Rightmire, George Washington

Convocation address, December, 1933
December 22, 1933

I wish to speak today about the conditions in which the country finds itself industrially, socially, and governmentally; these aspects are closely related. In recent months much has been written and spoken and much advice has been given and much prophecy has been uttered. The industrial or economic prophet has been pretty thoroughly discredited and sometimes his recently expressed judgments are embarrassing.

A week ago there was a three-sided discussion about the government's gold policy and the fickle dollar. One participant was a very widely known professorial economist whose statistics and conclusions are printed and quoted everywhere. He had just finished his argument for the flexible, controlled
commodity dollar and had said some bad things about bankers and their warped, unreliable judgments. The next speaker was an eminent banker, and he favored a return at an early date to a gold standard, a "modernized" gold standard. He first showed that his father, an able banker, had, in May, 1929, warned that the stock market would soon collapse — the prices were too high — over speculative. He then read some statements issued by the professor in 1929 about stocks and securities.

The point here is that the stock market did smash late in October, 1929, and values evaporated over night and have been dead ever since. The professor had said on September fifth, that "stock prices are not too high and Wall Street will not experience anything in the nature of a crash." On October 15th he declared that "stock prices had reached what looked like a permanently high plateau." On October 21st, when the market was mounting to a lofty peak, he said that the
prices of stocks had not yet caught up with their real values, that the market was not inflated, and that there was "little if any foundation in fact" upon which to base the then current predictions of heavy reactions in stock prices. Two days later on the day of the great crash, he declared that "fears that the price level of stocks might go down to where it was in 1923 or earlier, engendered by recent breaks in the market value of securities, are not justified by present economic conditions."

In making these embarrassing quotations the banker apologized for "hitting below the belt", but said he thought it was about time for somebody to show that the banker had not always been wrong and the professors had not always been right. Under present circumstances the audience manifested its appreciation of the humor.
Other great men at that time and for several years later, expressed their confidence in an early upturn of business and discredited the view that we were in for a long "slump." You recall that a recent president of the United States made some positive and prophetic statements about the returning prosperity, and another president said that diligence and thrift would, as always, bring good times. But, since work was steadily vanishing and there was a rapidly waning income to save, and since the savings banks were becoming more and more unable to return the savings already made, the New England maxim could not, under all the circumstances, yield results!

The economic prophet has been blasted and the "observer" and "commentator" and "experimenter" have come in his place. These persons do not forecast, they "interpret," and they give us "peeps" behind the screen and show us the scheming personalities and the naked motives there operating. You can buy
these "weekly letters" at anywhere from ten to twenty dollars per annum, and can see the "news behind the news" on the front page of the dailies. I cannot further enlighten you about these daily happenings; and what I plan today is a brief study with you of some of the chief aspects of our times.

And first, what has happened to us industrially?

The American people is ingenious; from Eli Whitney's cotton gin back in Washington's time, down to the present, we have made inventions that have altered the whole business of industrial production. And we have concentrated our inventions upon the ruling needs of the times. In the days when the pioneers were moving into the western country we invented the grain reaper, the gang plow, and lastly the combine. For forty years we have been applying electricity in manifold ways to manufacturing, transportation,
communication and illumination to change and increase speed up production processes and the means of distribution. We harness Niagara and light it so city here, or run a factory there, or advertise in beautiful everlasting colors and designs: self "Wrigley's" or "Campbells". Up to the great war we developed industrially in every direction for an expanding market, domestic and foreign, and when the war came on we were unbelievably busy in turning out necessities of war for remote Europe. The pace increased after we became combatants and American industry turned out an amazing quantity of goods. To do this plants were adapted and expanded and when it was over further adjustments were made to take up peace time activities here, and to supply the many ing things needed for the rehabilitation and replenishment of Europe. Besides the staples, dozens of specialties were now manufactured: the automobile, the radio, the victrola, all came into every household. Of course, not everybody paid, and high powered salesmanship and easy credit have remained to plague business to this day.
We are industrially equipped to produce almost anything in quantities far beyond the domestic market and when foreign countries had so far outgrown the wreck of war that they, with a partially planned economy, were approaching self-sufficiency, and incidentally when American absorption of foreign securities had reached the saturation point, the foreign market fell away! and we soon even found ourselves erecting high and solid barriers against their imports! During this decade — 1920 to 1930 — business adjusted to conditions with an amazing flexibility and laborers thrown out of their accustomed employment by these changes fell rapidly into being oversold in practically every line outside new ones created by the new types of industry. For instance, the many new occupations springing from the universal use of the automobile — these absorbed many thousands of dislocated employees, and because of these adaptations we hardly noticed the far-reaching changes taking place in industry.

There was unlimited competition and investments of capital in production enter-prises where there was really no room but the influence of a manipulated stock exchange made the security for the condition of the high and solid barriers against their imports!
There was unlimited competition and investments of capital in production enterprises where there was really no room; but everybody was buoyant and optimistic, stocks and securities were readily marketed and under the influence of a manipulated stock exchange all kinds of industrial securities sky-rocketed and in the latter years of the decade a mania for speculation seized America! We forgot to look behind the security for the condition of the business which it represented and really many of our people must have looked upon these evidences of interest in a business as of the very essence of business itself. Being much over-built and over-equipped industrially and being oversold in practically every line outside of bare necessities, at home, with a foreign market on the defensive, and industrial securities now tottering, American industrial prosperity came to an abrupt end! There had been no particular coordination in industry, there had been chiefly consolidation and reckless competition. And with the ability to
produce unlimited quantities we found ourselves
by the millions unemployed and unable to pay for
necessities.

In retrospect we can perhaps see that
this outcome of an industrial era with a machine
age, with our genius for invention, our insistent
pursuit of wealth - was inevitable; we also see
that we can not return to the conditions of the
nineteen twenties - that there is no normalcy -
and that from a life in which we busied ourselves
It is significant that at no time in
almost totally with the "means" for living, we
have moved into a life which will busy us with
planning for the "ends" of living. The physical
sciences in their myriad applications have in
the last four decades promoted a material civiliz­
ation of unprecedented magnitude; we have grossly
neglected the pursuit of spiritual "ends" in our
utilization of life's superabundant "means."

The statisticians tell us that a
century ago the average man had 72 wants and
16 of these were necessities; today the same
man has 434 wants and 94 of these are necessities; and that whereas a century ago 200 articles were urged upon the average man by salesmanship, today there are 32,000! The "means" of life are abundant, but have we in these latter days given much thought to the "ends" of life? Is this the proper time for such introspection?

Now let us look for a moment at what has been happening to us socially!

It is significant that at no time in the history of Europe from the Roman Empire to the battle of Waterloo did its population exceed 180 million people; but in the single century from that point to the World War the population came from 180 to 460 millions; note that this happened in the time of the great industrial evolution! In the same time the United States leaped from six to one hundred millions; we over-ran a continent and in the last thirty years we have passed from a people 35% urban and 65% rural to the reverse and the swing is not yet complete! We have as
individuals become increasingly dependent upon the employer - in the store, in the business and professional office, in the factory large and small, and since industry and business are concentrated in the city we are a nation of city dwellers. We are vitally detached from the sources of the subsistence - we are at the mercy of the municipality, the public utility, the grocer, and the rest. So long as industry and trade flourish - we live and may be comfortable and happy. But when the wheels of industry clog, many of our people are thrown into discouragement and want. Unemployment soon engenders a loss of respectability; the dependence of the people, in masses, in these times, appears as a stark reality. And help must be forthcoming from somewhere and that ultimately means from the public, - voluntarily or from public funds - and that means through taxation in which all are made liable for contribution. And Verily, we cannot individually escape the responsibility implied in the age-old question - "Am I my brother's keeper?" or present situation. To give adequate portrayal
Because of the conditions under which we live we are peculiarly susceptible to emotional appeals. In these days of radio and newspaper we may all learn about the same occurrence, or listen to the same argument or appeal at the same time, and we rise up and act in mass. The means of gaining a hearing and making a stirring plea for a "cause" is well nigh perfect. Indeed so weakminded and incalculable of individual judgment have we been thought to be that time and again interests or movements have undertaken to enlist us for some desired purpose by a "slogan"! Indeed that was the common "psychology" all through the war years and the twenties. I admit that the "slogan" was sometimes a successful device, but its high-powered use by alleged leaders of public opinion pulling the wires was a sorry commentary upon average American mentality and individuality. But this average frame of mind has much to do with our national attitudes towards governmental, moral and social conditions and is one of the factors in our present situation. To give adequate portrayal
of American society today, with its diversity and obsessions, its international simplicity and naivete through the "twenties", its sensational entertainment and its institutions, would require the skill of a Dickens to measure up without this great social agency!

Also, in this period the American people have become much better acquainted with each other through pictures, through the automobile and the most extensive network of good roads the world ever knew. We have by thousands crossed the seas and mingled with the peoples of Europe - we have learned much, we have the sweep of the public school and college movement, which has wide-reaching social and cultural effects. Practically everybody born relatively simple. Government has supposed in America has at some time come under the instruction of the publicly supported school,
and although there is considerable question raised about the cultural results and the failure to excite a high and active degree of intelligent participation in government, yet we may properly ask: how we would measure up without this great social agency?

All these social attitudes, peculiarities, ineptitudes and mass tendencies are important factors in our present economic conditions and must be rated in any program of relief and rehabilitation.

There is also the "governmental aspect" of our present day situation, and one of the best illustrations of government's taking a hand in business is that of the interstate railroads.

Up to the decade following the Civil War, government, federal and state, was relatively simple. Government was supposed to have a rather detached status; the times
boasted of "rugged individualism", and constitutions and laws were largely adapted to keep government in its place — prevent it from becoming a meddler. The first striking break with that tradition, a step in what might be thought of as in the direction of social control was the "Grange" laws in mid-western states regulating railroads in the interest of the people. Soon we find the federal government setting up the Inter-State Commerce Commission to put some limitations upon the practices of the railroads. For twenty years it was largely a body for getting information and finding facts. Then in the first Roosevelt administration the law was greatly strengthened (as you would expect if the President got what he wanted!). During the Great War the government operated the Railroads, and when restoring them to the companies in 1920 imposed upon them regulations about rates, earnings, aid for poorer roads, and proposed some general scheme of combination whereby the old competition would be lessened. The same government, by statute thirty years
before, had practically required competition. Experience in these three decades had swung government thinking about competition exactly half way around the circle.

the railroads are regulated quite completely by the federal government. It is the most complete instance of federal regulation of private business, and the reasons are found in railroad history.

If the United States government ever takes over private business, doubtless it will take the short remaining step and begin with the great railroads. In our political theory the step is a very long one.

Let us see that the federal government has done about another private business — banking. You remember the old United States Bank that Hamilton and Jefferson fought over and how Andrew Jackson finally took its life. Then we had some wildcat scrambled state banking until the middle of the Civil War when National Banks came into existence.
Then the Commission set about valuing the railroads, fixing rates with great detail, requiring service of certain varieties and standards, working out a few extensive consolidated systems — and today the railroads are regulated quite completely by the federal government. It is the most complete instance of federal regulation of private business, and the reasons are found in railroad history.

If the United States government ever takes over private business, doubtless it will take the short remaining step and begin with the great railroads! In our political theory the step is a very long one! as one great bank. But federal supervision and regulation were not adequate and this became painfully. Let us see what the federal government has done about another private business — banking. You remember the old United States Bank that Hamilton and Jefferson fought over and how Andrew Jackson finally took its life. Then we had some wildcat control, scrambled state banking until the middle of the Civil War when National Banks came into existence.
They were given the power of issuing currency but had to support it with United States bonds — and this was intended to help provide a market for the government's financing of the War times.

These banks existed largely as local banks until 1913, by which time it was apparent that financial power was largely concentrated in New York City. This was deemed unwise and unsafe and President Wilson urged the passage of new banking laws by Congress. The Federal Reserve System was established to create a network of banking relations and responsibility over the United States, to operate, in a way, as one great bank. But federal supervision and regulation were not adequate and this became painfully apparent two years ago. Banking is at the heart of the nation's prosperity and service and safety must be its features. We are moving towards one general system of banks in this country and deposit insurance and a much tightened federal control. Government is inflexible in its purpose to safeguard the interests of the people who use the banks and
the directive and regulatory legislation is just ahead.

Government has also undertaken to regulate trade and commercial business through the Federal Trade Commission by preventing "unfair practices in trade". The purpose was to compel business to be advertised and conducted fairly and honestly — no fraud in marks, labels, representations or competitive devices. Coordination and a set of common trade practices have been difficult to arrive at, but, the government's regulating hand in this area has been steadily felt.

To prevent great concentration of business power and a monopolization of business activities, President Wilson also urged and obtained congressional legislation forbidding directors in one business from also acting as directors in certain other types of business; these were known as interlocking directorates. We owe these most effective outreaching of government to control banking, commercial trade and
business monopoly to the cultivated social instincts of
President Wilson, and he acted throughout in the
belief that the obligation of democratic government
to promote the general welfare is a sacred one and
the form it will take at any time must depend upon
the conditions in question. It is very broad, very
flexible, and calls for eternal vigilance in govern­
ment, and we see this exemplified today most strikingly.

The illustrations I have been giving grow
principally from the police power of government —
regulatory, preventive — savoring of authority. But
government has also nourished industry and fostered
it — almost, in some cases, "coddled" it. This it
has done usually through a protective tariff. It has
also encouraged railroad building — transcontinental —
by gifts of lands and other privileges, but that was
a long time ago, in their infancy! Government has
also made gifts or "subventions" to steamships or
railroads, for carrying United States mails, ostensibly,
but all in the interest of encouraging desirable
sorts of industry with a "public welfare" aspect.
The most complete illustration of the social
-industrial aims of government is in what it has done
for agriculture - for the farmer - for a great basic
industry! It long ago gave homesteads in the
Western prairies; it established colleges in every
state to teach agriculture; it established agricultu­
ral experiment stations to carry on research; it has
developed an extension service to carry best agri­
cultural knowledge and practical methods out to the
farms; it developed a system of high schools for
teaching agriculture and home economics to farm boys
and girls; it created Land Banks to make loans to
farmers; it appropriated a half billion dollars to
set up a revolving fund to develop cooperative sel­
ling and to stabilize the prices of wheat and
cotton and some other crops; it is paying large
sums to farmers to limit acreage, to limit swine,
and for carrying on certain types of farm programs,
and is promoting certain fields of conservation,
experiments connected with soil erosion, and is
excluding from the country some farm products which
would dangerously compete with our own. It has been
unstinting in extending federal support to the rural people. Institutions and laws are made for both political and social ideals and our latter day tendency. One underlying piece of law-making is the Sherman Anti-Trust Act of 1890, preventing consolidations of certain types of business, enforcing competition, and so forever securing "mugged individualism" in business. It has been construed and applied and greatly limited in its construction and there has in recent years been a great restiveness under its provisions and there is powerful potential opposition to it, but it remains unchanged. There is a kind of magic about it, inspiring reverence and awe. It is much more firmly imbeded in our polity than a constitutional provision! We have become used to amendments!

We believe that a Constitution is elastic - a flexible instrument, adaptable, and subject to construction in the spirit of the times. We also believe that it will need change where its provisions do not meet the insistent needs of the times. We believe
that Constitutions and laws are made for both political and social ideals and our latter day tendency is to bear down hard on the "social" purpose. They are practically all-comprehensive purposes. Therein do we find the great powers. The present emergency calls into use and we have recently been giving such an illustration of the use of governmental powers for social and industrial purposes as the world has not seen. We have often heard that the government is more solicitous of property rights than of human rights; it must be solicitous of both but its supreme effort must be given to social considerations. and that is exactly what it is doing today.

Somebody asks why we do not let the economic law of supply and demand straighten out the situation. Well, we did give it a fine opportunity to function—we gave it a free hand for about three years. Unemployed millions and stagnated businesses called for help. It has been said that the law of supply and demand is like gravitation—fixed
Within this constitutional framework, we have much latitude in which to achieve the purposes announced in the preamble and they are practically all-comprehensive purposes. Therein do we find the great powers of the present emergency calls into use and we have recently been giving such an illustration of the use of governmental powers for social and industrial purposes as the world has not seen. We have often heard that the government is more solicitous of property rights than of human rights; it must be solicitous of both but its supreme effort must be given to social considerations. And that is exactly what it is doing today.

Somebody asks why we do not let the economic law of supply and demand straighten out the situation. Well, we did give it a fine opportunity to function - we gave it a free hand for about three years. Unemployed millions and stagnated businesses called for help. It has been said that the law of supply and demand is like gravitation - fixed
and immutable. Physical law may be and perhaps must be - they are laws of nature. But any economic law is of social origin and society and its constituents undergo change and act differently at different times. Adam Smith's rules in large part are not adapted to a complex society with industrial processes, business procedures, and transportation and communication facilities, and a stage of general education and social culture, far beyond his imagination. Congested living conditions of modern cities furnish no remedy for continued unemployment except gratuitous relief or artificial employment, and in either case government acts. In times when bank assets are frozen, when railroad receipts are dwindling, when insurance company investments are becoming unproductive, the existence of so many people is at stake that relief is imperative. Only government can furnish it, and government, therefore, has the power and the duty, and a democratic government by its very nature must move.
Citizens must not be pauperized or bereft of self-respect by charity and they should not be forced to charity unless no work exists or can be created by government for their support. The greatest ingenuity should be exercised in forwarding the public welfare through construction, renovation, preservation, of property in which the public has an interest, or the loaning of public money to banking institutions or otherwise, to give industry an impetus. Only thus can effective government aid be placed at the right spot and at the same time fraud be prevented. The integrity of government agencies as well as citizens is distinctly on trial; there will be some disappointing instances, but there will be innumerable more of the highest good faith. Indeed I believe and let me say that in its very own-the average of sincerity will be very high!

America and the world in general have been committed to the system of private management of business and private profit; we can not, in this country, outside of a
small number of extremely positive individuals, vision industry not motivated by private profits into the breach, just as it has done in times of war; and what were here we fought

Our immediate need is to discover some system which will have a reasonable degree of the social and industrial salvation we are private return and which can somehow avoid periods of unemployment. This cannot be done by the capitalistic unlimited ruthless competition system which has generally prevailed.

What can be begun now which as time goes on will increasingly escape from the industrial evils which have just overwhelmed us, and which will incorporate the desired principles of improvement? Here I must be careful about forecasting or prophesying lest I fall into the ridicule I mentioned in the beginning

to get under headway again, but could not stop. And let me say that in its many complex agencies today the federal government and could only reverse the reverse. In this it is not breaking with its past, it is merely general failure of tried methods government finding itself compelled to go a step further. took up the burden with a three-way program.

More regulation will not now be helpful; to control production and ultimately prices, financial aid on a gigantic scale - such as
only government can command — must be advanced! to give definite improvement to the conditions Government has thrown itself and the national resources into the breach, just as it has done in times of war! And what wars have we fought where the ends sought could be compared with the social and industrial salvation we are trying to secure!

With our traditions of government and

In this effort we may make some ridiculous mistakes, some persons may be able to see no other course offering a hopeful remedy. The fact is that between 1930 and 1933, business, finance, industry, labor, exhausted all known and hitherto successful procedures in trying to get under headway again, but could not stop the descent; they were unable to apply brakes, and could only fumble the reverse. In the general failure of tried methods government, like Will Rogers, or radio comedians, took up the burden with a three-way program — to control production and ultimately price, of private property to be managed or exploited
by the public. Our connections of liberty, to give definite improvement to the conditions of labor and to wages, and to revalue the dollar - and there's where we are today. Much else is being done by government but there are no indications that it is not holding on to its fundamental program.

With our traditions of government and the social order we are not likely to take over the actual operation of industry; nor have we a "planned" economy. Planned has and shall we ever do that unless some social cataclysm, not now predictable, comes to calling for such activity. Too much of this, pass. American genius awards gladly to one of remarkable personal ability of accomplishment a return that is far beyond that earned by another of equal honor and responsibility, in the ranks of citizenship, but not so gifted. Witness our constitutional reward for the inventor and the writer! Witness also the acclaim of the cinema star or an odd genius like Will Rogers, or radio comedians! So result in employment are inseparable purposes; there is not likely to be any drastic seizure of private property to be managed or exploited.
this means lessened opportunity for large
by the public. Our conceptions of liberty,
property, individualism, are potent. or
skill they will be called upon for propor-
tionately larger contributions to the State,
and business need do nothing but await the
return of "normalcy"; "normalcy" is like the
"Golden Age" - always, if anywhere, in the
future! But industry and business meanwhile
can do much and the thought crowding for
expression and realization now most insistently
is for a "planned" economy. Planned how and
how far no one can say, but there is a chorus
calling for such activity. Too much of this,
too little of that, ruinous competition here,
extreme profits there, capital unproductive
in this field, special governmental favors
Government is now furnishing the in-
for this industry; some planning of activities
evaporation and giving the occasion to our
perhaps of many kinds and varying people by
business minds themselves, is inevitably
unmeasurably participation in conference
called for. And in this planning a more
and where mutual understandings may be
reasonable return for labor along with a steadier
developed and promoted, and where a season
result in employment are inseparable purposes;
this means lessened opportunity for large private fortunes, and so far as they never-theless can be generated and an intelligent skills they will be called upon for proportionately larger contributions to the State, that is, to the "public welfare". Marvin, the Russian philosopher, is sure that some such regime is just ahead, seems unquestionable, and that our experiences of recent years are moulding the thought of we are not in the beginning of another age, will enter a period like the Dark Ages, and is supported by many happenings of today. will begin another cycle of life featured by Older methods and aims do not now stimulate; they do not lead us out of the social and industrial wilderness; they are not longer hopeful. Ralph Adams Cram says we must get back to the happy social organization of the

Government is now furnishing the inspiration and giving the occasion to our a religion encompassed by a single church; business people for closer acquaintance, and life would then be filled with satisfaction: an unembarrassed participation in conference and where mutual understandings may be lost for thirty years and it will be one developed and promoted, and where a common state covering the entire world - the international state - a government very
effort can be generated and an intelligent advance be made on all fronts.

There is the deepest pessimism about the future in utterances of these times; Berdyaev, the Russian philosopher, is sure that we are now at the "end of our times"; we are not in the beginning of another age. He believes the next generations of mankind will enter a period like the Dark Ages, and will begin another cycle of life featured by a simple religious faith and an unconventional way of living.

Ralph Adams Cram says we must get back to the happy social organization of the Thirteenth Century, the gild system of industry and a religion encompassed by a single church; life would then be filled with satisfaction.

While H.G. Wells says the "Hoover slump" will last for thirty years and it will be one hundred and seventy years until we can have one state covering the entire world - the international state - a government very
different from anything we know today and, we have less since man as our capacity of course, as much better as it is different. to make and add conditions and to create. Historical conditions do not reproduce themselves, so far as we know, we do not go back socially to some era or condition of imagined happiness. We go forward for better or worse and I, therefore, like Wells' direction but cannot get excited about his end.

My thought is that for some months we shall be devoting ourselves to a solution of our difficulties by government promoted activities and if we run out of letters in naming these agencies, we'll start another series. We shall either win out on these lines or know that we cannot!

This is the kind of world you are going into tomorrow - one definitely featured by more general and more effective social and industrial cooperation and a larger sense of responsibility for the public welfare.
We have long since shown our capacity to make and amend constitutions and to create laws thereunder for almost any occasion-important or trivial. Our care must be to attune them to popular need and appreciation, with a little less of "rugged individualism". Along with this must go a developing sense of industrial and social justice.

Resume.