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The Conservative Opposition

by George E. Sokolsky

DURING the early days of Mr. Roosevelt's Presidency, the Emergency was employed to give the impression that political Opposition was intolerable because it was an impediment to Recovery. The defeat of the Republican party at the Presidential Election was accepted as a mandate from the people to operate the government on a *non-partisan* basis. The President, in his appointments to higher positions ignored party lines altogether and sought particularly to wean away liberal elements in the Republican party. Special bids were made to such Republicans as Senators Norris, Nye, La Follette and Borah. In the instance of Senator Hiram Johnson, Mr. Farley and General Johnson actually campaigned California for his re-election. In speeches and statements President Roosevelt indicated that he disregarded party lines and that he did not know the party affiliation of most of the men whom he appointed.

This non-partisan effort, this attempt to make the acceptance of President Roosevelt unanimous, this movement in the direction of One Big Party, was more subtle, more ingenious than the cruder activities in the same direction of Mussolini, Stalin and Hitler. For there was no direct coercion, no use of force, no suppression. All that was employed was the psychology of mass pressure created out of the Depression and used ruthlessly through every publicity channel by insisting that the alternative to the Roosevelt program was revolution. Big Business particularly was forced into line by a frontal attack on the leading business and banking houses with a view to ridiculing and humiliating and frightening the capitalists into an acceptance of the Fascistic NRA. Congress was stampeded into an acceptance of a program of granting the President vast permissive powers or risking a test of strength with his personal popularity before the electorate.

More than that, the liberal and radical opposition was silenced by the use of the British method of absorption. Liberals and radicals were employed by the government in vast and expensive numbers to draw plans, make charts and graphs, devise schemes, and experiment in every field of economics and sociology. Even though all their conflicting schemes could not be accepted, many of them were included among the permissive powers, never to be carried into action but all congealed into government policy. The liberal personnel of the United States felt that its task was to supply its superior mental equipment to a government which faced the task of putting at least ten million men to work.

From a purely theoretical standpoint a few Americans suspected this process as violating the fundamental American politi-

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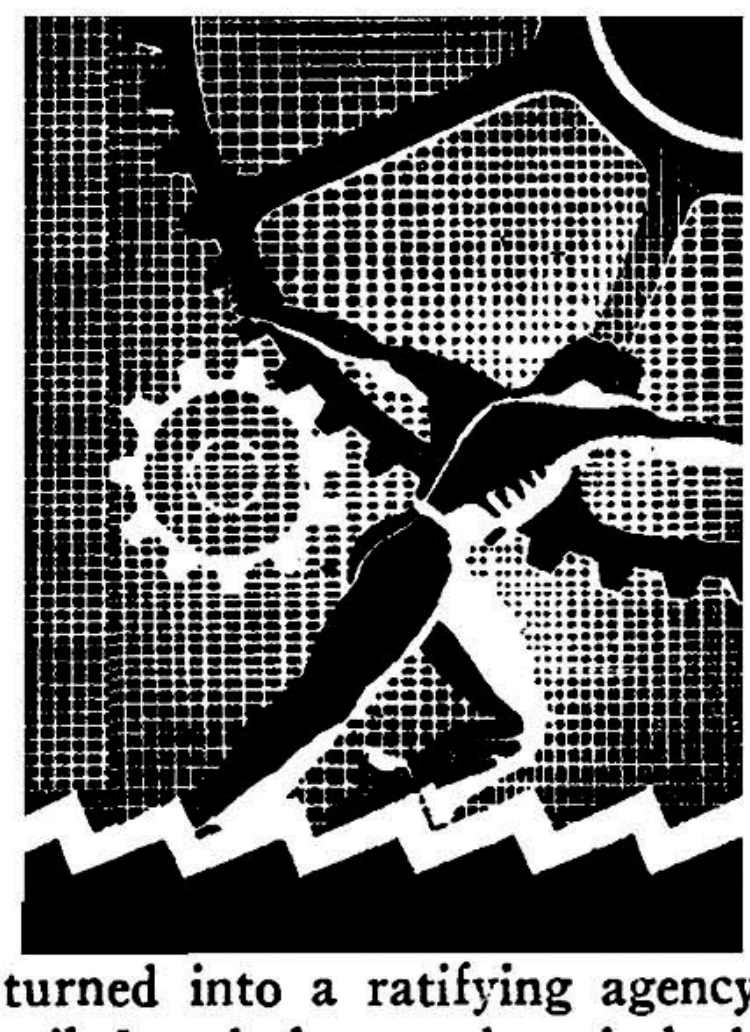
Opposition



cal concept of two-party-government. Such Americans, particularly Senator Borah, felt that the "Emergency" should not be used to invalidate the authority of Congress under the Constitution. For it became obvious that during what euphemistically came to be known as the Honeymoon, bills did not originate in Congress, that some were passed without being read, that Congress was being turned into a ratifying agency in which debate was curtailed and the members lashed to the Executive by ties of patronage. Furthermore, the distribution of relief funds, of PWA, CWA, AAA, and RFC and all sorts of other funds could become a further weapon against Congress should the Executive choose to employ it. This small opposition to non-partisan government, as a general principle, refused to accept this doctrine as tenable under the Constitution.

As long as there was evidence that Mr. Roosevelt was succeeding, or might succeed, in putting ten million men to work, this opposition remained small and ineffective. Mr. Roosevelt's publicity agencies attacked them by ridicule. Such publicists as the learned Dr. Tugwell or the raucous General Johnson hit at them, often under the belt. The whispering campaign employed the slogan: "Well, what would you do in his place?", which always is a red herring across any intellectual trail, because the discussion then switches from criticism of definite action and policy to ephemeral discussion of idealistic possibilities.

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Nevertheless, as Mr. Roosevelt's failure became obvious, the opposition increased. It is necessary here to state Mr. Roosevelt's failures succinctly:

1. He could not and did not put ten million men back to work;
2. He was unable to liquefy the frozen assets of the United States, so that capital became available for industry, trade and commerce;
3. He was unable to reduce expenditures for relief;
4. He was unable to stimulate the use of capital goods, particularly iron and steel, building supplies and electrical equipment;
5. He was unable to find a procedure for adjusting the relations between capital and labor which had become maladjusted during the Depression;
6. He was unable to devise a program for protecting the farmer against a maladjusted price relationship between farm products and manufactured goods;
7. He has not been able to stimulate foreign trade.

Before Mr. Roosevelt sailed for Honolulu the failure of his program was evident to intelligent students of economic and political tendencies in the United States in his party as well as outside it. Criticism was appearing on all sides, but mere criticism is a nothing compared with positive economic action. The failure of the NRA to put men to work and to adjust the relations of capital and labor was evidenced by a series of strikes and labor wars which were of such vehemence that they led to actual bloodshed. The NIRA was thrown into court by employers who faced the alternative of going out of business. Codes were taken off the little industries. The NRA itself was put through a process of reorganization with the definite objective of making it less effective.

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During the past year, the total of excess reserves of the Federal Reserve Bank doubled and now amount to very close to two billion dollars. It is estimated that ten billion dollars are buried in the banks as stagnant money and that perhaps as much as a billion more is hoarded in safe deposit boxes. Bank loans amount to thirteen billion dollars, just half of the pre-Depression average. The banks could let that ten billion dollars go into the money market if they did not fear the policy of the government. As long as that money is unavailable for the exploitation of capital, business cannot improve, but there is even a greater danger, namely, that banks cannot afford to pay interest on deposits as long as they do not make profits from loans. In a word, the Rooseveltian program erected a huge dam which kept money from circulating in spite of apparent governmental action in the contrary direction.

Business-men and laborers have become equally dissatisfied then with the policy of the Administration. For the farmer, however, Mr. Roosevelt had a simple program: reduce production to a bare minimum and at the same time the government would send checks into farm areas to pay the farmer for not producing. The assumption was that the United States produced more goods than could be consumed in the United States. As Mr. Doane proved in the August issue of the NEW OUTLOOK this was statistical nonsense. Unfortunately for Mr. Roosevelt while the AAA was reducing crops, nature assisted in the process. An unparalleled drought affected the very areas where the AAA was most active and effective. Wheat, corn, cotton, and live-stock production reached an unbelievable low during the summer, so that the farmer in most agricultural states will have no crops to sell. Nature assisting the AAA

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produced a national calamity. Of course, Mr. Roosevelt is not responsible for acts of God, but he is responsible for unnecessary crop reductions by the AAA. It is impossible to imagine the appalling cost of placing the largest part of our agricultural population on some relief basis for the whole of the coming year.

The cost of the present Administration, with its vast experiments, can only be met by taxes, immediately or in the near future. Had prosperity come, this tax problem would not have become serious, for a country which has a national annual income of eighty billion can afford to meet a deficit of ten billion dollars over a short period of time. According to the World Economic Review for 1933 issued by the Department of Commerce, farm income for 1933 "has been estimated by the Department of Agriculture, on the basis of preliminary data, at approximately $6,403,000,000, including $289,000,000 estimated benefits distributed by the Agricultural Adjustment Administration." This represents "the lowest figure for any year for which data are available back to 1909." But it is unfair to regard the nearly three hundred millions of AAA contributions as income; it is a dole which must be met out of taxes.

The deficit this year will be the largest ever incurred in peace time. In a controversy between Mr. Fletcher and Walter Lippmann, the latter made much of the fact that the deficit will not actually amount to as much as the President could make it if he chose. The fact remains that the President can spend in 1934 and 1935, $10,246,000,000 for emergency expenditures. Although in 1934, instead of spending $7,523,000,000 for relief and emergency expenditures, only $3,960,000,000 were spent, the deficit for the year is around $4,060,000,000, and the balance of permissive expenditures will undoubtedly be used now that the drought has created a New Emergency. The national debt of the United States has increased from $16,931,000,000 in 1929 to an estimated $31,834,000,000 in 1935—or nearly twice the original amount. The combined indebtedness of state, municipal and other local governments was $17,590,000 in 1932—and has been steadily mounting. (No authoritative figures are available after 1932 for this item.) The total cost of all government, Federal, State, and local in 1932 was roughly $15,000,000,000 and it has been steadily increasing.

The taxpayer has to meet this bill, and the day of reckoning cannot be postponed. Federal and state taxes are increasing and the people are everywhere waiting for the next tax bill to appear. Farmers, particularly, are already in arrears for taxes and they will not be able to pay anything this year, *unless the government lends or gives them the money to pay their taxes.*

It is the tax situation which is beginning to break the era of good-feeling. City folks jest about the CCC and PWA expenditures; it is a good joke to make fun of the poison-ivy boys. But when one goes into the rural districts, then the language becomes real strong, for the farmer sees his money going into enterprises which he does not believe he absolutely requires and for which he has to pay. In the township where I happen to have a farm, taxes doubled last year. We are waiting for the bill to come this year, and some of my neighbors say that they'll go to jail and be fed by the county before they'll pay another increase. It is the taxpayer who is beginning to squawk; he no longer sees fun in young fellows playing at road-building at his expense.

Two factors will undoubtedly be the sources of opposition to Mr. Roosevelt: labor troubles and taxes. Curiously enough, his failure to put ten million men to work does not stir the masses to opposition; they are rather used to that situation by now. But both capital and labor are weary of the labor mess, for which the Administration, the NRA, General Johnson and Senator Wagner are in no small measure responsible, nor will all the publicity men in their employ assist them to shirk their responsibility. For both capital and labor are dizzily trying to understand what has been said to them, what was meant by Section 7-a of the NIRA, what Senator Wagner's Labor Board tried to tell them to do, what local administrators required of them and what the new National Labor Relations Board expects of them. The labor confusion has stirred much, and will stir more, bitter opposition to the Administration.

To make matters worse, Mr. Roosevelt's absence from the United States during the strike months of July and August was almost as stupid a political error as Mr. Farley's airplane scandal. It was the first political error that the President had personally made and it may cost him his popularity in such states as California, Minnesota and Wisconsin which at the moment of going to press are strike-ridden.

The taxpayer's opposition is of a less vocal type. It will more likely be aimed at local rather than national officials. But difficulties with taxpayers always lead to major political upsets in any country. The taxpayer, in the United States, has on the whole, borne his load cheerfully, but now he has no money to pay, he is beginning to groan and growl. It has nothing to do with the willingness to pay; he may will anything, but the dollars are missing. In the Middle West and the South, this fall and winter, when the tax bills come due, it is safe to expect a demand for a postponement or remission of taxes. This demand will not be exactly inarticulate.

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Opposition

We now have come to a turning point in Mr. Roosevelt's popularity. The capitalist, the laborer, the farmer and the taxpayer still stand by the President but they are beginning to be vocal in their query as to what the hell it's all about. But the liberals and radicals are deserting the New Deal, and deserting it fast.

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In June and July, when it became evident that Mr. Roosevelt's course had to find a new channel, speculation was general as to whether he would go Right or Left. Most of his opponents assumed that he would be forced by his radical entourage to move to the left, and to move far, entering upon a new era of experimentation. On the other hand, it was evident to many of Mr. Roosevelt's advisers that the time had come to leave the laboratory and to let the experiments settle. So the President went to Honolulu and most of his leading associates departed from Washington. The country was for a while to be left to its own devices. August came and the statistical position showed no improvement, except for a rise in commodity prices due to the drought.

It became evident that Mr. Roosevelt was growing Conservative. Now, exactly what the evidence is and how anyone can tell whether the President is growing Conservative is not clear, because his Conservatism is unexpressed. In fact, his speeches after his return from Honolulu are similar in tone to those delivered before he left. Liberals, however, seem to sense a change. They are beginning to denounce him for strengthening monopolies, for betraying labor, for being a big navy man, for sacrificing states rights, for a concentration of government, for Fascism, for all sorts of errors, some of which fit and some of which do not.

The Liberal is usually a middle-of-the-road man who would do well by his fellow men. He suffers vicariously all the pains of mankind. He is the guardian of the underdog, but he usually dares not take a positive stand on any question, because he has trained his mind to see the good on all sides of all questions. He is a Kerensky. Liberals felt a kinship with Mr. Roosevelt. It was an emotional affinity rather than an intellectual conviction. It was a faith in his essential goodness and a willingness to give him a chance.

But the Liberals have lost faith. Most of them are no longer in the various administrations. They have gone back to their colleges and their regular jobs. They have become academically critical of the New Deal and have discovered in it, its startling economic fallacies.

These Liberals exercise a very potent influence in the United States because they teach in universities, they preach in churches, they write for magazines and newspapers. They are a definite pressure group. But the immediate effect of their opposition to the President's policy will surely be to make the people more conservative, because when mass opinion swings, its pendulum has a wide motion. The American mass had moved in a surprisingly *leftist* direction under the New Deal. It had permitted itself to believe that capitalism was dying, that Democracy was effete, and that a single man, as President, could alone pull them out of their economic difficulties.

They are now being told on all sides that that was an error. Many of those who can no longer support the President were once advocates of the New Deal. The people of any country follow a leader as long as they believe that they will benefit by his leadership. Stalin could easily replace Trotzky because his program sounded more reasonable to the Russian people; the Austrians followed Dollfuss rather than Hitler because they sensed danger to themselves in Hitler. The same is true everywhere.

When the Liberals attack Mr. Roosevelt they are attacking a Liberal and the popular reaction is to move to the Right, except for a small element which goes to the extreme Left, whom we call Communists. From the standpoint of this analysis, then, I anticipate that the opposition which is now sufficiently articulate to be noticeable, is a Right, a Conservative opposition.

But it lacks leadership. It lacks program. It lacks character. It lacks form. The Republican Party has given it two characteristics, one that of Senator Borah, and the other that of Mr. Ogden Mills. But neither of these gentlemen has yet formulated a program to which mass opposition can be hooked. The opposition is beginning to make its appearance, which means that we are in a new stage of the New Deal; when the opposition has definitely indicated its conservative characteristics, it will, in my opinion, stand for capitalism, democracy and the Constitution. That will be an interesting reversion to the American type.

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