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ADDRESS OF

HONORABLE HOMER CUMMINGS

C. C.

ATTORNEY GENERAL OF THE UNITED STATES

before the

Democratic Lawyers' Club of Cleveland,

Hotel Statler,

Cleveland, Ohio

Wednesday, October 28, 1936

9:30 P. M.

Broadcast over a nation-wide hook-up on the Blue
Network of the National Broadcasting Company.

Mr. President, Members of the Democratic Lawyers Club of Cleveland,

Distinguished guests, Ladies and Gentlemen:

I acknowledge with appreciation your courtesy in inviting me to address the members of this Association; and I am grateful, also, for the radio privileges that permit me to speak to so wide an audience.

The dead hand of the recent depression that destroyed industry throughout our country and brought progress to a halt, did not leave this great city untouched. It suffered the fate common to all. Our government was helpless in the face of the emergency. Conditions grew steadily worse.

The leaders of the old order saw nothing ahead but universal bankruptcy and the liquidation of assets under conditions so desperate that they could not and would not have been endured by any free people.

Do not for a moment imagine that I exaggerate. During the Hoover Administration 6,067 banks were forced to close their doors. The managers of the financial institutions that still survived were, in their desperation, calling in loans, selling the securities that were pledged to meet them, foreclosing mortgages and restricting credit, thereby accelerating the speed with which we were approaching complete chaos. Foreign trade had been brought to a standstill, price levels were falling everywhere, and the burden of debt was beating our people to their knees. Failures and bankruptcies had reached unparalleled proportions. Our agricultural population was in dire distress and farm evictions were taking place at the rate of more than two hundred thousand a year.

Nor is this all. The funds of charitable organizations and the resources of the generous, who had been contributing to the help of those less

fortunate than themselves, were being depleted to the vanishing point. The budgets of States, Counties and municipalities were out of balance; and could not be restored by any form of taxation that the people were able or willing to bear. The morale of our nation had been profoundly shaken. Some lost hope entirely and freely predicted the break up of the foundations of our government. Sheer necessity was gnawing at the roots of democracy; and fear and hunger, the twin breeders of revolution, were abroad in the land.

This was the situation that was bequeathed by the outgoing administration to Franklin Delano Roosevelt. His immediate problem had to do with the financial and banking crisis.

The amazing withdrawals of gold for hoarding, or for export to foreign countries occurring in February and during the first few days of March, 1933, made it impossible to continue gold redemptions upon the old basis.

During the thirty day period to which I have referred, \$476,100,000 in gold had been withdrawn from the Federal Reserve banks and the United States Treasury, of which \$311,000,000 was for export, or to be earmarked for foreign accounts. Simultaneously, there was a great demand for money of all kinds for domestic hoarding, not only in banks, but in mattresses and in holes dug in the cellar. This process went on with feverish acceleration. Against the day of the impending collapse, those who could lay hands upon substantial amounts of gold bullion, gold coin, or gold certificates, were carrying them stealthily to storage in safe deposit boxes. No one knew what the next few hours might bring forth.

The holders of \$20,000,000,000 of Federal gold obligations, with an annual interest charge of \$700,000,000, could, in a relatively short time,

have drained all of the available gold out of the treasury. This would have been tantamount - and I say it deliberately - to delivering the destiny of our gold reserves into private hands, and by that same token delivering the destiny of America into private hands.

I have occasion to remember very vividly a meeting held on Sunday morning the fifth of March, 1933, at the Treasury Building. There were gathered public officials and distraught leaders of high finance. Not one of them knew what to do. They were as bewildered a group as I ever looked upon. And then the President acted, swift as lightning. Early on Monday, the sixth of March, 1933, he issued his first proclamation which suspended the operation of all our banking institutions, prevented their destruction, and afforded an opportunity for rehabilitation. That dramatic and drastic exercise of Presidential power was a superb act of courageous statesmanship - and it saved the nation. Thereafter, the President, acting in close cooperation with Congress, approved of a series of acts, and promulgated Executive Orders that effected a fundamental change in the financial structure of our country. Gold and gold bullion were swept into the Treasury of the United States. Gold certificates were placed where they were readily within the control of the Government. Foreign exchange was regulated. Banks were progressively reopened. Gold hoarding was brought under control. The banking system was re-organized. Parity was rigidly maintained, and a complete transition was effected from the discredited gold coin standard to a gold bullion standard, with the content of the dollar fixed at an endurable amount.

During this period the Department of Justice, through its various agencies, drove out of hoarding more than thirty-nine million dollars in gold and forced it into the Treasury of the United States in exchange for the legal

tender of the Government. These measures were but part of the inspiring story of a troubled nation finding its way successfully out of financial chaos.

Speaking a few days ago at Philadelphia in criticism of the policies of the administration, Mr. Hoover took occasion to deplore the devaluation of the gold dollar. I do not pause to debate the issue, because not a fraction of one percent of our people agree with him; because no responsible voice is raised anywhere in America demanding a return to the old ratio, or the old system; because the banking institutions themselves are now persuaded that these measures were needed and successful; because this policy relieved the strain under which our whole financial and commercial structure was breaking down; because it eased the unbearable burden of public and private debt; because the leaders of the Republican Party, in drafting their platform, did not see fit to challenge its wisdom; because its beneficent effects were felt in every home, in every factory and upon every farm in America; and because Mr. Hoover himself did not have the courage to advocate a restoration of the old system or the old ratio.

Moreover, the administration secured the enactment of a law insuring deposits to the extent of \$5,000 each in all the banks within the Federal system. Fifty-two million of our people come within the protecting folds of that beneficent law; and do not have to lie awake nights worrying about their deposits. Their money will be there in the morning or whenever they want to draw it out. That measure met with violent opposition in high financial circles. Governor Landon himself, before he became a candidate for President, vigorously denounced it as unwise, unsound, and disastrous.

since this enactment has been in actual operation, and since the exigencies of the campaign have borne heavily upon him, he has not mentioned the subject, and no one can get him to mention it. And yet, after all, all that the President did was to put a little civilization into the banking business.

Nor is this all. Within the last few weeks, our Government, through cooperation with the Governments of France and Great Britain, has entered into an arrangement calculated to stabilize foreign exchange so that international trade, which had practically disappeared during the Hoover administration, may move freely once more.

Do you suppose for a moment that this great reform in our financial structure was brought about without a battle? Not for a moment did the great financial interests that center in Wall Street relax their resistance, or forego any opportunity to poison the minds of the people against the policies of the President and the reforms he sought to bring about.

When the anti-gold hoarding measures were promulgated there was a great hue and cry in conservative quarters. They were assailed as an unconstitutional encroachment upon private rights. But surely there can be no right to hoard in time of national peril any more than there can be a right to seize the best life boats in a storm at sea, or sequester food in a city under siege. The administration was obliged to defend these measures in court - and defended them successfully.

And did the struggle end there? Not at all. Those who maintained that the whole financial policy of the administration was unconstitutional instituted a series of suits, and the government was obliged to resist in the courts the attempts of private litigants to destroy the system that the

president and the Congress had created. At every stage of the struggle for the right of the people to control their own currency, the administration had to do battle with powerful interests and entrenched greed.

Those were anxious days in the Department of Justice, and they were anxious days for the American people.

It was not until the Supreme Court, by a 5 to 4 decision upheld the position of the Administration that the battle subsided; and, even now, we hear muffled rumblings of it from time to time, in irreconcilable quarters. Every argument that ingenuity could suggest was advanced to persuade the Court that the Government had been a party to the breaking of contracts; that it had assumed an immoral position and that it had enacted grossly unconstitutional laws. Had the decision gone against the government it would have meant the break-down and the wreckage of the structure that had been so carefully erected. It would have added ten billion dollars to the public debt of the government. It would have written up the public and private debts of our country by sixty-nine billion dollars, and would, overnight, have reduced the balance in the Treasury of the United States by more than two billion five hundred million dollars.

The increased interest charges alone would have amounted to over two and one-half billion dollars per annum; and that sum is twice the value of the combined wheat and cotton crops of this country in the year 1930. It would have spelled chaos and halted recovery in its tracks.

And what has been the result? Our credit never stood higher than it does today, and the American dollar is the soundest monetary unit on the face of the earth. Reckless partisan orators and irresponsible purveyors of

poisoned propaganda, in an effort to terrorize the people, have conjured up the spectre of imminent national bankruptcy. The best test of the solvency and credit of a private business is the price which its securities command in the market. The best test of whether a government is sound and solvent, is the price which investors are willing to pay for its bonds. Today, in the midst of all the hue and cry about bankruptcy, excessive spending, waste, taxes and budgets, the solid fact remains that business men, foreigners as well as Americans, buy the bonds of the Government of the United States at a price well above par; while four years ago, when Republicans were administering the Government, those very same issues were suffering a depreciation of 18 to 20 per cent. Meanwhile, so skillfully and successfully has the Treasury refunded upon favorable terms the outstanding principal amount of the national debt that actually the computed interest burden for the last fiscal year is lower than for any year between 1919 and 1924, inclusive. And let me add that the year ending on the first day of October 1936, does not record one single national bank failure in America. It is an all-time record.

The real truth of the matter is that the President placed the Government of the United States at the service of the people. It ceased to be merely the spokesman and the servant of big business. He shifted the money center of America from Wall Street to Washington, and, if I mistake not the temper of our people, they approve of the change. This statement may seem inflammatory to some, but to those who went through the struggle and who know what was at stake, it is the sober truth. It accounts, in part at least, for the tremendous hatred of the President amongst certain small groups that have felt their unrighteous privileges slipping away. In a sense, it is the key to the

campaign. It supplies the answer to all those who may be bewildered by the charges and countercharges that fill the air.

All sorts of accusations are made against the President. I do not pause to enumerate them. Every device that ingenuity could suggest has been used in a vain effort to break the faith of the people in their great leader. So desperate was the situation when he took office that not one statesman in a thousand could have met the test successfully. Through political genius, or however you explain it, President Roosevelt seized the tragic hour and turned it into a national triumph. His superb courage, rare insight, and inspiring leadership rallied a wavering people at a critical hour. America needs Roosevelt. This is no time for lesser men. With brave heart he carries the heavy burdens of his great office. Let us not fail him in the least degree. Let us send him such an inspiring message of faith and friendship that even greater strength will be given to him to carry on the task he has undertaken.