

ADDRESS

of

WILLIAM O. DOUGLAS

Chairman, Securities and Exchange Commission

at the

JACKSON DAY DINNER

in

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That great statesman, Andrew Jackson, whose memory we honor tonight, stated his social philosophy in one of the most discussed vetoes in the annals of our history. It was a philosophy calculated to achieve a better way of life for the common man; a philosophy which placed human rights first. In vetoing a bill which would have given a new lease of life to one of the greatest financial monopolies of all time Old Hickory said:

"Distinctions in society will always exist under every just Government. Equality of talents, of education, or of wealth cannot be produced by human institutions. In the full enjoyment of the gifts of heaven and the fruits of superior industry, economy, and virtue, every man is equally entitled to protection by law. But when the laws undertake to add to these natural and just advantages artificial distinctions, * * * to make the rich richer and the potent more powerful, the humble members of society, the farmers, mechanics, and laborers, who have neither the time nor the means of securing like favors to themselves, have a right to complain of the injustice of their government. Its evils exist only in its abuses. If it would confine itself to equal protection, and, as heaven does its rains, shower its favors alike on the high and the low, the rich and the poor, it would be an unqualified blessing."

The way of those who have endeavored to render that doctrine more than mere lip service has always been hard. The struggle of those in this State who long fought to free it from the grasp of special interests was in miniature the same intense struggle which our great President, Franklin D. Roosevelt, has been conducting on a national scale. The basic issues are identical, though the setting and the characters differ. This was the struggle of Jackson and of all great liberals who sought to make our economic and political institutions our servants rather than our masters. For their sincerity and fixity of purpose there may at times seem to be nothing but the reward of calumny. The fruits of those endeavors must at times have seemed bitter to Jackson, for one of the most penetrating students of the Jacksonian period states that the reader of old newspapers and pamphlets written at that time would assume that Jackson was "an usurper, an adulterer, a gambler, a cockfighter, a brawler, a drunkard, and withal a murderer of the most cruel and bloodthirsty description."

The issue which brought these stirring tributes to Jackson was a financial one, although at the time it was regarded as primarily a political issue. As you know, Jackson was vigorously opposing a renewal of the charter of the Bank of the United States. Although it was the principal depository for the funds of the United States Government, and although it could issue currency and perform other functions now carried on by the Treasury Department, the bank was dominated and run by private financial interests. Jackson felt that the bank--a monopoly of private finance--was swiftly becoming so powerful that it was beginning to dominate the life of the Nation and the functioning of the Government. It was, as you know, an extremely bitter fight. Every possible device was used to force Jackson to change his position. There was a Senate resolution condemning him. There was a vituperative publicity campaign. Jackson was accused of usurping the legislative and judicial functions of the country, of attempting to install a one-man government.

But when Jackson came up for reelection, running against Henry Clay, he won by more than 4 to 1 in the Electoral College. The country was thunderstruck. For weeks it had been led to believe that Jackson had been overthrown. The papers were filled with anti-Jackson stories. The great mass of voters was entirely without a medium of expression until election day. The ballot was theirs to use, and they used it in no uncertain terms. Democracy on that occasion saved us from one vicious form of slavery, for the great mass of the people knew that Jackson's interests were their interests. They were not fooled then, nor in 1932, nor in 1936; and it is unlikely that they will be fooled on other similar occasions.

Likewise, this country is not forgetting whose interest Franklin Roosevelt represents, or what he has done for the people in both human and economic terms. Roosevelt met the problem of starving millions. He came to grips with economic disaster and averted it. He saw us through a dark crisis and undertook a permanent and far-reaching reconstruction program designed to bring stability and confidence into a troubled economic order. The people will not quickly forget the comfort and new courage which they found when Franklin D. Roosevelt undertook to complete some of the "unfinished business" of Andrew Jackson; nor will they easily forget that Franklin D. Roosevelt brought them through the emergency and the reconstruction period without sacrifice of their most precious heritage--civil freedom and the democratic system.

That reconstruction period has been written on the statute books not only pervasive relief legislation alleviating distress of workers, home owners, farmers, banks, and industry but also some of the greatest pieces of permanent social legislation in our annals. Under Roosevelt we obtained insurance on bank deposits. Hence, though we dipped down into a business recession, there was no flurry of fear on the part of depositors. Under Roosevelt a staunch assault was made on the problems of old-age and unemployment insurance, which will hold some comfort and support for desolate and helpless human beings against the vicissitudes of time. Under Roosevelt machinery was provided for treating in an orderly and authoritative manner certain aspects of the relationship of industry to labor. Under Roosevelt we obtained regulation of commodity exchanges to prevent manipulation, disorderly markets, and other practices inimical to the interests of producers and consumers of agricultural products. Under Roosevelt we received regulation of our stock exchanges--regulation which experience proved absolutely essential lest a casino become the master of our destiny. Under Roosevelt we were given a patrol over our securities markets and securities issues not for the purpose of substituting Government approval for investment judgment but to give assurance that the savings of investors of this country would receive some protection against the chicanery and fraud which had caused such enormous wastage of capital in the past--a program which New England (the home of sound, conservative investment) will particularly appreciate. Under Roosevelt we obtained, at last, legislation designed to make our public utilities, under private ownership, more responsive to the interests and needs of consumers and investors, and to save the industry itself from the ruin to which a few financial wizards were fast carrying it.

There were other similar advances made under his leadership. But these reforms (all conservative, as is New England, in the best sense of the word) stand out clear and strong as permanent milestones in a program to make better the way of the common man and to afford some assurance that our economic institutions, like our Government, are our servants rather than our masters. But for Roosevelt and such other hard-headed liberals as FRANCIS T. MALONEY and you, this program would not have been possible. Since you helped consummate it, you, too, are strong in the Jacksonian tradition. Even if this were all, you could point with pride to an accomplishment of which even Old Hickory would have been envious.

No great social advance such as this can be made without intense struggle. Most of the bills were enacted in the face of great opposition. They were born in the heat which of necessity is generated when the call for reform is clear. Emotions ran high. These encounters are always necessary where vested interests are displaced, where monopolistic activities are throttled, where valuable franchises for exploitation are impaired. Intense advocacy, intelligence, and courage alone can carry the day on such occasions. Jackson knew that. Every hard-headed liberal knows it. That is why life in the front-line trenches is intense and at times lonely.

But that does not mean that these measures were conceived in hatred. Time and the course of human events made them necessary. Many of them were long overdue. Delay and inaction produced righteous indignation, and the righteous indignation of our citizens and our leadership produced these great reforms of the last 5 years. But from my close contact with Washington since the summer of 1934 I can say that neither class nor sectional hatred inspired them nor do either affect their enforcement and administration.

One who insists that stock exchanges should not degenerate into casinos or that industry treat its labor tolerantly and humanely will always run the risk of being dubbed a hater and a protagonist of class strife who would pit the country against Wall Street and labor against capital. But this social advance could not take place or be accomplished under the banner of hate of class or intolerance of property and human rights. These measures are all designed to preserve the capitalistic system for the common good, not to destroy it. Preservation means of necessity a harmonious relationship between finance and business, between industry and labor, between management and stockholders. The greatest safeguard which we can erect for the things which we hold dear is a vigorous practice of the principles and spirit of democracy not only in our political life but in our business and industrial relationships. Experience has proven the need and value of tolerance, fairness, and intelligence. That, I am confident, is the spirit which pervades the administration. And it is the same spirit in which you have addressed the pressing problems in Connecticut.

That is no formula of sweet sentimentality. These problems are hard and, like life, raw. Nor is this a formula for inaction or drifting. Having made these social advances, we must make certain that the country reaps their benefits. It is no accomplishment to have a statute regulating exchanges if exchanges go on in their casino-like activities with neither exchanges nor Government doing anything about it. It is no advance to outlaw pools and to have exchanges shut their eyes to violations and to have

Government do nothing about it for fear that some advocate of laissez faire will call Government a "snooper." It is no achievement to have a utility holding company act if nothing is done to clean up the conditions which make holding companies and Insull practices disreputable. It is no advance to outlaw fraud in the sale of securities and to have Government sit idly by blinking its eyes to violations for fear of offense to those of high rank in finance. The present time calls for action--direct, forceful, and intelligent action within the boundaries which the Congress has laid down. Inaction or drifting is foreign to this administration. Such a course of action means constructive work of the highest order, with industry and finance being given freedom and opportunity to take the initiative but with Government pointing the way and taking the lead if industry falters or delays. A fusilade of words will not suffice. We are bent on consolidating gains. We are desirous of showing results. We may temporarily change the climate of opinion but we hardly move forward a millimeter if industry and Government, business and labor, management and stockholders agree on abuses and maladjustments but make no effort to do anything about them. Under such persistent conditions, the old problems remain or return to haunt us on less favorable occasions. Nor can we view with approval attempts to rewrite these new charters of freedom for the satisfaction of special interests. Experience may show the necessity of revision in the light of practical considerations. But we need first a genuine wholehearted endeavor to live and operate under these laws of the land and make them work.

All of us, I am sure, conceive that the best government is that which reaches desirable social and economic objectives with the least possible interference with industry or labor. Then there is greater opportunity for individual growth and development. But those social and economic objectives must and will be achieved; the history of man is a story of progress, furnishing incontestable proof of this proposition.

How much governmental intervention there must be depends upon industry. The social and economic objectives which will be won in this country have been clearly defined by the administration. If industry regulates itself in accordance with these standards, there will be no need or excuse for prodding from Government. If industry--whether it be an exchange on the one hand or a utility company on the other--will work with the law rather than around it, setting the pace in tune with the national will, as defined by legislation, it will produce results which will make it necessary for Government to act only in a residual role.

I know that there are sufficient brains, courage, and integrity in business to do this. Those who made industrial America can provide anew a leadership under this new social contract. They will find cooperation in those terms in Washington. They will find fairness, intelligence, and tolerance, and genuine assistance in solving their problems. If they will recognize and accept the new social contract which the times and the affairs of men have written and which this administration has articulated, they will find that they can assume a real position of leadership and proceed under their own motive power without pushing and prodding by Government.

This is the spirit which I find in Washington. It is tolerance in the best sense of the word. It is tolerance without weakness; cooperation without capitulation; and, at the same time, leadership without dictatorship. Intolerance appears only where the terms of the social contract are violated by those who are willing to be bound only by those terms of the social contract with which they agree. Intolerance appears only where sabotage, indirection, or evasion are brought into play to violate the law. Such intolerance is indispensable to democratic government; it and it alone makes possible the survival of our social contract. Within that framework industry and finance can conduct their affairs and promote the welfare of themselves and of the Nation with the acclaim and encouragement of Government. Such democracy and tolerance are strong in the Jacksonian tradition.

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