

ECONOMIC FREEDOM TOMORROW

an Address by

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before the

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ECONOMIC FREEDOM TOMORROW

Mr. Chairman, Members and Guests of the New York Chamber of Commerce:

I respond with pleasure to your invitation to meet with you this noon in the Empire State of New York, ably presided over by your outstanding Governor, the Honorable Thomas E. Dewey.

We meet on Constitution Day. This day, 160 years after the adoption of our Constitution, and more particularly, two years after the victorious end of World War II appears to me to be a good day on which to take stock of the basic situation in which our America is involved.

Our country is now engaged in a basic worldwide competition of ways of life. It is participating in a clash of ideologies as to the manner in which man should live in his social, economic, political and religious systems. This struggle involves the fundamental difference between the view that man is an individual, of human dignity, that he has a spiritual value, and is endowed by his creator with certain inalienable rights; and the opposing view that man shall be measured on solely a material basis, evaluated for what he can produce, and be controlled and directed in his economic, social and political life by those in command of a state.

The strongest exponent of the opposing ideology is the Soviet Union of Russia. Its doctrine and philosophy is set forth most completely by Carl Marx, Frederick Engels, Nicholai Lenin and Joseph Stalin.

The United States of America is the strongest exponent of the free way of life. Its philosophy has been set forth most explicitly in the Constitution of our country adopted on this day, September 17th, in the year 1787. This ideology has also been expressed and implemented in the writings and speeches and actions of Thomas Jefferson, George Washington, and Abraham Lincoln.

But these are not the only exponents or advocates of either one of these philosophies. All over the world men and nations, in varying degrees, believe in and advocate the one or the other, or grope in confusion to find their own beliefs and to check and study the two opposing results.

As I see it, it is inevitable that this competition and clash will continue. But it is not inevitable that it will lead to war. In fact, if we remain strong in a military sense so that we do not tempt others to seek a decision by force, there is an excellent

likelihood that this basic struggle will be resolved on the economic, social and ideological fronts and will never be an issue in the grim and tragic holocaust of a third world war.

In reality this basic issue cannot be decided by war. A series of tragic mistakes and miscalculations, or a mad decision might lead to war, but even then the question of how man should live would not be thus concluded. That decision must be made of the minds and hearts of men. It cannot be resolved by force.

It is of tremendous importance therefore that we identify the nature of the competition that is going on and develop a clear-cut, well-understood united program for our country to follow. It is vital that we cut through the confusion that exists; that we meet narrow arguments of prejudice or of political opportunism; that we openly analyze the situation in which we find ourselves and the most desirable course to follow.

I present to you today, in concise form, within the limits of a single address, a series of basic views upon the elements involved in this great problem with a plea that I do not wish my terseness to be taken as an indication of a dogmatic approach. Far from it. I do not claim to have all the answers to this fundamental problem, but I do believe that by the exposure of tentative conclusions, of the premises upon which they are based, we can search through together and find better answers for our country, than we can by being coy and evasive.

It is my first premise that the individual freedom of man is inseparable, that his economic, social, political and religious freedom are all intertwined, that they all spring from a basic concept of the nature of man, and that you cannot take away economic freedom and for long have true social, civil, or religious freedoms. This spotlights the basic error and confusion of the liberal socialists, who in an effort to correct deficiencies in a free economic system, would move toward centralized control of the economy under Socialism and thereby take away the true economic freedom of individual men but who protest that they wish to maintain or to advance the social, political and religious freedoms of men. It is not possible to long maintain true freedom to speak and to assemble and to vote and to worship, if freedom to work and to buy and to sell and to own and to earn are taken away and citizens made subject to the whim of men in government for their food, their shelter and their clothing.

England is now giving one of the most significant demonstrations of this basic fact. When the socialization and nationalization program was proposed at the end of the war, it was loudly pro-

tested that it meant advanced liberties for their people and did not mean taking away traditional English rights of individual freedom. Certainly no country is more thoroughly grounded in the precious nature of individual liberty than England. Yet as their socialization proceeded, production declined, and with its decline, the economic emergency heightened until a few weeks ago the most sweeping peacetime powers ever delegated to its government over individual workmen were enacted.

Country after country since the war, either by its success in turning toward economic freedom, or by its failure in its moves in economic centralization, has furnished additional proof of this basic premise. The best recovery since the war and the best production records have been made by Norway, Belgium, the Netherlands, and Denmark. These are the countries that did not move in the direction of socialization or in peacetime control of the economies, but instead gradually released wartime regimentation and increased the individual economic freedom of their people. The result is that individual social and civil and religious rights are also stronger in these countries today than in the other nations of Europe.

Centralization of an economy decreases production. Decreased production means increased dissatisfaction and want on the part of the people. Soon the point is reached where either the economic policy of government must be reversed or the people must be controlled and their rights and liberties taken away to prevent revolt.

One of America's message to the people of the World should be this, "Beware of leaders who say, 'Give to us your economic freedom, and we will insure to you your material needs and your civil, social and religious freedom'. They are either confused, mistaken, or deceptive in their approach."

My second premise is that Rule A for America in this world competition must be to keep her own domestic economy strong and free. Unless this is done, none of the alternatives before us can effectively be carried out. The economic strength of America is home base for freedom in this world contest. To keep it strong requires first of all to keep it highly productive, and that in turn means that we should not move toward the nationalization or socialization of any industry or enterprise in America. It also means that we must taper off from our excessively high wartime tax levels. But it does not mean that we refuse to move toward correction of deficiencies, weaknesses, and maladjustments in our system. The American system is not one of ancient *laissez faire*

capitalism. It is a modern capitalism evolved with trial and error through a century and a half of vigorous representative government. It involves basically an approach of establishing the broad rules of the road under which capital and labor and individual citizens can conduct their affairs. Fundamentally it requires that the rights and opportunities of the people shall not be subjected to administrative whim and caprice. It includes the hammering out, by the slow and sometimes confused but definitely superior, legislative methods, of the basic outlines of limits of individual freedom so that the actions of one do not unnecessarily infringe upon the liberties of another. Thus has been developed the anti-trust acts, the non-restraint of trade laws, the limitations on speculation, minority rights, punishment for fraud, labor relations legislation, unemployment compensation and the whole range of basic codes for production and trade. This process of analyzing and correcting weaknesses must continue to keep our dynamic modern capitalism strong and to yield the greatest good to the greatest number. But the process must not be diverted toward the pattern of centralized detailed control which springs rather from the opposing socialist and Communist theories.

With these two basic premises ever in mind, we should give all-out support to the Marshall Plan for the rebuilding of Europe.

We should seek to constructively implement and fill in its broad outline. It is not a perfect plan, and some have well said that it is not really a plan at all. But we need to realistically face alternatives. As Europe moves into this next bleak Winter, there are only two plans for Europe—one is the Marshall Plan, and the other is the Communist Plan. The Marshall Plan envisages assistance of this country on the basis of a proposal developed by Europe for its own self-help and for its needs from America. It envisages the rebuilding of Europe, the gradual raising of the standards of living of its wartorn people, and the maintenance there of political and economic freedom, and of independence from ourselves and from others.

The Communist Plan as I judge it, seeks a Europe, moving step by step along a socialist route. It calls for a limitation and disruption of the production of European countries until Communist minorities can attain control, the chaining of the people through economic control, efforts then and not until then toward rebuilding production, the wiping out of civil and social liberties of its people under Communist dictatorships, and the orientation of both the economy and the foreign policy in the direction of Russia.

With this alternative, it is extremely clear that the best interests for the future of the people of Europe and of America lies in choosing the alternative of the Marshall Plan.

My urgent message today is that speed is necessary in its implementation. The President should promptly advise the country of the clear fact that Europe cannot move into this next Winter without a definite program from this country. A special session of Congress should be called by the President to meet the problem.

As these weeks and months slip by, knowing that the cold blasts of winter will soon sweep out of the North Sea, that hunger and cold and death wait for no man, it is time we ask the President of the United States, "What are you waiting for?" If the answer is, that our government is not ready with a program for action we should ask, "Why not?" It is over two years since the end of the war. The basic facts of this year's economic situation in Europe were known months ago. This is not a surprise situation. It is a challenge that has been known for many months but not adequately met to this day. The American people are overwhelmingly in support of meeting the problem. They seem to be more keenly aware than our leaders of the requirements of the world-wide competition in which we are engaged. America's future and the future of freedom in Europe and around the world demand definite action and prompt action and sound action.

The shortage of food around the world for this next winter requires immediate action. We should begin at once a nationwide, coordinated, voluntary food conservation program in America. Every week that goes by without the initiation of such a program means food wasted that could otherwise be saved. This is important both for Europe and for us. Unless we do this the pressure of demand on a dwindling food supply next winter will drive our high prices even higher and increase the danger of boom and bust in the American economy. Instead of drifting along as we now are without leadership in this food problem, a definite, nationwide voluntary program of personal and industrial conservation of food should be initiated promptly. It must be under leadership of the President and the government as this is the only place from which effective national leadership of this type can come.

The urgent needs of Europe beyond food, as has been known ever since the end of the war, and as recently specified in definite figures, include mining machinery, electrical equipment, steel making equipment, inland transport facilities and agricultural machinery. Is it not clear that these cannot be suddenly obtained from

our American production now operating at almost full tilt? Early and definite ordering on a sensible schedule of delivery so as to permit expansion and adjustment of specific manufacture is essential not only to obtain the results for Europe but to decrease the adverse impact on the American economy at home. This leads me to directly suggest a number of factors which I believe should be included in the implementation of the Marshall Plan.

The Marshall Plan thus far does not have any detailed principles set forth. I think this should be our approach to the nations of Europe. First of all, regardless of their individual economic, social or political decisions, we will endeavor to the best of our ability to assist them with food and to seek to prevent starvation and suffering. Second, that we are willing to go beyond that to make major contributions toward the rebuilding of their production, and of their entire economy, if and only if, they are moving in a direction of economic freedom of their own people and are not sliding down the road of socialism or communism.

I realize there are those who criticize this conditional approach. They say it involves dictation to the European nations and interference in their internal affairs. On the contrary it appears elementary that if we do believe that individual freedom is the most productive form of an economy, and if our objective is to assist the European nations in improving their conditions and rebuilding, then we should definitely advocate and place conditions in relationship to our aid program.

If a nation insisted on tying one arm of each of its workers behind his back, and then asked for help in building up production and rehabilitating their war-torn areas, would we not clearly insist that they untie their workers as a condition of our aid? The regimentation of an economy and the socialization of industries restricts the capability of the workers of a country, deprives them of tools and of effective management and holds them down just as effectively as if their hands were tied behind their backs. Every major scrap of evidence, not only since the war but in the earlier economic history of the world, confirms this conclusion. Why then should we not place economic conditions on the program of our aid toward rebuilding? Can it be sustained that the leaders of European governments should say, "Give us your machinery, your electrical equipment, your steel making facilities, your railroad cars and your locomotives but do not give us any economic ideas!"

I do not mean that we can expect or should ask for a sudden change toward a free economy. I do mean that we should seek

an understanding of the economic direction in which they will move and as a minimum require during the time they are receiving American aid they should not take steps of increased nationalization or socialization, and should not increase their control over the economic liberties of their people, and should move toward more individual freedom for their workers, their managers and their capital.

I am convinced that is the direction in which their own future better living standards can be found, and it is also the direction in which a world economic system will give increased prospects for peace.

I believe further that the amount of aid that we extend should be substantial, and not miserly, and that we should contemplate its continuance over a period of years, at least five in number, rather than a hit or miss Winter by Winter approach.

Third, that the appropriations of Congress for carrying out this program should not be made to foreign nations directly as loans but that an American agency, a Peace Production Board, if you will, should be established, and the appropriations made to this agency for the purpose of purchasing and ordering the manufacture in this country of definite materials and food for other countries. The specifications of needs of the other countries should be received and the purchasing and manufacturing should be scheduled. The reasons are manifold. With the strain we place on our domestic economy, our proper scheduling of manufacturing and of purchasing is of great importance, if we are not to subject it to sudden impacts upon specific segments.

Furthermore, by having it be an American agency that conducts the program here, it will be subject to continuous supervision and inquiry by Congress and by the American people. This is not true of a foreign purchasing agency.

Finally, there should be a condition in our aid program that those who receive it, agree that raw materials under their control would be available to us in future years on the same basis as they are available to others. This is of great importance because at the high rate of production of our economic machine, many of our basic raw materials are becoming depleted in supply. Unless we are foresighted, we may well reach a point five, ten and fifteen years from now of critical shortages in specific raw materials, and then be faced with restrictive economic policies by others. A reasonable amount of stockpiling should be currently carried out and arrangements for assisting in the opening up and developing of

raw material sources by American capital and engineering should be completed.

By establishing our own Production for Peace agency, the priorities of assistance can be developed so that those specific needs of high priority, such as production of coal in the Ruhr and in England, and Customs Unions such as those between Belgium and the Netherlands can be advanced.

Above all, we must recognize that we will not successfully carry through this basic competition of systems in the world by a negative attitude of opposition, nor will we carry it through in a short time. We must be positive and affirmative and constructive in our approach to this worldwide problem. We must advocate the dynamic qualities of our basic system of freedom and emphasize that it does not involve subordination to us, but it does involve cutting loose the bonds upon men that they might be free to produce, to invest, to manufacture, to sell, to buy, to live. We must clearly recognize that a negative approach of opposition could well result in our support of a reactionary and royalist element in various parts of the world which do not represent the dynamics of American freedom and cannot advance our way of life.

I am confident in our ultimate success, as I believe basically in the fundamental concepts of our way of life. But I realize full well that the essential fundamental change in policy of Russia will not come quickly if it comes at all. We need to understand the difficulties of the Russian situation, the background of their development after becoming free of the Czarist regime, and of the extreme damage that they suffered in the war. They cannot easily change their basic approach.

Our task is difficult, but the stakes are high. If we are to advance the freedom of men without war, we must succeed in this economic and ideological competition. We must economically and ideologically win over the Russians—and then win them over.

No one can now prove that the latter can or cannot be done. But is it not the best hope of peace and progress and freedom for ourselves and for all mankind. I have a sober optimism and a deep confidence in the future if we in America stop our worldwide economic drifting and begin to act and to advocate in accord with the dynamic principles of freedom set forth in the Constitution adopted on this day 160 years ago.



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