of thousands of displaced tenants toward self-

sufficiency by rehabilitation loans. The Farm Tenancy Bill passed at the last session of Congress provides funds to start a program to aid tenants in the purchase of land. In the improvement of landlord-tenant leases, England is nearly 100 years ahead of this country. English leases are carefully supervised by local boards, and provision is made that any improvements made on the land or the buildings shall be paid for by the landlord when the tenant leaves the farm. Moreover, there are special courts to enforce these provisions.

The President's commission on tenancy was very emphatic in citing the need for more equitable leases. There is a real job for you to work on, because the adoption of any such program will have to depend on the building of a far stronger and better organized public sentiment than now exists. I also would commend to your attention that agricultural workers might well be considered as the sometime recipients of unemployment insurance. Other nations have taken this step with success.

I am thoroughly aware that these problems represent an enormous task, that this solution will take a long time, and that only those people who put a high value on this country and what it stands for are going to be willing to see them through. I also am aware that all the things which the Federal Government finds itself able to do will not be enough, unless they are supported by positive action in the states and real cooperation from local leaders both among farmers, workers, employers and educators. There is work enough for everybody in any attack upon the present low levels of health, education, diet and housing of great masses of people in the South, particularly on the farms. While it is true that colder climates may require more substantial houses than the South, the fact remains that measured by any yardstick, the quality of shelter on cotton

and tobacco farms ranks below that of any large area in the country.

Paying for adequate education, health and other public services finally will be very difficult without some sort of Federal equalization between states because of wide variance in regional wealth and income.

Certainly something must be done to equalize a tax situation that has placed six times more economic power per child in the richest state than is possessed by the poorest state, and four times as much power in the richest quarter of our forty-eight states as there is in the poorest quarter.

Certainly if we have any sincere interest in a better standard of living we must consider the current fact that the states with the most rapid natural increase of population and the largest proportion of school children are those least able to support education, because they do not contain large financial centers and so much of their productive wealth is being siphoned off to other regions which do. In most of the states, the idea of an equalization fund for education, through which the richest counties are taxed to assist the poorest counties, enjoys wide popular approval. This same equalization principle, between states, already has been recommended on a national scale by a group of prominent educators appointed by the President to formulate a Federal policy.

I believe that there must be important adjustments in any increases of the national income so that these increases go into the pockets of those who need them most, instead of the pockets of those who need them least.

This is vital, in my opinion, if this country is to advance through a balanced program, and to maintain the vitality of its democratic system.

Those who oppose this concept most violently seem to fear that it

will take something away from them. Perhaps it will, if they have more than they need; but mainly it is concerned with the distribution of the fruits of a rising national income into such quarters as will quickly add further consumer activity.

It is inevitable that a higher standard of living will mean increased purchasing power. Business and professional men everywhere, including the South, must know that this means money for medical and legal services, money for Sunday clothes, money for a hundred and one products of American industry which now are lying on the shelves because of what we call "too-rapid increases in inventories."

I am not afraid of the size of this task if the American people make up their minds it is worth doing. What has been done in just five years? We are giving millions of jobs to the unemployed, and through them attacking a score of ills from ignorance and sickness to bad rural roads. We are giving the farmer more of an even break with industry. We are saving farms and homes from foreclosure and attacking high-cost credit. We are guaranteeing small bank-accounts and collective bargaining, and giving widespread benefits to the aged, the blind and to dependent children. I say "we" are doing these things. All of us are doing them, because this is a more active and positive democracy today than it ever has been in our lifetimes.

The question is, do the American people - do you - really want to see it through? If you do, you will have to give more than a polite and intellectual assent. You will have to implement it, wherever you are, with your willingness to struggle and sacrifice for it. In brief, you will have to care how it comes out.

Equal opportunity always has been a favorite American slogan. Every

oratorical spellbinder I ever knew had an eloquent passage about it in his bag of tricks. Yet despite all the talk, we actually have accomplished the grossest of inequalities between rich and poor areas and people.

I have absolute faith that with the proper amount of time and devotion the country can work out these vast problems through democratic processes. In the future, it will be your responsibility as leaders of progressive thought and action to cling to fundamental concepts of democracy.

On second thought, I withdraw that word "responsibility." One hundred thirty-two graduating classes have gone out of this institution ahead of you, and I suppose each one was reminded solemnly of its responsibility toward something or other.

I question whether anyone reaches his peak of usefulness, let alone happiness, on the basis of stern duty. To put your heart and full strength into something, you have to enjoy it.

Your generation is in an unusually dramatic situation. The people of the whole world want to know whether the United States can meet and solve today's problems with democratic machinery.

You can show them, and I think you will enjoy doing it. You are, of course, the best equipped generation in the country's history. Your home community protected your health and safety and gave you better schooling than it gave your parents. Your State supports this university in which you have received your training.

There should be infinite satisfaction in using your training to prove to the world that our native and traditional way of doing things is the best way.

One of the greatest things this administration has accomplished, in my opinion, is that it has given the American people a new concept of the Federal government. Everybody now knows that the Federal government can do more than merely keep the peace, carry the mail and protect the borders - that it can put its vast strength behind States and cities and counties in the interest of human beings.

I have not meant to sound too ominous. There are always problems. Those which your grandparents faced were as different from yours as the new set which will be up to your grandchildren. A very amusing friend of mine remarked the other day that life seems to have become a series of overlapping crises. But there remain a great many fine things in it. One which always excites me, and I hope excites you too, is that in this country we prize, above all, the dignity of the individual. You can have a good time working in the interest of such an idea. The boll weevils may be terrible but, thank Heaven, they don't eat the magnolias.

I suppose that, viewed from college halls, the fact that soon you will actually replace the business and political and social leaders you read about in the papers seems a little unreal. It is not unreal. It is just as true as the fact that the abstract social and economic and political problems in your textbooks are in concrete form just down the street, around the corner or beyond the corporate limits.

Your task is not only to find the wrongs that exist, but to learn how to right them. This is the purpose of your training here. Today is called your commencement because it is not the end, but the beginning of your education.