

MEMORANDUM

FIRST and ONLY radio speech ever made by JOHN NANCE GARNER was during the Presidential campaign of Roosevelt and Garner over the Columbia Net Work on October 14, 1952. 1932

Mr. Garner had declined to make the speech at the request of Barney Baruch, Jim Farley and Sam Rayburn. The writer interceded and Mr. Garner stated he had never made a speech when he ran for office in his District in Texas; to which I replied to the effect that he was not running for the District office in Texas but running for the Vice-presidency of the United States; that he should not decline to make the speech which would help the administration in its election.

Mr. Garner called Louis, his secretary at that time, and said, "Louis cancel those damn tickets. It seems I don't have anything to do with my own affairs any more." And, we all proceeded to Columbia Broadcasting Station on Fifth Avenue and when we arrived Mr. Garner insisted on the writer going into the broadcasting booth with him. As he finished the speech consisting of 26 pages which he had thrown on the floor, page at a time, Mr. Garner picked up the pages, shuffled them together and autographed them to "Amon G. Carter from his good friend, John N. Garner."

This information is attached to the speech as a matter of record.

RADIO SPEECH OF HON. JOHN N. GARNER
October 14, 1932

Oct 14, 32

For Amos Carter from his good friend John N. Garner

Let me begin this plain recital of the issues and processes of this campaign with the statement that I have every respect for an opinion contrary to my own, providing it is sincere. Now I have been in Congress for 30 years, during Republican and Democratic administrations. During that time I hope I have learned that no man and no party have a monopoly of good intentions or of intelligence. It was the proudest moment of my life when I became the Speaker of the House. The pride I felt in attaining to what I regard as the most potent office in the government with the exception of the Presidency was mitigated with a sense of the responsibility it involved. This was particularly so because I succeeded a great man and a great Speaker, my closest, dearest friend, Nick Longworth, a square shooter if there ever was one and a Republican as devoted to the principles of his party as I hope I am to mine. We had our battles and there was an intellectual pleasure, you may be sure, in fighting one another. For Nick Longworth was a sportsman and played the game according to the rules.

My desire is that we should conduct this campaign as fairly and as cleanly and as truthfully as the legislative battles to which I have referred were conducted.

After all, this political struggle is simple in its essence. There are two schools of thought. The welfare of the country depends on which of these schools is right and which is wrong. There is no occasion for personality, no excuse for abuse.

I know I have been represented in certain partisan argument as a dangerous radical, either without the disposition to understand great public questions or with a Satanic desire to turn things topsy turvy with some wild idea of destruction. Actually I am a plain business man who has happened to have had a long legislative experience as the representative of a conservative community. This experience has endowed me with a fair realization, I hope, of the problems of government. As a member of the Ways and Means Committee, every fiscal problem, for example, has been perforce a matter of study, for I assure you that we in Congress are as cognizant of our responsibilities and as much alive to the requirements of our trust as any other government official, from the President down.

I have referred to certain absurd representations in regard to myself. It is no more necessary for me to charge every evil to Mr. Hoover because he is President than it is to ascribe every defeated House bill to John Garner because he is Speaker. I have too much respect for the high office of the President to reply in kind to certain charges. I want to try to bring the political debate back to the high level which its extreme gravity requires and stick solely to a fair statement of facts from the printed record. Let my hearers draw their own conclusions and use their own cuss words if they are so disposed.

My contention, of course, is that the present administration in Washington has neither been efficient in its performance nor frank in its explanations. Naturally the minds of all of us are on our present industrial and commercial plight. The administration has told you that the depression came from abroad. Let us see if it did.

Our export business is less than 8 % of our total business and the par value of foreign loans about 8% of our wealth. Say we have lost half of all this foreign stake, or 4% of wealth and business. Does that account for the 40% to 50% loss of both? 2,000,000 people

were employed in production for export - - half of them are out of work. Does that explain our ten to twelve million unemployed? ~~We~~ ~~consume 50% of the world's production of raw material.~~ The 1929 crash hit here first. It was like an avalanche. By that sudden disruption of so much of human commerce, we rocked the world from pole to pole. The depression did not come from Europe. It came from our own folly and illusion, not the least of which was that prosperity was so great that poverty would soon be abolished.

But I am not content to rest on general charges. I want to trace cause to effect in the cold print of the record. Mr. Hoover says he has an exclusive personal program now to temper disaster. He had one in 1928 to insure prosperity. Let's look at that. Let us begin with Agriculture, which the President declared the most urgent economic problem. He told us that an adequate tariff is the foundation; that modernization of inland waterways will comprise a substantial contribution; that we should have completed the Mississippi system within the next four years. He explained that the platform pledged a Federal Farm Board to build up, with federal finance farmer-owned

stabilization corporations which will protect the farmer from the depressions and demoralization of seasonal gluts and periodical surpluses.

How did it work? The Smoot-Hawley Tariff on the one hand gave higher rates and on the other destroyed export farm markets. The St. Lawrence waterway is not begun; the Mississippi project is years from fulfillment. The Farm Board is an acknowledged failure.

Next on the 1928 program were Industry and Labor of which he said: "We have increased production approximately 30% while our population has increased only about 10% . . . This is proof of real progress . . . It is the road to abolition of poverty." And he went on declaring that "we must find a profitable market for these surpluses. We must sell more products abroad if we would have steady and assured employment for labor in our industries." Those are the President's own words and he further said:

"It is an essential part of the sound expansion of our foreign trade that we should interest ourselves in the development of backward or crippled countries by means of loans." Let me continue the quotation:

, "Foreign trade. . . can prosper only under sound financial policies ... Taxes and expenditures of public monies have come to bear a vital part in business stability . . . Errors in that delicate adjustment can cause us fabulous losses"

There is his industrial program. It violated Mr. Hoover's advice to the lawyers last Wednesday when he spoke of "seductive and unworkable theories that promise a millennium." Every element of this plan was error and every error brought disaster.

Financing loans to crippled countries was folly. Increasing tariffs destroyed foreign trade and made debt payment impossible. Errors in the delicate balance of taxes and spending did cause fabulous losses and upset the stability of business.

On this specific record covering the whole field of our economics my sole comment is two questions: How about the foreign alibi? How about the myth of business reliance on Republican leadership?

In 1932 we have a new edition of the 1928 myth - - something like this: "Last winter a wave of fiscal destruction rolled in from Europe on the embattled Administration until, at its crisis, our Gold Standard

had two weeks to live. Our form of government was in the balance. In spite of flank attacks by the Democratic Congress, the Administration saved the day and came out with an exclusive program which has defeated the depression. Thank God for this Republican Administration."

I hasten to disclaim any sarcasm. What I have just said was a fair paraphrase of the Des Moines speech. If it sounds sarcastic it is only because of the absurdity of the original. Let's get down to the record. Nobody doubts that there was a financial panic, which threatened our banking and credit system. But the vital question for voters is: "What caused it?" Mr. Hoover says (I quote):

"Critical assaults and dangers swept upon us from foreign countries". But he also said in his annual message:

"The fundamental difficulties which have brought about financial strain in foreign countries do not exist in the United States."

In other words Mr, Hoover presents that Europe was broke and America sound, so Europeans rushed to get their money out of here and take it back to the very seat of trouble. I also leave that alibi

to the judgment of American common sense.

We couldn't listen to that one even if there had been no cause for panic here. But there was cause here big enough to panic any country.

Back in 1928 Mr. Hoover said (I quote again)

"The assessment of taxes and expenditures of public monies have come to bear a vital part in business stability. We have adopted a measure of federal control of credit. Errors in that delicate adjustment can cause us fabulous losses".

Mr. Hoover's "errors in that delicate adjustment" are also called deficits. Last December this Administration was a little more frank about the cause of the panic. Mr. Hoover said:

"The first requirement of confidence and of economic recovery is financial stability of the United States Government. . . I must at this time call attention to the magnitude of the deficits which have developed. . ."

There we have it . . . deficits . . . the cause of every panic since the world began. Why should there be any talk about mysterious foreign forces?

Who is responsible for these deficits and (more important still) how did it happen that we didn't hear about them till they became so dangerous? Let me quote from the President's budget message delivered in 1929, six weeks after the worst crash in history -- an event mathematically certain to cut down federal revenue:

"With an estimated surplus of over \$225,000,000 this year" (1930) "and \$122,000,000 next year" (1931).. "some reduction in taxes is justified.. Our finances are in sound condition... Our estimated expenditures ... are well within our expected receipts."

That budget also proposed increased spending in two years of \$430,000,000 more than we spent in 1929.

You remember that every prudent manager of home or business was then trimming sails. But an administration charged with preserving a delicate balance on which it said business stability depended, moved in exactly the opposite direction.

By December 1930 every source of Federal revenue had diminished 25%. Huge deficits were inevitable. But this Administration estimated a current deficit of only \$180,000,000 with a small surplus for 1932,

or a two-year deficit of only \$150,000,000 and ^{the President} said, "Nor do I look with great concern upon this moderate deficit." ~~It~~ suggested no new taxes -- no decreased spending. Was that frankness? Was that dealing honestly with the Congress?

December 1931 is the period portrayed in the President's Des Moines speech. The deficit for that year had now been revealed as \$900,000,000 -- an error of one billion in the "delicate adjustment." The annual message admitted a deficit of over two billions for 1932. Within seven months that proved to be nearly another billion dollar error and the two years' deficit originally estimated at \$150,000,000 turned out to be nearly four -- billion -- dollars.

I know these monumental figures are tedious to listen too. They can be summed up, however, in terms more easily remembered. The record shows that the administration was either hopelessly at sea as to the actual Treasury situation for two years or else deliberately concealed the true state of affairs, deceiving the country until concealment was no longer possible.

The news began to leak out in the Autumn. The aspect most disturbing to American credit was that this great government had sat in concealment and inaction for two years and had allowed the world to believe that its finances were sound. Coupled with that (if not caused by it) was the disturbing summary of the black business year of 1931 -- no seasonal Autumn rise but instead a greater relative decline in employment, business, earnings and prices than in many of the "backward and crippled" countries. Europeans and Americans alike began a rush to get out from under. The panic was on.

Now I am not going to characterize this conduct. It is up to my hearers to decide whether Europe's bugbears or maladministration of government finances brought the credit crash last winter.

Before coming to a discussion of the relative part played by the Executive and by Congress in the recent session, let me take up perhaps the most alarming declaration that was ever made by a President of the United States. Let me give it to you in the President's own words at Des Moines:

"The Secretary of the Treasury informed me", said Mr. Hoover, "that unless we could put into effect a remedy, we could not hold the gold standard but two weeks longer because of inability to meet the demands of foreigners and our own citizens for gold." And also "We were fighting to hold the Gibraltar of world stability, because only by holding this last fortress could we be saved from a crashing world, with a decade of misery and the very destruction of our form of government..."

Think of that. The President gravely told you that we were within two weeks of world collapse, ten years of misery, and revolution, and were only saved by the adroitness, promptness and wisdom of the administration.

I do not intend to go into the delicate technique of the gold standard, ~~and its abstruse connotations.~~ It would be different if I were addressing an audience of expert accountants and financial adepts. I will merely suggest that a gold country doesn't have to keep 100 cents in gold in the till for every paper dollar any more than a bank has to keep all deposits in cash. You only have to keep a safe ratio. What ratio is safe depends on confidence.

Back in last February, which was the time referred to by the President, our paper money had the heaviest gold backing, with two exceptions, of any paper money in the world.

I can tell you without fear of contradiction that to say that we were within two weeks of the edge of the gold standard because of any lack of gold is a libel on the credit of the United States.

Just then, due to business stagnation, there were not many eligible commercial I. O. U's in the market. If the supply got much lower you would have to have 100 cents in gold behind every paper dollar. The difficulty was not in going off the gold standard. It was of going further on the gold standard.

What happened? The Administration came to Congress and said, "The government's I. O. U's are as good as commercial ones. Let's make them eligible also as backing for paper money." A Democratic Senator and a Democratic Representative framed the measure and Congress passed that law immediately and almost unanimously. That was the Glass-Steagall Act. And now this slight amendment of the Federal Reserve Act is being advanced as saving the Gibraltar of world stability and preventing an American revolution and ten years of misery.

You don't have to be a financial wizard to know that the Glass-Steagall Act didn't create any gold. It was advisable to make our currency more flexible, and it did that thing.

Here is the way the President, at Des Moines, described the event:

"In the midst of this hurricane the Republican administration kept a cool head and rejected every counsel of weakness."

A counsel of weakness is exactly what it did not reject. There was only one counsel of strength and that was to turn over a new leaf, and, after two years of shadow-boxing to come out into the open and balance the budget. That is what Mr. Hoover says it did (I quote):

"We determined we would stand up like men and render the credit of the United States government impregnable through the drastic reduction of government expenditures and increased revenue, until we balanced the budget."

If so -- when? Not when the crash came in 1929. Not in 1930 when deficits were certain. No. The policy then was to hide and not to stand -- to try to maintain confidence by abusing confidence.

Now let us take up the hectic time when Congress was confronted with the task of balancing the budget - about two years late. The first administration indictment of Democrats in that Congress is that the President proposed drastic economy and the Democrats forestalled it. I have got to talk again in big figures. The Budget Message of December 9th recited "actual expenditures 1931, \$4,091,633,908; proposed expenditures 1933, \$3,996,672,450." The drastic economy suggested there was a cut of less than two and a half percent. On February 11th last, Chairman Crisp of the House Committee on Ways and Means quoted the Secretary of the Treasury as saying the very limit of further economy was only \$80,000,000 or two percent. This was the time the President says the Secretary told him the end of the gold standard was two weeks away. The President made one statement after another, both in public and private, that the possibility of further savings was practically nil. All was sweetness and light. But then came a rude shock.

About that time I sent to Democratic Leader Rainey some private studies indicating over-estimates of nearly one billion dollars

in the Treasury figures of receipts. I quote the result from Mr. Rainey's speech in the Congressional Record:

"It was not ten minutes till they convinced me that the deficit was wrong -- then we took the matter up with Under-Secretary Mills... he said "They may be right."

In a few days we got a Treasury revision downward of \$450,000,000. From that moment, the whole subject went into a state of constant flux and uncertainty. One private expert authority after another went on record that the Treasury figures were a billion dollars out even after this revision. The Treasury seems to resent this. On April 23 the Secretary said, "The Treasury program calls for ... balance...in the sense that there will be no further increase in the public debt.." Right up to the day the new tax bill became law, both he and the President continued to say that the various proposed revenue bills would balance the budget.

When the House Ways and Means Committee examined the first Treasury tax bill it found an unscientific collection of special manufacturers' excises which it considered subversive of business and

wholly inadequate. Experience has justified their fears. Collections are running about 45% of estimates. The Committee rejected the Treasury suggestion in favor of a more general manufacturers' excise as the only way to balance the budget. The Treasury advised against that and stuck to its own plan but its attitude became wholly ~~frigid~~ ^{Rabby} and neutral and so remained. The Administration did not raise a finger to help in the ensuing fight.

The Committee reported the General Excise. Catching the whole House in a nervous mood, a leading Republican, Mr. LaGuardia, of New York, seized an opportunity -- I will not say "organized a revolt." I was pressed to try to revive the old Republican gag rule. I refused it as utterly inconsistent with Democratic principle.

Republican speakers say the Democrats controlled the House. We had a nominal majority of five. The final vote against the Committee bill was 223 to 153. I knew that the national security depended on a balanced budget. The important thing was result, not method. The Administration which now says that world credit and American revolution depended on the result then stood aside and chuckled and jeered. The

record bears out my judgment at that great crisis. The story cannot be better told than by quoting the Congressional Record of March 29. I took an unusual course for a Speaker of the House. I relinquished the Chair and addressed the House (I quote the record):

"I am now opposed to a sales tax; but, gentlemen, if I find it impossible to balance the budget and restore the confidence of the world... in our government without some such tax, I would levy any tax, sales or any other kind, in order to do that. I think more of my country than of any theory of taxation.....

"Last Saturday as well as yesterday the people of the world realized that Congress by a gesture had indicated that it did not intend to balance the budget. What was the result?...If this Congress should decline to levy a tax bill.... the shock... would be such that there would be financial panic such as has never been equalled in this Republic... At the risk of being criticized, I want to give to the world and to the country today...an expression of this House so that the world and the country may realize that we are going to balance this budget... I want every man and woman in the House...who is willing to go along with that effort to balance the budget to rise

in their seats...now... those who do not want to balance the budget can rise in their seats."

That was a real instance of "standing on feet like men." Every soul in the House arose. From that moment there was never a question of the attitude of Congress. They gave the Treasury every cent it asked for and always under the continued assurance that what they gave balanced the budget.

Disquieting criticism was rife. A great newspaper openly charged the administration with a new concealment of deficits. Senator Tydings of Maryland made that charge on the Senate floor. The Administration was adamant. I quote from the New York Times, June 5th: "Just before the House cast its final vote (on the tax bill) Secretary of the Treasury Mills announced that the amount would guarantee a balanced budget."

Well, what are the facts?

I quote from two special articles by Mr. Robey, financial editor of the New York Evening Post, one of the most partisan pro-Administration journals in this country.

September 9th (I quote):

"The campaign of optimism for the past several weeks has diverted attention almost completely from the state of our Federal finances. It still is assumed by the public---that our national budget is in approximate balance...As a matter of fact the result so far during this fiscal year has been especially bad -- even much worse than it was in the corresponding period last year."

Last year, to which Mr. Robey refers, the total deficit ran over 2.8 billions. At the end of the first quarter the deficit was 380 millions. On the same date in 1932 the daily Treasury report shows a deficit of about 403 millions.

Now I quote the second article in the pro-Administration Post, under this heading: "Real deficit is \$680,000,000. Treasury figures of \$400,000,000 do not include advance to R.F.C." The article proceeds:

"Washington statements about our Federal finances continue to be incomplete and misleading. The most recent one places the deficit... at \$400,000,000...During the period the public debt...increased

\$680,000,000....There is every reason to object to picking out just one group of special expenditures and setting them aside in a special budget. That is what the Treasury is doing today...The policy cannot be justified even on an accounting basis... Especial care should be taken in seeing that the public has all the facts. The Treasury is not doing this...."

Now I submit that the record shows a Democratic Congress determined and willing to go the limit for a balanced budget. It shows that the purpose has been frustrated by the same methods this administration has practiced for three consecutive years. The budget is not balanced. The whole job must be done over.

The Republicans claim exclusive credit for the emergency laws of the last session of Congress. They list a lot of defeated bills and call them "the Democratic program." At Des Moines it was said that Democrats controlled the policy of both House and Senate. Now on this state of facts, I have only one appeal to make to the common sense of the country and that is a question:

"If the Democrats controlled the policy of both houses, how could the enacted legislation be the exclusive program of the Republican administration and the defeated bills the exclusive program of the controlling Democratic Congress?"

Now I have neither the intention nor desire of calling names. I do not wish to be understood as attributing to the administration any perversity or deliberate intention to prolong the country's troubles or to delay the country's recovery. I merely believe that the administration was bewildered, was unable to control the resistance of the Cabinet departments to an adequate diminution of their budgets and could not bring itself to take the responsibility that belonged to it. Hence it adhered to the policy evidenced at the beginning of the depression of minimizing the emergency, and because it had no adequate program of its own attempted to pick flaws in the only constructive process that had been advanced.

The adopted emergency program consists of three great parts:

(1) The balancing of the budget, which both the President and I say was the indispensable foundation-stone of all; (2) The purely

financial measures to support private credit; (3) The humanitarian measures to relieve unemployment and to insure against human misery.

The coldprint of the record shows that on the very heart of the whole program—the balanced budget,—the Democratic Congress did all that it was possible to do and that the Republican Administration frustrated their action by supplying inaccurate and misleading estimates.

The purely financial measures were coalition enactments, passed through the Congress with perfect accord and practical unanimity.

For these things neither the President nor Congress is entitled to

exclusive credit. As difficult even to attribute the origin of these to one or the other elements of the government. There were suggestions and counter-suggestions in the framing of them and accord on the final drafts.

It was otherwise with the humanitarian part of the program. The provision for hunger loans and self-liquidating construction were exclusively of Democratic origin and were literally forced through over the Administration's stubborn resistance recorded at every step and continued until just before the end of the session when Democratic

persistence and a rising tide of public indignation compelled the administration to yield.

I say that if you balance the routine budget of ordinary expenditure and revenue fairly, honestly and openly and principally by the plan proposed in the Democratic platform of a 25% reduction in expense, then you will establish the credit of the United States in the eyes of the whole world and that you can then borrow fairly, openly and in the recognized and orthodox fashion all that we may need to finance our emergency needs in this depression.

But to accomplish this we must have an administration that will look the situation square in the face, that will undertake and agree to an actual and not a mere theoretical balancing of the budget, that will do the necessary borrowing without evasion, that will cease to conceal deficits, and will not use the provisions of the Glass-Steagall bill to muddy the financial waters. With a balanced budget, no such subterfuge would be necessary. In my opinion, it is the administration's murky, involved and obscure financial policy that is responsible for much of the continued uncertain conditions.

The important thing is not whether Herbert Hoover or John Garner is the greater authority on finance and legislation. It is merely a question of whether directness and adequacy and frankness is more likely to put and keep us on the road to economic recovery, than pollyanna statements and hiding the truth, and substituting pretense for actuality, because it may be more palatable to the electorate.

Our country has been in a bad way. Like every other American who has faith in our institutions, I believe that we are on the road to recovery and that if we face the facts that recovery will come much sooner than if we play a double game of subtlety and deception on our own people. Because of my position in the government I know there was never a warrant for saying that we were on the edge of financial collapse, world crash, and government failure. The whole thing is absurd. I can not conceive that either Mr. Mellon or Mr. Mills should have made such a statement nor can I conceive that President Hoover would have uttered such an obvious error unless somebody had told him that such was the fact.

I must assume that the President's recollection is faulty for it seems perfectly plain that if such an emergency had arisen that he must have communicated it to the legislative branch of the government, which alone could have effected corrective legislation. Certainly the Speaker of the House of Representatives would have known had there ever been such communication from the President.

There is nothing the matter with the finances and credit of the United States except gross mismanagement. We have at this moment every element to promote prosperity except one. That one thing is confidence in our credit structure. To my mind the most needful thing is to put our financial house in order. I want to see our budget balanced by careful economy and scientific revenue. I say, the moment that is done, money will flow here from all the world and from all domestic hoards, seeking safety and employment and then that we shall move back into God's sunlight much faster than any of us dream.